



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

96th REPORT TO THE PARLIAMENT

Report on the 2010-11 Budget Estimates – Part Two

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Parliament of Victoria
Public Accounts and Estimates Committee

Report on the 2010-11 Budget Estimates – Part Two

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This series of reports on the 2010-11 budget estimates will consist of three parts, which include:

Part One

- an analysis of the key aspects of the 2010-11 Budget;
- an index of key matters raised at the first 22 budget estimates hearings (from 10 to 14 May 2010);
- transcripts of proceedings of those hearings;
- details of further information to be provided and questions on notice for each portfolio; and
- further departmental information provided by departments in response to the Committee's budget estimates questionnaire.

Part Two

- an index of key matters raised at the remaining 20 budget estimates hearings (from 17 to 20 May 2010);
- transcripts of proceedings of those hearings; and
- details of further information to be provided and questions on notice for each portfolio.

Part Three

- a detailed analysis, including recommendations, relating to the budget estimates for 2010-11;
- information relating to responses received to questions taken on notice and further information provided by ministers, together with any additional information sought in relation to the responses received to the Committee's budget estimates questionnaire; and
- the Government's response to the Committee's *Report on the 2009-10 Budget Estimates*.

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PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE MEMBERSHIP – 56TH PARLIAMENT

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DUTIES OF THE COMMITTEE

The Public Accounts and Estimates Committee is a joint parliamentary committee constituted under the *Parliamentary Committees Act 2003*.

The Committee comprises ten members of Parliament drawn from both Houses of Parliament.

The Committee carries out investigations and reports to Parliament on matters associated with the financial management of the State. Its functions under the Act are to inquire into, consider and report to the Parliament on:

- any proposal, matter or thing concerned with public administration or public sector finances;
- the annual estimates or receipts and payments and other Budget Papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council; and
- any proposal, matter or thing that is relevant to its functions and has been referred to the Committee by resolution of the Council or the Assembly or by order of the Governor in Council published in the Government Gazette.

The Committee also has a number of statutory responsibilities in relation to the Office of the Auditor-General. The Committee is required to:

- recommend the appointment of the Auditor-General and the independent performance and financial auditors to review the Victorian Auditor-General's Office;
- consider the budget estimates for the Victorian Auditor-General's Office;
- review the Auditor-General's draft annual plan and, if necessary, provide comments on the plan to the Auditor-General prior to its finalisation and tabling in Parliament;
- have a consultative role in determining the objectives and scope of performance audits by the Auditor-General and identifying any other particular issues that need to be addressed;
- have a consultative role in determining performance audit priorities; and
- exempt, if ever deemed necessary, the Auditor-General from legislative requirements applicable to government agencies on staff employment conditions and financial reporting practices.

CHAIR'S FOREWORD

I am pleased to present this report from the Public Accounts and Estimates Committee to the Parliament as the second of three parts examining the budget estimates for 2010-11.

This Part Two completes the work begun in Part One of reporting on the 2010-11 budget estimates hearings. These hearings are an important part of the accountability mechanisms in relation to government spending and its intentions. The Parliamentary Committees Act directs the Committee to enquire into the annual estimates or receipts. The hearings allow the Committee to ask the Presiding Officers, Premier, Treasurer and ministers a range of questions about the Government's plans for the coming financial year and subsequent outyears. The publication of the transcripts from these hearings provides both additional transparency around the budget process and a resource which members of Parliament can use when considering the 2010-11 appropriation bills.

To provide this information as quickly as possible, the Committee decided to split the publication of the transcripts across two parts. Part One contains information relating to the first week of hearings, along with background information on each department and the Parliamentary Departments. This Part Two contains information associated with the second week's hearings.

In addition to transcripts of those 20 hearings, this report contains, for each portfolio covered in those hearings, an index of the key matters raised in the hearing, along with the details of any questions taken on notice, further information to be provided by ministers and documents tabled at the hearings.

A third report, which will contain the Committee's detailed analysis of the budget estimates for 2010-11, is anticipated to be tabled in September 2010.

I commend this report to all members of Parliament and encourage them to draw on the information contained within it as they consider the appropriation bills.

I would also like to thank the Presiding Officers, Premier, Deputy Premier and Attorney-General, Treasurer, ministers and their accompanying staff for their time and quality input into each hearing. I also thank the members of the Committee for their commitment and cooperation. Finally, I would like to thank, on behalf of the Committee, the members of the Committee's secretariat for their assistance with the hearings and their efforts to ensure the competent and timely preparation of materials for this report.



Bob Stensholt MP
Chair

CHAPTER 1: INTRODUCTION

1.1 Background

On 4 May 2010, the Government introduced two bills into Parliament – the Appropriation (2010/2011) Bill 2010 and the Appropriation (Parliament 2010/2011) Bill 2010. These bills seek authority from the Parliament to use money from the Consolidated Fund to deliver goods and services and embark on new asset investments during the 2010-11 financial year. The money in the Consolidated Fund comes from taxes, imposts, rates, duties and other revenues (such as royalties).

The 2010-11 appropriation bills seek authority to draw \$36,034.5 million for government purposes and \$101.4 million to fund the Parliament's activities.

1.1.1 Budget estimates

The *Financial Management Act 1994* (s.40) requires the Government to submit budget estimates for the forthcoming financial year along with the appropriation bills. These budget estimates include:

- the goods and services each government department will provide or produce;
- the amounts available, or to be available, to each department;
- the estimated amount of the receipts and receivables for each department; and
- the expected financial requirements of Parliament.

Details of funds that do not require annual parliamentary authority are also provided in the budget estimates, including:

- special appropriations where there is continuing authority embodied in specific legislation (\$4.0 billion);¹
- agency revenue credited to appropriations (\$5.2 billion);² and
- unspent prior year appropriations carried over to the budget year (\$1.1 billion).³

The Government expects the total income from operating transactions to be \$45.8 billion for 2010-11 and the total expenditure from operating transactions to be \$44.9 billion.⁴ The Government's net infrastructure investment program in the general government sector is expected to cost \$6.4 billion in 2010-11 and to average \$4.6 billion per year over the forward estimates period to 2013-14.⁵

1 Budget Paper No. 4, *2010-11 Statement of Finances*, May 2010, p.251

2 *ibid.*, pp.252-4

3 *ibid.*

4 *ibid.*, p.10

5 Budget Paper No. 2, *2010-11 Strategy and Outlook*, May 2010, p.44

1.2 Process followed by the Public Accounts and Estimates Committee for its review of the 2010-11 budget estimates

Each year, the Public Accounts and Estimates Committee undertakes a review of the budget estimates and revenues contained in the budget papers. This is one of the key functions of the Committee as set out in Section 14 of the *Parliamentary Committees Act 2003*:

The functions of the Public Accounts and Estimates Committee are—

- (a) if so required or permitted under this Act, to inquire into, consider and report to the Parliament on—*
...
- (ii) the annual estimates or receipts and payments and other Budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council ...*

The review of the estimates by the Committee aims to assist members of Parliament to consider the appropriation bills and to facilitate a greater understanding for Parliament and the public of the budget estimates. The Committee also seeks to encourage clear, full and precise statements of the Government's objectives and planned budget outcomes and to encourage economical, efficient and effective administration.

1.2.1 Public hearings

An important element of the review is the conduct of public hearings, where members of the Committee can ask questions of the Presiding Officers, Premier, the Deputy Premier and Attorney-General, Treasurer and ministers about the anticipated use of the funds sought in the Budget. For each portfolio, ministers are asked to make brief presentations prior to answering questions. These presentations and any other documents tabled are put on the Committee's website. This year, the Chair of the Committee also sought details about medium and long-term strategies underpinning the Budget for most portfolios.

Transcripts of the first 22 public hearings, with an index of key matters, appeared in Part One of the Committee's *Report on the 2010-11 Budget Estimates*. Transcripts and an index of the remaining 20 public hearings appear in this Part Two of the report.

Responses provided by ministers to any questions on notice or requests for further information will be published in Part Three of this report.

1.2.2 Departmental budget estimates questionnaire

Prior to the public hearings, the Committee sent a questionnaire to each department and the Parliamentary Departments to obtain information on the likely impact of the Budget on their operations and future strategic directions. The 2010-11 budget estimates questionnaire focused on:

- budget preparation;
- medium and long-term strategies underpinning portfolio budgets;
- asset funding;
- efficiencies, savings and productivity improvement;
- environmental challenges;
- spending;
- revenue initiatives, departmental income (fees, fines, taxation measures, concessions and subsidies) and tax expenditures;
- regional and rural considerations;
- performance measures; and
- staffing matters.

Responses received from departments were reproduced in Part One of the report.

1.2.3 Analysis

An analysis of key aspects of the 2010-11 Budget was presented in Part One. Part One also provided information for each department on how the 2010-11 Budget initiatives corresponded with the key budget themes and the *Growing Victoria Together* goals.

Part Three will consist of a more detailed analysis of matters in the budget estimates.

1.2.4 Government response

The Government's response to the recommendations of the Committee's *Report on the 2009-10 Budget Estimates* will appear, along with an analysis of the response by the Committee, in Part Three of the report.

1.3 Acknowledgment

The Committee is grateful to the Presiding Officers, Premier, Deputy Premier and Attorney-General, Treasurer, ministers and their accompanying staff for their assistance at the budget estimates hearings, including providing responses to the budget estimates questionnaire. Many ministers also agreed to provide further information or took questions on notice, which the Committee gratefully acknowledges.

1.4 General

The cost of this part of the inquiry was approximately \$14,390.

CHAPTER 2: DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT HEARINGS

2.1 Introduction

The Department of Education and Early Childhood Development is responsible for the administration of two portfolios:

- Children and Early Childhood Development; and
- Education.

2.2 Children and Early Childhood Development portfolio

2.2.1 Introduction

The Committee received evidence from Maxine Morand MP, Minister for Children and Early Childhood Development, on 20 May 2010. The Minister provided an overview of the Children and Early Childhood Development portfolio at the start of the hearing, assisted by Peter Dawkins, Secretary; Paul Linossier, Acting Deputy Secretary, Office of Children and Portfolio Coordination; Ian Claridge, General Manager, Student Wellbeing; and Jeff Rosewarne, Deputy Secretary, Office for Resources and Infrastructure, Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

2.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Children and Early Childhood Development portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 2.2.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

2.2.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (pp.A4) and the following (page numbers refer to the transcript in Appendix 1 of this report):

Expansion of kindergarten programs

- funding (pp.A5–6);
- fees and fee subsidies (pp.A7–8, 13–14);
- workforce expansion (pp.A8–10); and
- participation rates (pp.A8, 11).

Other matters

- facilities and services for students with disabilities (p.A7);
- maternal and child health services (p.A8);
- the *Children's Capital Program* (pp.A10–11);
- early childhood intervention services (p.A12); and
- the deaf education institute (pp.A12–13).

2.2.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

2.2.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript in Appendix 1 of this report):

- medium and long-term strategies (p.A5);
- kindergarten participation rates (p.A12); and
- pilots of extended kindergarten hours (p.A14).

A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

2.3 Education portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

CHAPTER 3: DEPARTMENT OF HEALTH HEARINGS

3.1 Introduction

The Department of Health is responsible for the administration of two portfolios:

- Health; and
- Mental Health.

3.2 Health portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

3.3 Mental Health portfolio

3.3.1 Introduction

The Committee received evidence from the Hon. Lisa Neville MP, Minister for Mental Health, on 19 May 2010. The Minister provided an overview of the Mental Health portfolio at the start of the hearing, assisted by Fran Thorn, Secretary; Karleen Edwards, Executive Director, Mental Health and Drugs Division; and Peter Fitzgerald, Executive Director, Strategy, Policy and Finance Division, Department of Health. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.3.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Mental Health portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 3.3.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

3.3.3 Key matters raised at the budget estimates hearing

The Minister provided details of medium and long-term strategies relevant to the Mental Health portfolio in the Community Services hearing (see page C5 of Appendix 1 in this report). Key matters raised at the Mental Health portfolio budget estimates hearing included the following (page numbers refer to the transcript in Appendix 1 of this report):

Treatment and prevention strategies

- ecstasy (pp.B2–3); and
- alcohol and other drugs (p.B5).

Other matters

- mental health's share of the health budget (pp.B3–5);
- the separation of women and men in acute mental health wards (pp.B5–6); and
- prevention of hazardous and harmful drug use (pp.B6–8).

3.3.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

3.3.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript in Appendix 1 of this report):

- investment in mental health (pp.B3–5);
- funding inpatient units to enable the physical separation of the sexes (p.B6); and
- Ivan Lester (p.B8).

A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

CHAPTER 4: DEPARTMENT OF HUMAN SERVICES HEARINGS

4.1 Introduction

The Department of Human Services is responsible for the administration of two portfolios:

- Community Services; and
- Housing.

4.2 Community Services portfolio

4.2.1 Introduction

The Committee received evidence from the Hon. Lisa Neville MP, Minister for Community Services, on 19 May 2010. The Minister provided an overview of the Community Services portfolio at the start of the hearing, assisted by Gill Callister, Secretary; Chris Asquini, Executive Director, Children, Youth and Families Division; Arthur Rogers, Executive Director, Disability Services Division; and Alan Hall, Executive Director, Financial and Corporate Services, Department of Human Services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Community Services portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 4.2.4) are also available on the Committee's website.

4.2.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (pp.C4–5) and the following (page numbers refer to the transcript in Appendix 1 of this report):

Child protection services

- best interest case plans (pp.C5–9, 10–11, 13–17, 22–5); and
- the Ombudsman's recommendations (pp.C26–7).

Disability services

- Victoria's *Autism State Plan* (pp.C17–18);
- individual support packages (pp.C11–12);
- residential accommodation support and behaviour management plans (pp.C19–21);
- the *Aids and Equipment Program* (pp.C21–2); and
- new youth workers (pp.C25–6).

Other matters

- bushfire response, preparedness, recovery and reconstruction activities (p.C10); and
- pay for community sector workers (pp.C18–19).

4.2.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

4.2.5 Questions taken on notice at the budget estimates hearing

There were no questions taken on notice by the Minister at the hearing.

4.3 Housing portfolio

4.3.1 Introduction

The Committee received evidence from the Hon. Richard Wynne, Minister for Housing, on 19 May 2010. The Minister provided an overview of the Housing portfolio at the start of the hearing, assisted by Gill Callister, Secretary; Margaret Crawford, Director of Housing, Housing and Community Building; Anne Congleton, Acting Director, Policy and Strategy, Housing and Community Building; and Rob Jenkins, Manager, Corporate Planning and Performance, Housing and Community Building, Department of Human Services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.3.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Housing portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 4.3.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

4.3.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (pp.D4–5) and the following (page numbers refer to the transcript in Appendix 1 of this report):

- early housing waiting times (pp.D5–6);
- the *National Rental Affordability Scheme* (pp.D6–7);
- VicUrban’s involvement in constructing private rental accommodation (p.D7);
- social housing under the Economic Stimulus Plan (pp.D7–9);
- rooming house initiatives and related issues (pp.D9–10, 12–13);
- public housing in greater Geelong (p.D10);
- public housing and heatwave conditions (pp.D10–12); and
- neighbourhood renewal projects (p.D12).

4.3.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee’s website (www.parliament.vic.gov.au/paec).

4.3.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript in Appendix 1 of this report):

- VicUrban and private rental accommodation (p.D7);
- public housing in Greater Geelong (p.D10);
- the neighbourhood renewal program (pp.D12–13);
- Jan Butcher and her son (p.D13); and
- projects worth over \$1 million to address environmental issues (p.D13).

A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee’s *Report on the 2010-11 Budget Estimates – Part Three*.

CHAPTER 5: DEPARTMENT OF INNOVATION, INDUSTRY AND REGIONAL DEVELOPMENT HEARINGS

5.1 Introduction

The Department of Innovation, Industry and Regional Development is responsible for the administration of ten portfolios:

- Financial Services;
- Industrial Relations;
- Industry and Trade;
- Information and Communication Technology;
- Innovation;
- Major Projects;
- Rural and Regional;
- Skills and Workforce Participation;
- Small Business; and
- Tourism and Major Events.

5.2 Financial Services portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

5.3 Industrial Relations portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

5.4 Industry and Trade portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

5.5 Information and Communication Technology portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

5.6 Innovation portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

5.7 Major Projects portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

5.8 Regional and Rural Development portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

5.9 Skills and Workforce Participation portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

5.10 Small Business portfolio

5.10.1 Introduction

The Committee received evidence from Joe Helper MP, Minister for Small Business, on 17 May 2010. The Minister provided an overview of the Small Business portfolio at the start of the hearing, assisted by Howard Ronaldson, Secretary; Justin Hanney, Deputy Secretary; and Jim Strilakos, Chief Financial Officer, Department of Innovation, Industry and Regional Development; and Roger Arwas, Executive Director, Small Business Victoria. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

5.10.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Small Business portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 5.10.4) are also available on the Committee's website.

5.10.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (p.E3) and the following (page numbers refer to the transcript in Appendix 1 of this report):

Small business programs

- the *Skills for Growth* program (pp.E3–4); and
- the *Energise Enterprise* program (p.E4).

Other matters

- quality performance measures for the Small Business output (pp.E4–5);
- *Reducing the Regulatory Burden* and *World Class Service* initiatives (pp.E5–6); and
- the Small Business Commissioner and facilitating small business working with the State Government (pp.E6–7).

5.10.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

5.10.5 Questions taken on notice at the budget estimates hearing

There were no questions taken on notice by the Minister at the hearing.

5.11 Tourism and Major Events portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

CHAPTER 6: DEPARTMENT OF JUSTICE HEARINGS

6.1 Introduction

The Department of Justice is responsible for the administration of six portfolios:

- Attorney-General's;
- Consumer Affairs;
- Corrections;
- Gaming;
- Police and Emergency Services; and
- Racing.

6.2 Attorney-General's portfolio

6.2.1 Introduction

The Committee received evidence from the Hon. Rob Hulls MP, Attorney-General, on 19 May 2010. The Attorney-General provided an overview of his portfolio at the start of the hearing, assisted by Penny Armytage, Secretary; John Griffin, Executive Director, Courts; and Ann Crouch, Manager, Planning, Performance and Projects Unit, Department of Justice. The Committee thanks the Attorney-General and accompanying officers for their attendance and assistance.

6.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Attorney-General's portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 6.2.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

6.2.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page numbers refer to the transcript in Appendix 1 of this report):

Suspended sentences

- new sentencing options (pp.F7–9);
- the review of serious offence provisions (p.F9); and
- additional costs (pp.F10–13).

Other matters

- addressing increasing demand and delays in courts (pp.F3–4);
- law of defensive homicide (pp.F4–6);
- mediation in the Children’s Court – consistency with the recommendations of the Child Protection Taskforce (p.F6);
- the maintenance of legal aid services (p.F10);
- Coroners Court (pp.F13–14);
- reforms to Victorian courts on mental health matters (p.F15); and
- people serving a jail term and paying off fines concurrently (p.F16).

6.2.4 Documents tabled at the budget estimates hearing

The Attorney-General provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee’s website (www.parliament.vic.gov.au/paec).

6.2.5 Questions taken on notice at the budget estimates hearing

The Attorney-General took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript in Appendix 1 of this report):

- medium and long-term strategies underpinning the Budget (p.F3);
- extra funding allocations given the tragedies of Black Saturday and the heatwave deaths (p.F14); and
- costs associated with persons serving a jail term and paying off fines concurrently (p.F16).

A written response by the Attorney-General to the Committee is due by 21 June 2010 and will be considered for publication in the Committee’s *Report on the 2010-11 Budget Estimates – Part Three*.

6.3 Consumer Affairs portfolio

6.3.1 Introduction

The Committee received evidence from Tony Robinson MP, Minister for Consumer Affairs, on 20 May 2010. The Minister provided an overview of the Consumer Affairs portfolio at the start of the hearing, assisted by Penny Armytage, Secretary; Claire Noone, Executive Director, Consumer Affairs; Carolyn Gale, Executive Director, Community Operations and Strategy; and Ann Crouch, Manager, Planning, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.3.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Consumer Affairs portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 6.3.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

6.3.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (p.G3) and the following (page numbers refer to the transcript in Appendix 1 of this report):

Liquor licensing

- liquor licensing enforcement activities (p.G3);
- fees for 2011, renewals and hardship waivers (pp.G5–6);
- independent, stand-alone bottle shops and small boutique wine shops (pp.G7–8); and
- live music events (pp.G8–9).

Protecting consumers

- potentially harmful products (pp.G4, 8);
- residents of rooming or boarding houses (pp.G6–7);
- assistance provided to Victorians experiencing financial difficulties (p.G10); and
- customer satisfaction – services provided within agreed timeframes (pp.G10–11).

6.3.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

6.3.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript in Appendix 1 of this report):

- liquor licensing enforcement (p.G3);
- liquor licences – clarification of renewals and hardship waivers (pp.G5–6);
- safety issues connected with cords from blinds (p.G8); and
- customer satisfaction (pp.G10–11).

A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

6.4 Corrections portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

6.5 Gaming portfolio

6.5.1 Introduction

The Committee received evidence from Tony Robinson MP, Minister for Gaming, on 20 May 2010. The Minister provided an overview of the Gaming portfolio at the start of the hearing, assisted by Penny Armytage, Secretary; Ross Kennedy, Executive Director, Gaming and Racing; and Alice Blake, Manager, Coordination, Office of Gaming and Racing, Department of Justice. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Gaming portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 6.5.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

6.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (pp.H3–4) and the following (page numbers refer to the transcript in Appendix 1 of this report):

The gaming machines entitlement auction

- setting reserve prices (pp.H4–7); and
- individual options versus a duopoly (pp.H7–8).

Other matters

- ATM bans (pp.H5–6);
- strategies aimed at reducing problem gambling (pp.H8–9);
- aggregate gambling tax revenue over the forward estimates (pp.H9–10);
- electronic gaming machines (pp.H11–12);
- the impact of the Hare report into Victorian gambling behaviour (p.H12); and
- the proposal for a second casino in Mildura (pp.H12–13).

6.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Minister also tabled a breakdown of gaming machine entitlements by local government area. The slides and handout are available on the Committee's website (www.parliament.vic.gov.au/paec).

6.5.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript in Appendix 1 of this report):

- aggregate gambling tax revenue over the forward estimates (pp.H9–10, 14–15); and
- integrating gaming and liquor regulatory functions (pp.H15–16).

A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

6.6 Police and Emergency Services portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

6.7 Racing portfolio

6.7.1 Introduction

The Committee received evidence from the Hon. Rob Hulls MP, Attorney General, in his role as Minister for Racing, on 19 May 2010. The Attorney General provided an overview of the Racing portfolio at the start of the hearing, assisted by Penny Armytage, Secretary; and Ross Kennedy, Executive Director, Gaming and Racing, Department of Justice. The Committee thanks the Attorney General and accompanying officers for their attendance and assistance.

6.7.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Racing portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 6.7.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

6.7.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page numbers refer to the transcript in Appendix 1 of this report):

- the *Regional Racing Infrastructure Fund* (pp.I2–3);
- VenueNet terminals (pp.I3–4);
- integrity assurance within Victorian racing – implementing the report by Judge Gordon Lewis (p.I4);
- the passing of Jan Wilson, Chair of Greyhound Racing Victoria (pp.I4–5);
- support for country racing (pp.I5–6);
- the *Living Country Racing Program* (p.I6); and
- jumps racing (pp.I6–7).

6.7.4 Documents tabled at the budget estimates hearing

The Attorney General provided an introductory slide presentation and showed a video at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

6.7.5 Questions taken on notice at the budget estimates hearing

The Attorney-General took one question on notice at the hearing about jumps racing in Victoria (pp.I6–7 of Appendix 1). A written response by the Attorney-General to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

CHAPTER 7: DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT HEARINGS

7.1 Introduction

The Department of Planning and Community Development is responsible for the administration of nine portfolios:

- Aboriginal Affairs;
- Community Development;
- Local Government;
- Planning;
- Respect Agenda;
- Senior Victorians;
- Sport, Recreation and Youth Affairs;
- Veterans' Affairs; and
- Women's Affairs.

7.2 Aboriginal Affairs portfolio

7.2.1 Introduction

The Committee received evidence from Richard Wynne MP, Minister for Aboriginal Affairs, on 19 May 2010. The Minister provided an overview of the Aboriginal Affairs portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Ian Hamm, Executive Director, Aboriginal Affairs; and Stephen Gregory, Chief Finance Officer, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Aboriginal Affairs portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.2.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

7.2.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (pp.J3–4) and the following (page numbers refer to the transcript in Appendix 1 of this report):

- outcomes of the *Victorian Indigenous Affairs Framework* (p.J4);
- registered Aboriginal parties and native title claims (pp.J4–5);
- local Indigenous networks and other representation structures (pp.J5–6); and
- support for members of the stolen generations (pp.J6–7).

7.2.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Minister also tabled a copy of the policy document *Improving the Lives of Indigenous Victorians – Victorian Indigenous Affairs Framework*. The slides and handout are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.2.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide on notice additional information about support to members of the stolen generations (pp.J6–7 of Appendix 1 of this report). A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

7.3 Community Development portfolio

7.3.1 Introduction

The Committee received evidence from Lily D'Ambrosio MP, Minister for Community Development, on 18 May 2010. The Minister provided an overview of the Community Development portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Stephen Gregory, Chief Financial Officer; Damien Ferrie, Executive Director, Community Programs; and Melinda Knapp, Manager, Community Development Strategy, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.3.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Community Development portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.3.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

7.3.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (pp.K4–5) and the following (page numbers refer to the transcript in Appendix 1 of this report):

The Community Support Fund

- changes to its management (pp.K11–12);
- guidelines (pp.K14–15); and
- revenue and the distribution of funds (pp.K16–17).

Other strategies, programs and projects

- *A Fairer Victoria 2010* (pp.K6–7);
- the *Transport Connections* program (pp.K8–9);
- the Corio-Norlane urban regeneration project (p.K14); and
- *Victoria's Volunteering Strategy* (pp.K15–16).

Other matters

- the Minister's responsibilities (pp.K5–6);
- departmental involvement with the Grovedale Community Centre (pp.K7–9);
- the grants allocation process (pp.K9–11);
- support for the not-for-profit sector, including neighbourhood houses (pp.K12–14); and
- the role in bushfire reconstruction and recovery (pp.K17–18).

7.3.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.3.5 Questions taken on notice at the budget estimates hearing

The Minister took one question on notice at the hearing regarding the Community Support Fund's revenue and distributions (p.K17 of Appendix 1 of this report). A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

7.4 Local Government portfolio

7.4.1 Introduction

The Committee received evidence from the Hon. Richard Wynne MP, Minister for Local Government, on 19 May 2010. The Minister provided an overview of the Local Government portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Prue Digby, Deputy Secretary, Planning and Local Government; Stephen Gregory, Chief Financial Officer; and John Watson, Executive Director, Local Government Victoria, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Local Government portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.4.4) are also available on the Committee's website.

7.4.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (p.L3) and the following (page numbers refer to the transcript in Appendix 1 of this report):

- neighbourhood safer places (p.L4);
- the *Living Libraries* program (pp.L4–5); and
- possible additional costs to local councils and new performance indicators (pp.L5–7).

7.4.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec). The Minister also tabled the publications *Councils Reforming Business – Procurement Excellence Program* and *Councils Reforming Business – Progress Report – April 2010* by the Department of Planning and Community Development.

7.4.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

7.5 Planning portfolio

7.5.1 Introduction

The Committee received evidence from the Hon. Justin Madden MLC, Minister for Planning, on 18 May 2010. The Minister provided an overview of the planning portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Stephen Gregory, Chief Financial Officer; Prue Digby, Deputy Secretary, Planning and Local Government; Jeff Gilmore, Executive Director, Planning, Policy and Reform; and Monica Ferrie, Assistant Director, Business Support and Strategy, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the planning portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.5.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

7.5.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (pp.M3–4) and the following (page numbers refer to the transcript in Appendix 1 of this report):

Victoria's planning system

- the integrity of Victoria's planning system (pp.M5, 9);
- promoting shared approaches to planning (pp.M13–14); and
- managing population growth through planning (pp.M16–17).

Planning initiatives and strategies

- the *Jobs for the Future Economy Strategy* (pp.M5–6);
- Geelong Transit City Stage 3 (p.M10);
- the Growth Areas Authority and precinct structure plans (pp.M12–13);
- Victoria's heritage strategy (pp.M15–16);
- the *Expert Assistance Program* (pp.M20–2);
- the Footscray Central Activities District (pp.M28–9); and
- initiatives in regional Victoria (p.M29).

Financial and economic issues

- expenditure on communication for the planning portfolio (pp.M13–15);
- supported economic development and the delivery of jobs (pp.M25–6); and
- the financial performance of the Department of Planning and Community Development (pp.M29–30).

Other issues

- consultations in relation to planning (pp.M17–19, 21–2, 23–4);
- assistance to the building industry to implement new Building Code of Australia building regulations (p.M23); and
- housing affordability (pp.M26–8).

7.5.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.5.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript in Appendix 1 of this report):

- communication for the planning portfolio (pp.M13–15); and
- the financial performance of the Department (pp.M29–30).

A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

7.6 Respect Agenda portfolio

7.6.1 Introduction

The Committee received evidence from the Hon. Justin Madden, Minister for the Respect Agenda, on 18 May 2010. The Minister provided an overview of the Respect Agenda portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Peter Hertan, Deputy Secretary, the Respect Agenda; Stephen Gregory, Chief Financial Officer; and Nicholas Oats, Senior Policy Officer, Policy and Strategy, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Respect Agenda portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.6.4) are also available on the Committee's website.

7.6.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page numbers refer to the transcript in Appendix 1 of this report):

- focus of the Respect Agenda (p.N4);
- complementary investments in other portfolios (pp.N4–5);
- expected measures, outcomes and targets (pp.N5–6);
- recruitment and deployment of additional police (p.N6);
- initiatives to prevent violence against women (p.N7); and
- meetings with groups in the community (pp.N7–8).

7.6.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.6.5 Questions taken on notice at the budget estimates hearing

No questions on notice were taken by the Minister at the hearing.

7.7 Senior Victorians portfolio

7.7.1 Introduction

The Committee received evidence from the Hon. Lisa Neville MP, Minister for Senior Victorians, on 19 May 2010. The Minister provided an overview of the Senior Victorians portfolio at the start of the hearing, assisted by James MacIsaac, Executive Director, People and Communities, Department of Planning and Community Development; Fran Thorn, Secretary, Department of Health; Chris Brook, Executive Director, Wellbeing and Integrated Care and Ageing, Department of Health; and Jane Herington, Director, Aged Care Branch, Department of Human Services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.7.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Senior Victorians portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.7.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

7.7.3 Key matters raised at the budget estimates hearing

The Minister provided details of medium and long-term strategies relevant to the Senior Victorians portfolio in the Community Services hearing (see p.C5 of Appendix 1 in this report). Key matters raised at the Senior Victorians portfolio budget estimates hearing included the following (page numbers refer to the transcript in Appendix 1 of this report):

- men's sheds (p.O3);
- home and community care (pp.O3–5);
- Government support for older Victorians (pp.O5–6); and
- mental health reform (pp.O6–7).

7.7.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

7.7.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript in Appendix 1 of this report):

- details of funding (pp.O2–3);
- home and community care services (pp.O4–5); and
- community registers (p.O6).

A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

7.8 Sport, Recreation and Youth Affairs portfolio

7.8.1 Introduction

The Committee received evidence from James Merlino MP, Minister for Sport, Recreation and Youth Affairs, on 20 May 2010. The Minister provided an overview of the Sport, Recreation and Youth Affairs portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary; Peter Hertan, Executive Director, Sport and Recreation Victoria; Stephen Gregory, Chief Financial Officer; Kati Krsevan, Director, Office for Youth; and Grant Ross, Project Officer, Sport and Recreation Victoria, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.8.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Sport, Recreation and Youth Affairs portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.8.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

7.8.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (pp.P5–6) and the following (page numbers refer to the transcript in Appendix 1 of this report):

Sport and Recreation

- the *Victorian Code of Conduct for Community Sport* (p.P7);
- the Sport and Recreation Development output costs (pp.P7–8);
- Melbourne and Olympic Park redevelopment stage 1 (pp.P8–9);
- capital works at the State Sports Centres Trust's facilities (pp.P9–10);
- the *Community Facility Grants Program* (pp.P10–11);
- proposed move of the Victorian Institute of Sport to Albert Park (pp.P12–13);
- investment in community sport and recreation facilities (pp.P16–17); and
- the sustainable sportsground program (p.P17).

Youth affairs

- the *Youth Compact* program (pp.P6–7);
- the youthcentral website (pp.P11–12);
- the *Vulnerable Youth Framework* (p.P14); and
- target setting (pp.P14–16).

7.8.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec). The Minister also tabled a video.

7.8.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript in Appendix 1 of this report):

- funding for the State Sports Centres Trust's facilities (pp.P9–10);
- the *Community Facility Grants Program* (pp.P10–11);
- website addresses (p.P12); and
- the sustainable sportsground program (p.P17).

In addition, a question regarding the *Youth Compact* program was referred to the Minister for Education (pp.P6–7).

A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

7.9 Veterans' Affairs portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

7.10 Women's Affairs portfolio

7.10.1 Introduction

The Committee received evidence from Maxine Morand MP, Minister for Women's Affairs, on 20 May 2010. The Minister provided an overview of the Women's Affairs portfolio at the start of the hearing, assisted by James McIsaac, Acting Deputy Secretary, People and Community Advocacy; Jill McCabe, Director, Office of Women's Policy; and Rachael Green, Manager, Family Violence, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.10.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Women's Affairs portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 7.10.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

7.10.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (p.Q3) and the following (page numbers refer to the transcript in Appendix 1 of this report):

A Right to Respect—Victoria’s Plan to Prevent Violence against Women

- work with local government (pp.Q4–5);
- the respectful relationships program and schools (pp.Q5–6); and
- the timing of funding (p.Q7).

Other matters

- Office of Women’s Policy website listing of community events (pp.Q3–4);
- Emily’s List (pp.Q3–4);
- improving female representation on boards (p.Q5);
- consideration of women in Government procurement (p.Q6); and
- promoting women in leadership positions (pp.Q6–7).

7.10.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee’s website (www.parliament.vic.gov.au/paec).

7.10.5 Questions taken on notice at the budget estimates hearing

The Minister agreed to provide further information relating to the number of women on Victoria’s Women’s Register obtaining board positions (p.Q5 of Appendix 1 of this report).

A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee’s *Report on the 2010-11 Budget Estimates – Part Three*.

CHAPTER 8: DEPARTMENT OF PREMIER AND CABINET HEARINGS

8.1 Introduction

The Department of Premier and Cabinet is responsible for the administration of three portfolios:

- Arts;
- Multicultural Affairs; and
- Premier's.

8.2 Arts portfolio

8.2.1 Introduction

The Committee received evidence from the Hon. Peter Batchelor MP, Minister for the Arts, on 18 May 2010. The Minister provided an overview of the Arts portfolio at the start of the hearing, assisted by Penny Hutchinson, Director; Greg Andrews, Deputy Director; Dennis Carmody, Deputy Director and Joan Rowland, Senior Manager, Arts Victoria, Department of Premier and Cabinet. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Arts portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 8.2.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

8.2.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (p.R3) and the following (page numbers refer to the transcript in Appendix 1 of this report):

- funding of the Victorian College of the Arts; (pp.R4–5);
- Victorian expenditure on the arts compared to other states (pp.R5–6); and
- attendance numbers at arts events (pp.R6–7).

8.2.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

8.2.5 Questions taken on notice at the budget estimates hearing

The Minister took a question on notice at the hearing regarding expected declines in attendances at arts events (pp.R6–7 of Appendix 1 of this report). A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

8.3 Multicultural Affairs portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

8.4 Premier's portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

CHAPTER 9: DEPARTMENT OF PRIMARY INDUSTRIES HEARINGS

9.1 Introduction

The Department of Primary Industries is responsible for the administration of two portfolios:

- Agriculture; and
- Energy and Resources.

9.2 Agriculture portfolio

9.2.1 Introduction

The Committee received evidence from Joe Helper MP, Minister for Agriculture, on 17 May 2010. The Minister provided an overview of the Agriculture portfolio at the start of the hearing, assisted by Richard Bolt, Secretary; John Skerritt, Deputy Secretary, Agriculture and Fisheries Group; Luke Wilson, Executive Director, Agriculture and Natural Resources Policy; Chris O'Farrell, Chief Financial Officer, Finance Division; Hugh Millar, Executive Director, Biosecurity Victoria, Agriculture and Fisheries Group; Anthony Hurst, Executive Director, Fisheries Victoria, Agriculture and Fisheries Group; and German Spangenberg, Executive Director, Biosciences Research, Agriculture Research and Development Group, Department of Primary Industries. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

9.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Agriculture portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.2.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

9.2.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (pp.S5–6) and the following (page numbers refer to the transcript in Appendix 1 of this report):

Protecting the sustainability of primary industries

- preparedness for locusts (pp.S6–7);
- the management of roadside pests and weeds (pp.S8, 14);
- the number of fisheries officers and education/enforcement activity (pp.S10–11);
- protecting dingoes (pp.S12–13);
- wild dog management (p.S13);
- response to the Queensland fruit fly (p.S15);

- the FoxStop Program (pp.S15–17);
- aerial baiting to control wild dogs (p.S17);
- the impact of the food bowl modernisation project (Northern Victoria Irrigation Renewal Project) (p.S18); and
- the *Timber Industry Strategy* (p.S19).

Sustainable practice change

- the *Future Farming Strategy* – the ‘Better Services to Farmers’ initiative (pp.S13–14).

Scientific research

- research and development activities – genetically modified crop technologies (pp.S11–12).

Other matters

- funding for agriculture (pp.S8–9); and
- departmental restructure (pp.S9–10).

9.2.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee’s website (www.parliament.vic.gov.au/paec).

9.2.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript in Appendix 1 of this report):

- locusts (p.S7);
- fisheries officers (p.S11); and
- wild dog management (p.S13).

A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee’s *Report on the 2010-11 Budget Estimates – Part Three*.

9.3 Energy and Resources portfolio

9.3.1 Introduction

The Committee received evidence from the Hon. Peter Bachelor MP, Minister for Energy and Resources, on 18 May 2010. The Minister provided an overview of the Energy and Resources portfolio at the start of the hearing, assisted by Richard Bolt, Secretary; Peter Naughton, Deputy Secretary, Energy and Earth Resources; and Chris O’Farrell, Chief Financial Officer, Department of Primary Industries. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

9.3.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2010-11 relating to the Energy and Resources portfolio. Transcripts of the hearing are provided in Appendix 1 of this report and on the Committee's website (www.parliament.vic.gov.au/paec). Documents provided at the hearings (see Section 9.3.4) are also available on the Committee's website. Written answers to questions on notice, requests for further information and unasked questions should be submitted to the Committee by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

9.3.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included a standard question on medium and long-term strategies underpinning the Budget (pp.T4–5) and the following (page numbers refer to the transcript in Appendix 1 of this report):

Smart meters

- cost of the rollout (pp.T6–7);
- release of the cost-benefit analysis (p.T7);
- informing the public of changes to the project (pp.T7–8);
- payments required to be made by householders prior to the installation of smart meters (pp.T9–10);
- safety issues where remedial works have had to be undertaken by householders (pp.T9–10);
- the education campaign (pp.T11–13); and
- the benefits of smart meters (pp.T11–12).

Hazelwood power station

- Hazelwood power station: obligations under the *Greenhouse Gas Reduction Deed* (pp.T14–15);
- the status of the coal drying project (p.T15); and
- funding provided in relation to the carbon capture project (p.T15).

Other matters

- the *Energy Technology Innovation Strategy* (p.T5);
- encouraging the uptake of solar energy (pp.T8–9);
- the Victorian renewable energy target – transition to the Commonwealth's expanded program (pp.T10–11);
- government involvement in electricity and gas pricing (pp.T13–14); and
- the *Energy Saver Incentive* (pp.T15–16).

9.3.4 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing as well as a slide disclosing the benefits of smart meters. The slides are available on the Committee's website (www.parliament.vic.gov.au/paec).

9.3.5 Questions taken on notice at the budget estimates hearing

The Minister took a number of questions on notice at the hearing or agreed to provide further information relating to these topics (page numbers refer to the transcript in Appendix 1 of this report):

- informing the public about smart meters (pp.T7–8);
- payments required by householders prior to the installation of smart meters (pp.T9–10);
- the carbon capture project (p.T15); and
- electricity concessions (p.T16).

A written response by the Minister to the Committee is due by 21 June 2010 and will be considered for publication in the Committee's *Report on the 2010-11 Budget Estimates – Part Three*.

CHAPTER 10: DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT HEARINGS

10.1 Introduction

The Department of Sustainability and Environment is responsible for the administration of two portfolios:

- Environment and Climate Change; and
- Water.

10.2 Environment and Climate Change portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

10.3 Water portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

CHAPTER 11: DEPARTMENT OF TRANSPORT HEARINGS

11.1 Introduction

The Department of Transport is responsible for the administration of two portfolios:

- Public Transport; and
- Roads and Ports.

11.2 Public Transport portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

11.3 Roads and Ports portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

CHAPTER 12: DEPARTMENT OF TREASURY AND FINANCE HEARINGS

12.1 Introduction

The Department of Treasury and Finance is responsible for the administration of two portfolios:

- Finance, WorkCover and Transport Accident Commission; and
- Treasury.

12.2 Finance, WorkCover and Transport Accident Commission portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

12.3 Treasury portfolio

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

CHAPTER 13: PARLIAMENTARY DEPARTMENTS HEARING

Details and a transcript of the hearing for this portfolio were included in Part One of this report.

APPENDIX 1: TRANSCRIPTS OF EVIDENCE

1 Department of Education and Early Childhood Development

Portfolios

1.1 Children and Early Childhood Development

Pages A1–14

1.2 Education

The hearing for this portfolio took place in week one of the budget estimates hearings and the transcript of proceedings appears in Part One of this series of reports.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 20 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms M. Morand, Minister for Children and Early Childhood Development,
Professor P. Dawkins, Secretary,
Mr P. Linossier, Acting Deputy Secretary, Office of Children and Portfolio Coordination,
Mr I. Claridge, General Manager, Student Wellbeing, and
Mr J. Rosewarne, Deputy Secretary, Office for Resources and Infrastructure, Department of
Education and Early Childhood Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–10 budget estimates for the portfolio of children and early childhood development. On behalf of the committee I welcome Ms Maxine Morand, MP, Minister for Children and Early Childhood Development; Professor Peter Dawkins, secretary, Department of Education and Early Childhood Development; Mr Paul Linossier, acting deputy secretary, Office of Children and portfolio coordination, Department of Education and Early Childhood Development; Mr Ian Claridge, general manager, student wellbeing, Department of Education and Early Childhood Development; and Mr Jeff Rosewarne, deputy secretary, office for resources and infrastructure, Department of Education and Early Childhood Development. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or her chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by the committee is taken under the provisions of the Parliamentary Committees Act and protected from judicial review. However, any comments made outside the precincts of the hearings are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof transcripts to be verified and returned within two working days. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions related to the budget estimates. The procedure followed is that relating to questions in the Legislative Assembly. I remind members that the procedure is that you ask questions in silence and we hear the answers in silence. The answers should be no longer than 4 minutes. In light of yesterday's behaviour, the procedure normally is that there are no supplementaries, so there will be no supplementaries and no clarifications today.

I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of children and early childhood development.

Overheads shown.

Ms MORAND — I am going to present on my portfolio responsibilities in early childhood development. I also have responsibility for the program in the department for students with a disability.

As minister for early childhood, obviously our focus is on delivering high-quality, inclusive and accessible early childhood services to Victorian families. That is done by building on very successful partnerships that we have with parents and families, community services and particularly with local government.

A budget summary is before you, and that \$82.6 million of early childhood initiatives. They are made up of \$63 million to meet the demand for kindergarten places, \$14 million to extend our successful Children's Capital program, \$3.5 million to support the early childhood workforce, \$2 million to expand services in the Maternal and Child Health Line and Parentline, and also a total of \$90.1 million to boost services for children with a disability.

What this budget is about is continuing to respond to growing demand. For members' benefit, that just shows you in a very tangible way that we continue to experience a very significant increase in the number of babies being born in Victoria. Over the last 10 years that birth rate has increased by 20 per cent, which means there were more than 71 000 babies born in Victoria last year, which is around 12 000 more children being born compared to 10 years ago. In fact, by the end of today there will be another 200 babies added to that list.

Just for demonstration purposes for members also, that shows you that there is a great variation between regions and where that birth rate is. There are some regions in rural and regional Victoria where the birth rate is actually declining, for example, in West Wimmera; but that is based on very small numbers. For example, in West

Wimmera there were only 28 births in 2008–09. The high birth rates you can see there include places like Corangamite and Ballarat.

In the metro region likewise there is a big variation between regions and there are some regions that had a particularly strong growth. For example, Wyndham had a 100 per cent increase in the births over that 10 years. The largest percentage increase was in the Shire of Melton, with a 131 per cent increase. The largest number of children actually being born, which I know the member for Narre Warren South would know, is in the City of Casey, with nearly 4000 children being born.

This budget is about responding to that demand, and in maternal and child health we have significantly increased our funding over the last few budgets. Overall there has been a 163 per cent increase in funding to maternal and child health in the last 10 years. We also need to support the workforce and we have provided over 90 scholarships to MCH nurses to ensure that there is the workforce there to meet the demand.

Also, for funding for kindergarten services, just from a historical perspective we have seen a very significant increase in the funding for kindergarten services over a 10-year period. Specifically, \$63 million over the next budget period will provide 3590 kindy places, and that builds on the additional 4000 places that were funded in the last budget. That funding also includes ensuring that the kindergarten fee subsidy is still provided to those families that are eligible and it will ensure that we continue to maintain our high kindergarten participation rates. Support for the workforce includes professional mentoring for 540 early childhood teachers, expansion of our leadership program in the Bastow Institute of Educational Leadership and support for professional development for 3000 early childhood professionals.

Investing in capital: that again is just a demonstration of where the capital has been spent in terms of the children's centres, of which we have funded 91. That map shows where the 61 centres are actually completed. There are also 30 currently under construction. The next slide shows specifically the \$14 million for capital, and \$7 million of that will go for more children's centres in the next financial period — that is for one year. They will be for grants of up to \$1 million; \$5 million for renovation and refurbishment grants; and \$2 million for minor capital grants.

That photo is of Mernda Village's children's centre, which is the last one that I opened, and it is really a magnificent facility. Also \$9.2 million is being provided to establish the new Victorian deaf institute. It will be located in Melbourne and will be used to support and train teachers working with deaf students across Victoria. Finally, \$4.4 million has been provided to create specialist facilities in mainstream school settings, satellite units for children with intellectual disabilities and autism-inclusion-support units for children with autism.

A historical perspective on supporting children with disabilities is that we have had a very significant increase in our support for early childhood intervention services in Victoria over the last 10 years, with a 141 per cent increase in the funding for early childhood intervention services. Specifically in this budget there has been \$38.4 million provided to increase the support for children with a disability through the early childhood intervention services that we fund. Essentially what that means is that we increase the unit price for the places that are currently funded. That will enable the services to provide more intensive support for each child that they are supporting. The current unit price is \$5522, and that will increase in the next two years to \$7205.

Finally, in relation to support for children with disabilities, this budget also adds an additional \$38.1 million to support the program for students with a disability. This program supports around 20 000 children in government schools, and around 40 per cent of those are in special schools across Victoria, so this funding will ensure that the support for those children continues.

In summary, all of our reforms and investments are very consistent with our blueprint agenda, and that is about improving the system. It is also about continuing a very successful partnership that we have had with parents and the communities — for example, the integrated children's centres and the Maternal and Child Health Line, which we do 50-50 with local government, and cluster management. Also you cannot deliver these services without support for the workforce, so this is continuing our investment in supporting and developing a quality workforce to support these very important early years services for children.

In summary, the investment that we have made in education and early childhood development since 1999 has raised the amount of money we have spent per annum in this area from \$145 million to nearly \$415 million, and

over that budget period there has been an additional \$677 million of new initiatives. That is my summary of the budget. Thank you, Chair.

The CHAIR — Thank you, Minister. We would certainly appreciate a copy of that for the record and so we can put it up on the website.

Ms MORAND — Certainly.

Ms PENNICUIK — It would be nice to have one now, Chair, so we could refer to it.

The CHAIR — That looks as if it is possible too.

Minister, I would just like to ask you about the budget. You mentioned the amount of money for it, both for next year and the subsequent out years. Could you please advise the committee what is the basis of your portfolio; what medium and long-term plans and strategies have you got, and have there been any changes since last year?

Ms MORAND — In early childhood there has been a very busy period, both in terms of the Victorian government approach to early childhood and also in terms of national reform, but our strategy is based on the blueprint that Minister Pike and I released nearly two years ago. What that is about is continuing to improve the system by which we deliver the universal services that are so important to Victorian families that provide high-quality early-years services.

Partnerships with parents and the communities and with local government continue to be part of our strategy, and working with local government is a really important part of being able to deliver these services. We have a very good relationship with the MAV and with councils in delivering services such as the maternal and child health and kindergarten services. As part of our long-term planning, workforce reform is incredibly important because of the increase in demand for early childhood teachers and also because of more children going into some form of care, we need to ensure that the workforce is skilled and of a high quality to provide the children's services to Victorian children.

The new blueprint initiatives for this year have included the Early Home Learning Study. What that is about is continuing to recognise the importance of parents in the development of their children and recognising that learning is a continuous process from birth and that the first couple of years of a child's life are of fundamental and significant importance to their long-term development. This study will support around 2000 vulnerable families, strengthening their home learning environments for the children, and it will focus on the first three years of life.

In terms of planning we have also continued to support kindergarten cluster management so that there is better support for kindergartens in terms of their administration and management, and the delivery of new initiatives such as our new early learning framework. As I said earlier, the early childhood workforce is so important, and in terms of planning for future needs we have initiated an \$11 million sum for workforce initiatives which include a range of things like scholarships for teachers to work in long day care, incentives to attract early childhood teachers to work in hard-to-staff locations and so forth.

Also our strategy is very much informed by our national partnerships with the commonwealth. What has changed since last year is the national quality agenda for early childhood education and care; it provides commonwealth funding to support the establishment of a jointly governed and unified national quality framework. This was agreed in December last year at COAG and is providing a significant new focus for medium and long-term planning for early childhood education and care not just in Victoria but across Australia. Included in that national quality agenda are things like child-staff ratios and requiring increased staff qualifications, including a minimum certificate III for all staff working in long-day care centres.

The CHAIR — We might leave it there. You have had your 4 minutes. If you have anything to add, you can add that on notice.

Ms PENNICUIK — You are being discriminated against, Ms Morand. He has not done that to anyone else!

The CHAIR — Without assistance, thank you.

Ms MORAND — I will remember that.

Mr DALLA-RIVA — I note the non-capacity to ask a supplementary. I refer the minister to budget paper 4, page 220.

Mr RICH-PHILLIPS — Quickly, you only have 4 minutes.

Mr DALLA-RIVA — No, the questioning can go on for an hour.

The CHAIR — Questions need to be succinct, direct and to the point, thank you.

Mr WELLS — What about the answers?

The CHAIR — You were not here earlier, Mr Wells, when we said we were going to hear the questions in silence, and the answers in silence, and we will follow the normal procedure. So I ask you to adopt that procedure for today, thank you very much.

Mr DALLA-RIVA — Budget paper 4, page 220 is referenced also on 225, relating to early childhood education. There is an election commitment, I think it was by the Rudd government, to provide 15 hours of kindergarten per week for all children in the year before school, by 2013. The allocation there through the COAG arrangement, as outlined in table 4.9, is \$15.3 million, revised this year and into the forward estimates, \$19.3 million.

My understanding is that the investment will continue, but local government capacity reports investigating the potential to provide the 15 hours of kindergarten have shown there is widespread need for expansion of existing kindergartens and the construction of new kindergartens across the state if they are to meet this target. Across Victoria the total cost of these works could easily be hundreds of millions of dollars, with one council supposedly reporting that the cost for them in this locality alone could be as high as \$14.5 million.

So I ask: given that there will be an additional demand on facilities in order to provide a 50 per cent increase in kindergarten hours, as the programs are required to move from 10 hours to 15 hours per week by 2013, can the minister perhaps explain to the committee the government's estimate of the total cost of expanding and building new infrastructure statewide to accommodate the additional demand with the increase, and could you outline how much funding will be provided to kindergartens and local governments to cover the cost of that expansion of existing facilities, or do you expect the communities and local governments to bear the burden of these significant infrastructure costs because of the COAG arrangement?

I cite the article in the *Sunday Herald Sun* on 23 August 2009, where Kindergarten Parents Victoria, which represents the majority — I was a vice-president on that board — said that it believed it was going to cost hundreds of dollars to pay for the expansion. The chief executive officer at the time, Meredith Carter, on the Sunday said:

If we are going to have universal kindergarten, it's got to be affordable.

Perhaps, in conclusion, can you also advise, did you have anything to do with the sacking of her the following day?

The CHAIR — I think we will just ignore the last bit. It is actually a rather long question, at 3.5 minutes, so perhaps members could try to be a bit more succinct, direct and to the point in future.

Members interjecting.

Ms MORAND — The national partnership agreement we have, to deliver the 15 hours kindergarten by 2013, is a really important goal that the commonwealth has set for us. The greater number of hours that a child spends in the four-year-old program in the year before school is a really important goal and we support the goals of the commonwealth.

It is an ambitious and challenging goal to deliver 15 hours of kindergarten the year before school. Currently Victoria delivers 10 hours of kindergarten to around 93 per cent of children in Victoria. There are a number of ways that we are going to work with the commonwealth in delivering this ambitious reform agenda, which we

support. First of all, we are providing \$50 000 to every local government to fund them to do some work on the provision that they have to be able to meet this target, and that includes looking at things like what their population might be for four-year-olds and also their existing infrastructure and how that might be used to provide for the additional hours.

I am just about to release \$5 million, which is from the commonwealth, for grants of up to \$200 000 to expand the space or expand services to get ready for the 15 hours in 2013. In addition, we have provided some funding for pilots. I am just thinking how many there were; I think there were about 20 pilots. There are an interesting range of ways that some local government areas are going to respond to this challenge. One of the things we do not want to happen is for the three-year-old kindergarten program not to be delivered because of having to deliver the 15 hours.

There is a number of different ways that local government is planning to deliver that and that is, for example, extending the hours that a kindergarten might be open so that they can provide more open hours. It might be that some model to have a longer day for the children. A lot of services do two five-hour sessions; some of them might do two three-hours and another two. So there is a whole different way that each community kindergarten decides how they currently deliver the 10 hours, and it is really up to them to work with their communities on how they might deliver the 15 hours. I am sure all members here are familiar with examples in their own electorates where some of them might even do quite a long day, because that actually is what the parents want — that is how they want the kindergarten provision to be provided.

Over the period of the commonwealth funding there is \$210 million in total that we have from the commonwealth up to 2013, and it also coincides with our requirement to have a teacher in every long-day care centre. A lot of children miss out on kindergarten because they are attending long-day care full time and in this way we can ensure that those children get their 15 hours because there will be a requirement for every long-day care centre to have a kindergarten teacher and we will fund a per capita kindergarten program for a program being delivered in a long-day care centre.

In addition to supporting that we have a range of incentives to recruit early childhood teachers to work in long day care, scholarship programs, graduate incentive programs and we also have a range of workforce initiatives that, for example, upskill an existing diploma-qualified staff member in long day care to an early childhood teacher. So we have a range of strategies in place so that we can meet the commonwealth commitment for 15 hours needed before school.

The CHAIR — Thank you. Ms Graley.

Mr DALLA-RIVA — I had no chance to clarify.

The CHAIR — No, you can ask next time around.

Mr DALLA-RIVA — So we have no idea where the money is coming from.

The CHAIR — Ask it next time round. Ms Graley.

Ms PENNICUIK — Chair, I just want to clarify a figure.

Mr DALLA-RIVA — Fifty thousand dollars to do the work.

The CHAIR — Ms Graley has the call.

Mr DALLA-RIVA — Fifty thousand dollars. Where is it coming from?

Ms PENNICUIK — I just want to know how many — —

The CHAIR — Ms Graley has the call.

Ms PENNICUIK — It is just that the minister said a figure, and I want to write it down.

Members interjecting.

Ms GRALEY — Minister, I would like to ask you a question. In your presentation you refer to \$4.4 million to create specialist facilities in mainstream schools, and I notice in budget paper 3 at page 303 under ‘Asset initiatives’ there is an item ‘Educational provision for students with disabilities’. I am interested in this, as I think it has the potential to be a really excellent innovation in schools. I am wondering if you could inform the committee of the government’s intentions for the establishment of the satellite units, as I think they are called, and inclusion services; how many will be set up and what services they will provide?

Ms MORAND — Thank you for that question. This is an initiative in the budget that we are particularly excited about because there has been a very significant increase in the number of children with intellectual disability, and with autism. This is not just a Victorian phenomenon; it is happening across Australia and internationally. In fact we know that of the new prep entries coming into the whole program for students with a disability around 28 per cent are for autism.

First of all, the satellite units will be set up in mainstream school settings, and they will offer flexible spaces and related ancillary rooms such as toilets and the sorts of things that are needed to support these children. There will be \$2 million for the satellite units, and we expect around five to be set up. These are specifically for children with an intellectual disability. They are called satellite units because they will be managed and staffed by the nearest appropriate special school. It is important to keep that connection with the expertise that is provided by a special school. They are not designed to replace special schools but to provide another educational option for those children and their families. It means there will be a greater choice in terms of locations to support children with an intellectual disability, which will obviously also be of benefit in terms of, in some cases, travel times for those families. They are the satellites.

The inclusion support units are for children with autism. We hope there will be around six of the autism inclusion support units for \$2.4 million. How they differ is that the inclusion support units are specifically for children with autism, and they will be managed by the mainstream school itself rather than by a special school. What it is obviously aimed to do is to make sure that these children have the opportunity to participate in mainstream school settings. It allows them to integrate with children of their own age. It will ensure that the capacity of the school is enhanced by specialist and mainstream teaching workforces.

Again, for the parents it is just another education option. Some students with autism attend mainstream schools and some of them struggle. A classroom built with a mainstream school offers the opportunity to spend some time in the specialist unit and other times actually in the classroom. We will be working with the autism institute because we have 100 graduate diplomas in teaching in autism over the four years. At the moment 24 teachers have commenced the specialist autism training and there will be another intake later this year.

In summary, we are very excited about this because it gives another option to families of children with autism and children with an intellectual disability of having a setting in a mainstream school and in a greater range of geographical locations.

Mr RICH-PHILLIPS — Minister, I would like to go back to the issue of the 50 per cent target increase for kindergarten participation. The bilateral agreement on achieving universal access to early childhood education provides that the current split in funding of kindergarten between the government proportion of 65 per cent and the parents’ contribution of 35 per cent is to be maintained going forward under the expansion to 15 hours a week. Presumably that would mean something of the order of a 50 per cent increase in fees for parents, given a 50 per cent increase in contact time participation by children.

The question is: what impact is the disincentive of a 50 per cent increase in costs going to have on the target of increased participation rates when particularly parents who do not have a health care card do not get the subsidised rate?

Ms MORAND — First of all, the subsidy for families will continue into the additional hours, so we will still effectively be able to provide free kindergarten participation for children in the 15-hours agreement.

Mr RICH-PHILLIPS — The existing eligible families?

Ms MORAND — Yes, existing eligible families. We will continue to expect parents to contribute to the kindergarten fees. As you rightly point out, currently it is around 35 per cent, which is around \$200 per term for families. Twenty seven per cent of families who attend kindergarten in Victoria receive the kindergarten fee

subsidy, effectively making that provision of kindergarten free. The participation of children through long day care centres will also, I hope, improve our kindergarten participation rate. We have a near 93 per cent participation rate in Victoria, which compares very favourably with the national average.

We hope to continue to increase that through providing for more early childhood teachers in long day care. We are also providing for free three-year-old indigenous kindergarten, and in that way we are hoping to improve the participation of indigenous children in the four-year-old program as well.

Mr RICH-PHILLIPS — Will the extra \$100 a term for parents not receiving the subsidy act as a disincentive?

The CHAIR — Mr Noonan has the call.

Mr RICH-PHILLIPS — That was the substance of the question which the minister —

The CHAIR — The minister has answered the question. If you wish to ask another question, you can ask it soon. Mr Noonan has the call.

Mr RICH-PHILLIPS — If it not another question; it is the question.

Mr NOONAN — Minister, can I ask you a question about recent developments with maternal and child health services, and in particular the funding outlined in this budget for the Maternal and Child Health Line and Parentline, which are detailed in budget paper 3 on pages 299 and 301?

Ms MORAND — We are very proud of the maternal and child health service that we have in Victoria. There are around 900 nurses employed across Victoria in 700 different locations, and last year they provided 590 000 consultations. The Maternal and Child Health Line itself takes around 100 000 calls per year, and it is anticipated that with the additional funding it will be able to take an additional 10 000 calls. We are also proud that it went to a 24-hours-a-day, seven-days-a-week service in the year 2000.

The majority of calls that the Maternal and Child Health Line takes are for children under 12 months of age, and all the parents in this room would understand why that is the case: worry about whether the child has a fever or some sort of symptom and cannot settle, and trying to get some advice about whether they should be concerned about that. Of interest is that about 20 per cent of the calls are about breastfeeding. Just last week we announced additional funding for breastfeeding education for every maternal and child health centre across Victoria, which will be done online. The funding is to ensure that they have backfill and the capacity to participate in that training. We are also going to ensure that every local government area has at least one internationally certified lactation consultant. We would really like to see breastfeeding rates continue at the reasonable level that they are, but we would also like to see them increase.

Parentline currently takes around 20 000 calls per year, and about 12 000 of those are answered by an experienced social worker or psychologist. We are also experiencing an increase in demand for that service, particularly from parents of adolescent children. They are seeking free and confidential support, counselling and advice about raising adolescent children. Again those around the table who have had adolescents can probably relate to that.

Finally, the support also includes ensuring that the workforce is maintained. Again, as I said, that is ensuring that scholarships are available for people to undertake the training and be able to deliver maternal and child health services.

Mr DALLA-RIVA — I refer you to budget paper 3, page 299. This relates to the provision of \$3.5 million over three years. I also note for the record that you mention \$50 000 I think to do some work on population. I gather the \$50 000 is going to come out of recurrent funding, because I could not get clarity on it.

Many municipalities have cited a shortage of qualified staff as a major obstacle to achieving the COAG target of 15 hours of kindergarten per week for children in the year before school at the deadline of 2013. For example, one council in Melbourne's eastern suburbs will require more than a 50 per cent increase in its early childhood workforce to enable it to provide 15 hours. I think you indicated that earlier in the question, but I cannot get clarification on it. Councils are concerned that it is too late to plug this workforce gap because it

takes four years for people to become degree qualified, and there are less than four years until the deadline for 15 hours of kindergarten.

Given the extreme shortage of qualified staff in some municipalities, how does the government expect the \$3.5 million to fully address the early childhood workforce shortage in relation to the provision of 15 hours of kindergarten by 2013, and where do you expect the government will find the additional qualified teachers when the deadline is only two-and-a-half years away?

Ms MORAND — Again, meeting the 15 hours of kindergarten provision for every four-year-old is an ambitious goal. We recognise that, and we are keen to work with the providers of kindergarten. As you rightly point out, local government is a key stakeholder in ensuring that this commitment can be met. As part of that I released at the end of last year a very comprehensive workforce strategy to, first of all, try to attract more teaching graduates who have done early childhood, because that is a pathway to work at either the lower primary end or at a kindergarten. We have graduate incentive programs to work in kindergartens and long day care centres. As part of our workforce strategy we also have funding available to upskill people who have diploma qualifications to get a degree qualification.

We have also funded support for professional development for early childhood professionals, including two new professional development programs which will be delivered through the Bastow Institute of Educational Leadership. This is about recognising the profession of early childhood teachers. Since the new department was created three years ago it has been a very welcome initiative from the perspective of early childhood professionals. They are also part of the education department, and being involved in the Bastow education institute is a recognition of the importance of providing early childhood education.

I think that covers it. That \$1.5 million is also for us to fund some research into early childhood workforce issues because we recognise that it is a challenge and we need to understand exactly how many teachers will be needed. A lot of kindergarten teachers currently work part time, and part of the pilot work will be to see whether or not there is some flexibility in the hours that are provided and also how we are going to attract more teachers to work in kindergartens.

Mr DALLA-RIVA — I wonder if they could tell us maybe at some point.

The CHAIR — Ms Pennicuik?

Ms PENNICUIK — My question was similar to Mr Dalla-Riva's in that it is around the workforce, and \$3.5 million seems quite a small amount of money given the challenge ahead. Because we are not allowed to do a follow-up or a supplementary, if I could just Mr Dalla-Riva's —

The CHAIR — You need to frame your question. That is the process.

Ms PENNICUIK — Thank you, Chair. Ms Morand, I advise you this has not happened to any other minister; it is just happening to you.

Mr RICH-PHILLIPS — I am sure it is nothing personal.

Ms PENNICUIK — I just think I heard you say that you are going to put \$1.5 million into some research.

Ms MORAND — Sorry, \$300 000 for research.

Ms PENNICUIK — You said \$300 000? The question is: are you aware of the number of teachers that are available and qualified, to the extent that they need to be, to work in long day care as early childhood teachers, the number of teachers who are currently working in kindergartens, and the amount that is going to be needed in 2013 when the 15 hours is mandatory for all parents, given the graphs about how much population is rising in certain areas like Corangamite, Ballarat, Casey et cetera? Does the department actually have this information now?

Ms MORAND — It is a very good question. That is part of the work we are doing with the money we provided to local government — the \$50 000. We asked them for that; that is part of the information we want to know. We want to know what their infrastructure is and what their estimated four-year-old population is. We obviously know through maternal and child health birth notifications where the babies are being born, but as you would know, in the growth areas there are a lot of families moving into suburbs every single day, so we need to collate that information as well.

We have just received all the information from local government. I think we asked them to deliver it by the end of April. It is going to be quite a detailed process for us now to collate from 79 councils —

Ms PENNICUIK — This April just gone?

Ms MORAND — Yes, April just gone. We gave them the money at the end of last year, and we gave them that long to do the detailed work that they need to do to estimate what the demands are going to be in infrastructure and in workforce. We are now collating and analysing that data so that we do not have to just second-guess what we think the need is, but we can have quite an accurate idea of how many extra teachers will be needed. Part of that work is also analysing the children who are in long day care, because they will be provided with their four-year-olds program at that service rather than at a stand alone.

The commonwealth is providing additional places for approximately 705 commonwealth supported places for early childhood education for students in Victorian universities. The actual number of students taking up these places is varying year to year. In the rollout of 1500 places there were 115 last year, 155 this year and we do not know how many places will be taken up next year.

With our workforce initiatives, the \$3.5 million is this year, but we have also got \$11.5 million which I announced in November last year for the scholarships and incentives. This \$3.5 million is more about professional development rather than recruitment. Combined with the additional commonwealth supported places, that is the range of initiatives that we are doing to try to ensure that we have the workforce ready for 2013.

Ms PENNICUIK — So that information that you are getting from the councils and collating, when do you think you will have that ready by, Minister.

Ms MORAND — Probably not until mid to late this year.

Mr SCOTT — For my question I again refer you to budget paper 3, pages 299–300, in relation to Victoria's Children's Capital program; \$14 million has been allocated in this year's budget to extend Victoria's Children's Capital program. Can you please inform the committee of what has been achieved through this program to date and how you intend to spend the \$14 million to improve services?

Ms MORAND — Since 2003 we have committed around \$55 million to 108 children's centres. They have been a great success because they offer a range of early childhood services all under the one roof, and they have been developed in cooperation with community and with local government. The range of services includes kindergarten and maternal and child health. Some centres offer early childhood intervention services, some offer playgroups and occasional care, and some offer family services and health services. There is even one centre that offers adult literacy training as well.

This is building on the success of the children's centres. They have been very popular, and it also helps us in responding to the growing demand for quality services but also for integrated services, because we know there is great benefit for the children for the professional development of staff and particularly for the families. Of the \$14 million, \$7 million will be for one year of another round of Children's Capital. We are going to increase the amount from a \$500 000 cap to \$1 million, so it is a fund of up to \$1 million per centre. There will be at least seven, but there may be more, because some centres do not require the \$1 million.

Five million dollars will go towards 50 renovation and refurbishment grants. They are up to \$100 000, and they have also obviously been very popular. In the provision of kindergarten services the assets are actually owned by local government, the community, church groups and so forth, but this funding is for us to provide for those centres to improve the infrastructure and the quality of the service they are providing to children. Finally, \$2 million will be for minor capital grants of up to \$5000.

In the Children's Capital program about 60 — as I showed on that slide — are already operational, and 26 are still in construction stage. Of the 72 that have either already been opened or funding has been allocated, 38 are in rural and regional Victoria and 34 are located adjoining a school site.

Can I just mention the one I had a photo of earlier? The Mernda children's centre is a great example and a different example, because it was also a collaboration with business, local government and state government. There was \$500 000 from the Victorian state government for that centre, \$3.5 million from the City of Whittlesea and \$3.75 million from the developer, Stockland. It was a great example of business, local government and state government pooling their funding and resources to result in a fantastic facility for a new development out at Mernda. I will leave it there.

Dr SYKES — Minister, my question relates to the kindergarten participation rate. I refer you to budget paper 3, page 62, and I note from previous budget papers that in 2002–03 the kindergarten participation rate was 97.2 per cent and has progressively dropped to where this year the expected outcome is 92.7 and the target for next year is 92, this target being below the target set by COAG of 95 per cent for 2013. We have had a drop-off in participation rate over the last seven years.

Given that Victoria is a signatory to the national partnership agreement for early childhood education, which commits to ensuring that all children have access to kindergarten programs of 15 hours a week in the year before school, and the measure that COAG has set for enrolment rates is 95 per cent or higher, are you confident that the measures you have outlined in response to previous questions are going to enable you to achieve this target rate of 95 per cent or are you going to set lower targets for Victorian children and accept 92 per cent or less?

Ms MORAND — By way of background, previous budget papers have reported a higher participation rate than what we now know was actually the case. We base our reporting in budget years on what we think the estimated population of four-year-olds is, but you get more accurate information from the ABS in the years following. For example, in 2004 the participation rate recorded in the budget papers was actually a lot higher than what we now know it to have been. We know exactly how many children are participating because we fund on a per capita basis, but there were actually more children than —

Dr SYKES — This is about percentages, not absolute numbers?

Ms MORAND — That is right. In previous budget papers the percentages that were reported were higher than they actually were, but that being the case, we now have nearly 93 per cent participation, and yes, we are committed to increasing that participation rate to 95 per cent. We are going to do that through a range of things that I have already outlined. In terms of the budget for the number of places, there is no cap on that. If more children are attending, then the funding will be available for those children to attend a kindergarten program. What was the other part of your question? I cannot remember.

The CHAIR — If you are going to reach the 95 per cent target.

Dr SYKES — So you are going for 95 per cent? Why is your target at 92 if you are heading for 95? Why are you setting a lower target?

Ms MORAND — We are setting a target on what we think we actually might need to budget for, because we know that is currently what the participation rate is. The actual number of children is increasing because of the birth rate, so more and more children are actually attending. When you do the budget you budget on what you think the numbers will be, but we do want a larger number of children to participate, so we have got the range of workforce initiatives and —

Dr SYKES — Your target is lower than your expected outcome for this year, so you are dropping your standards.

Ms MORAND — We would like the participation rate to be higher.

The CHAIR — If you could you provide the committee with a reconciliation in terms of the figures as well as the percentages, it would help us to understand the particular changes.

Ms MORAND — Yes.

Ms GRALEY — Minister, I would like to refer you to the ‘Output initiatives — government wide’ in budget paper 3, pages 282 and 283. I would like you, please, to inform the committee of the government’s plans for the \$38 million for early intervention services, how the service providers will use these new funds and what the professional associations’ response may be.

Ms MORAND — The \$38 million over four years will boost early childhood intervention services right across Victoria, and it will see a substantial increase in the recurrent price that we provide for every place for early childhood intervention in Victoria. Over the next two years it will actually increase by around 30 per cent: it will go from \$5522 in this current financial year to \$7205 in year 2011–12. When fully implemented at the end of the fourth year it will represent around a 40 per cent increase in the value of the place for early childhood intervention.

We have substantially increased our investment in early childhood since 1999, but because the budget two years ago increased the number of places by 1000, this state budget is really about increasing the capacity of the services to be sustainable and to provide more intensive support for service provision. That includes things like greater access to speech therapists, physiotherapists, special education and the specific supports that those families need for each individual child’s needs. It also puts us in a position to realise the next phase of our reform.

We did get some very welcome responses from Early Childhood Intervention Australia. Of course they stressed the need to continue to increase funding for these important services, but they have very much welcomed the increased funding. The Autistic Family Support Association has also welcomed the increase. We are now going to do detailed work in the department in collaboration with the peak bodies, service providers and staff over the next two years to progress further reform in early childhood intervention — things like having, for example, a centralised process for assessing and then allocating a place for a child.

Mr DALLA-RIVA — Following on from that good-sounding statement, on page 62 of budget paper 3 is the budget measure relating to early childhood intervention services under ‘Number of places and packages funded annually’. Given that I cannot ask a follow-up question, the issue also relates to the statement from Early Childhood Intervention Australia’s Victorian chapter which says ‘there is a growing population that needs to be addressed’ — not necessarily a glowing endorsement.

I put it in the context that your budget measure, the target for 2009–10 and expected outcome for this financial year, is \$10 325. You say you are dealing with the issue and actually dealing with more throughput, so to speak. Why is it then that your target outcome for this year is still the same?

Ms MORAND — Because, as I explained, the budget from two years ago allocated an additional 1000 places, and they have been allocated as 500 in the first year and 500 in the second year. They were allocated to achieve a more equitable distribution of places. It was based on the ABS 0–6 population data, the best information we had on where the demand was. With the extra 1000 places we really focused on where the demand was, and that included putting 344 additional places into the northern region, 290 into the western region, 63 into Gippsland, 49 into the Grampians, 94 into Loddon-Mallee and so on and so forth. The number of places has not been impacted on by this year’s budget. The number of places has not increased. The \$38 million is to go to increase the unit price for each of those places so there is more intensive support provided to each individual child who is given a place over the next four years.

Mr NOONAN — Minister, in your presentation you outlined capital initiatives and the initiative to establish and operate a new deaf education institute, which is also detailed on page 303 of budget paper 3. Can you please inform the committee of your plans in this area, because it is a substantial commitment?

Ms MORAND — I am really pleased that we are providing funding of \$9 million to establish the deaf education institute; \$1.66 million of that is for capital infrastructure and upgrading of an existing facility and \$7.36 million will be for recurrent funding for the employment of staff, delivering coordination of professional learning, short courses, learning modules for teachers and support services for staff and parents of children who are deaf and hard of hearing.

We are confident that this institute will become a centre for excellence in deaf education and will lead to improve education outcomes for deaf and hard-of-hearing Victorian children. That will be done by professional development, professional learning programs, strengthening the networks for knowledge exchange for those

who are teaching the deaf right across Victoria and encouraging innovation and more evidence-based practice. We do believe the education institute will play a leading role in deaf education nationally.

We have received a very positive response from Deaf Children Australia. They are very supportive of the deaf education institute and have commented that the initiative is very much a positive step forward in support of deaf and hard-of-hearing children being able to access a quality education.

Workforce capacity is about building partnerships with education providers. It will be delivering accredited programs for teachers of the hard of hearing, and there will be additional professional learning opportunities. The institute was part of the government's response to a review of deaf education which was completed in 2008. What the review did identify was that reforms needed to improve the learning and wellbeing of and outcomes for deaf and hard-of-hearing children and young people. Specifically the review identified the need for improvements in educational support, workforce sustainability, early diagnosis, family-centred support, equity and fairness in access to services across the state and ongoing assessment and monitoring of the deaf and hard of hearing in their education pathways. I think I will leave it at that.

Ms PENNICUIK — Minister, this is a follow-up on some earlier questions. It is in regard to subsidies. Currently there are subsidies available for concession card holders, and you indicated that that would continue for the 15 hours. I think you said 27 per cent currently receive it.

Ms MORAND — Currently receive it, yes.

Ms PENNICUIK — Mr Rich-Phillips was pointing out that with the move from 10 to 15 hours it is a 50 per cent rise, and it could be around \$200 a term for parents. Kindergarten Parents Victoria has recommended that subsidies be extended from concession card holders to other disadvantaged families. I am wondering whether in the study you are doing — in talking to local councils et cetera — you are identifying other disadvantaged families which are going to struggle with meeting the increased fees for the extra 5 hours. They are already struggling but are not eligible via a concession card for a subsidy, and I wonder whether the department is looking at that, given that we are going to expand a very good measure. I totally support it, but it will put other families at a disadvantage, and they will struggle to meet these kindergarten fees. What is the department doing to look at that, and what is the government doing in terms of anticipating the need to perhaps extend the subsidies to disadvantaged families?

Ms MORAND — The eligibility is currently on health care card, pensioner concession card, veterans gold card and also asylum seekers, refugees, special and humanitarian visas — —

Ms PENNICUIK — Card holders.

Ms MORAND — Sorry, card holders. That is part of the work that we want to do through the pilots, because the pilots will tell us whether or not there is going to be a disincentive or a problem for some families, and that is going to be important to establish in the greater rollout. There are going to be so many different models, and each community will obviously be different in how they provide for the 15 hours. That will depend on the area that it is located in and the scale of disadvantage in that community.

We certainly are cognisant of the potential for there to be disincentive to attend for 15 hours. While I am on that, in terms of rural and regional Victoria there is also the challenge that might be presented by the additional hours of attendance. For some communities that will be terrific because of the way the structure will be set up: it will actually be a benefit to families to have their child in for a longer period, for 4 hours.

In others it might be a challenge because of the distance they need to travel to get their child to attend a kindergarten program. We are hoping that every kindergarten service develops a model that best reflects the needs of their communities. Whether that is a longer number of hours for each session or whether it starts earlier or finishes later because it suits those particular families, we have a completely open mind about how the models will be developed. There is a very significant range of different pilots, and I am happy to provide you with some information on some of the examples that are being funded for the pilots.

Ms PENNICUIK — That would be good.

The CHAIR — That would be useful if you could give the committee that information. I thank Professor Dawkins, Mr Linossier, Mr Rosewarne and Mr Claridge for their attendance.

Witnesses withdrew.

2 Department of Health

Portfolios

2.1 Health

The hearing for this portfolio took place in week one of the budget estimates hearings and the transcript of proceedings appears in Part One of this series of reports.

2.2 Mental Health

Pages B1–8

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 19 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms L. Neville, Minister for Mental Health,
Ms F. Thorn, Secretary,
Dr K. Edwards, Executive Director, Mental Health and Drugs Division, and
Mr P. Fitzgerald, Executive Director, Strategy, Policy and Finance Division, Department of Health.

The CHAIR — I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial performance information relating to the budget estimates for the mental health portfolio.

Overheads shown.

Ms NEVILLE — Thank you, Chair. I will be touching on both the mental health area and also the drug and alcohol area. As I mentioned in my overview to the question that you asked earlier, a year ago we released the government's mental health strategy, a 10-year strategy, *Because Mental Health Matters*. It sets out a very wide-ranging agenda on development and change across mental health and, as I indicated, we have also got the first of the strategy implementation plan signed off and that being implemented.

Building system capacity early in life is a key part of the reform agenda and through this particular budget more rural young people will receive early and effective help for a broader range of mental health problems. This investment brings the total number of youth early intervention teams to six; four were previously funded in the previous budget. Importantly we will also build new capacity early in the reform implementation process in order to better support teenagers and young people who are highly distressed or at risk of suicide. We have also continued to consolidate and enhance psychiatric triage services to build a more accessible front door to mental health treatment and care, and the new investment brings us to close to statewide coverage of this reform initiative. We have also focused on the needs of senior Victorians with severe mental illness.

In the 2010–11 budget, excluding capital, our total output will now be over \$1 billion, which is a 122 per cent increase from more than 10 years ago. Our capital investment in this budget also continues with \$70 million provided. This builds on the \$74 million capital investment allocated in the 2009–10 state budget. The key challenge for the coming year is to give momentum to the critical elements of the reform agenda, and this slide outlines the priority areas for reform in 2010-11.

As I indicated, one of our priority areas within the mental health reform strategy is how do we build greater capacity to prevent and intervene earlier, particularly early in life with children and young people? This budget has significant investment in this area around early intervention for rural young people, youth suicide prevention and youth crisis response teams as well in rural and metropolitan areas, so a total budget all up for mental health of almost \$175 million, which builds on the over \$300 million that has been delivered in the last two budgets to implement the mental reform strategy.

As I indicated, there is increased capacity with the new mental health wing at the Bendigo hospital, amounting to \$56 million, which will see a new inpatient facility, 75 mental health beds up from 42, and also the building of a 22-bed community care unit on the Austin Heidelberg site, which will see for the first time all metropolitan mental health areas having access to their own community care unit. There is also funding to operationalise beds that we have been building, which include the PARC beds at Bendigo and Frankston, Geelong acute beds and the additional 25 beds at the Northern Hospital.

Just briefly, in alcohol and other drugs, as I mentioned earlier in my other presentation, we have three strategic policy documents that underpin our work in this area: the blueprint which maps out a client-centred and service-focused reform agenda with a very strong focus on prevention and early intervention; an amphetamine-type stimulant strategy about what work we need to do to prevent and reduce the supply, use and demand for amphetamine-type stimulants; and also our Victorian alcohol action plan which had an investment of \$37 million over four years last year. We have made significant and solid progress in implementing the range of programs, which I will not go through unless the committee has a particular question.

The CHAIR — We can follow that up later.

Ms NEVILLE — In this budget we have invested \$20.8 million over four years to provide additional drug and alcohol treatment services in Melbourne's growth areas. That map shows you where those additional services will be provided. Of course that is on top of the over \$510 million we have committed since 1999 to address alcohol and drug-related harms in Victoria.

The CHAIR — Obviously alcohol and also drugs have a big impact in relation to mental health, particularly for young people. This tends to change, sort of, almost every few years in terms of the emphasis and sometimes unfortunately in terms of the drug of choice. Ecstasy is certainly an issue. I am just wondering what initiatives

you have in regard to treatment and preventing the use of it. Obviously as minister I understand you are responsible for these issues.

Ms NEVILLE — As I indicated in the presentation, our amphetamine-type strategy is our overarching framework about the work we want to do in reducing and preventing the use of amphetamines given the dangerous nature of those drugs. It is interesting that you mentioned the issue of alcohol.

The CHAIR — It is usually a mixture.

Ms NEVILLE — That is right; it is often a mixture. We are actually starting to see some decline in alcohol use amongst young people, although we still have high levels of risky drinking. But one of the areas in which we are seeing some increase in the use of illicit drugs is in the area of ecstasy. Today I was pleased to announce a \$500 000 education campaign which will focus on the dangerous short and long-term consequences of ecstasy such as mental health impacts, come downs, irritability and potential death. As I was referring to some of those figures, according to the latest Australian secondary schools alcohol and drug survey there has been an increase in ecstasy use by young people, unlike other illicit drugs where you are seeing they are either stabilised or are declining. Changes over time are seeing an increase particularly amongst 16 and 17-year olds. We also know that ecstasy use is one of those amphetamines where young people tend to use this form of amphetamine when they are younger than with other form of amphetamines.

We have also seen a bit of a change through a survey this time of the number of young people who are indicating that they see occasional use of ecstasy as less dangerous than they saw it in the last survey. For those reasons we felt it was important that we had a targeted approach to this particular drug use. Our campaign will focus on Victorians aged between 14 and 17, about intervening earlier and indicating to young people the serious harms and risks that are associated with experimenting with ecstasy.

The campaign will commence at the start of the party season to achieve the most targeted approach on young people and will comprise paid advertising at venues with oriented media, social networking sites on the internet, radio and outdoor signage. We know the effects of any drug can vary from person to person. Because ecstasy is commonly used prior to or during dance or rave parties, the stimulant effects are likely to increase. The irony about this drug is that when it is most likely to be used is when it is at its most dangerous because of the risk of overheating that occurs as a result of those dance parties. We know there are real dangers in the use of ecstasy use. We want to get that message out to young Victorians. It will also be backed up by raising awareness with young people and families using schools, raising information and providing information to parents about what they can do, and how they talk to their children about the issue of ecstasy. This is an important early measure so we can ensure that we do not see any alarming increasing trends in relation to ecstasy use.

The CHAIR — It is an important issue.

Mr DALLA-RIVA — Can I see slide 3, ‘Investing in mental health’.

The CHAIR — It is the graph.

Mr DALLA-RIVA — It is also referenced in budget paper 3, page 77. That is the output summary within the Department of Health of which mental health is a component. I note the minister was very pleased to make a comparison and show the growth there, but a comparison of the state budgets over your term as Minister for Mental Health shows in actual fact a 5.4 per cent drop in mental health’s share of the overall health budget since the 2006–07 budget compared with a 1.5 per cent increase in acute health. I am happy to table the spreadsheet we have. One of my questions is: is this not exactly what the Australian of the year, Professor Patrick McGorry, meant when he was quoted in the *Age* after the budget as saying the state budget confirms:

growing community concern that despite a major splurge on health care, people with mental ill health are being left even further behind —

and that —

despite acknowledgement that the —

mental health—

system is in a mess, by both the state and federal governments, neither seems to be committed to solving it or investing in it ...

I also refer to your glowing accolades of Professor McGorry in Parliament in February where you described him as a ‘renowned leader’ doing ‘pioneering work’ and making an ‘extraordinary contribution’. So, Minister, I ask how can you sit here today claiming that you and your government are helping vulnerable Victorians when you have presided over the largest ever decline in the proportion of health budget going to mental health, and will you now admit that vulnerable Victorians with a mental illness are being left even further behind by you?

Ms NEVILLE — Can I just start off by acknowledging Pat McGorry. He is absolutely a world leader in youth mental health. He has been an advocate on early intervention. He absolutely was a driver with us in the reform strategy and the priorities of that reform strategy in relation to needing to redesign our youth mental health services and in the type of investment we needed to make in relation to youth mental health. He is also a member of the Victorian Mental Health Reform Council that is driving both the overall reform agenda and also the implementation strategy. He is absolutely central to that. He is a well-deserving Australian of the Year.

As I indicated, the investment that we have made in this budget is \$175 million. Over \$300 million has been invested in mental health in the previous two budgets. It has been invested very strategically based around the mental health reform agenda. In fact there is absolutely no question that since this government came to office our investment in mental health has gone up significantly. If you have a look at the average rate at which the previous government had been investing in mental health — —

Mr WELLS — Hang on. We have been told all morning — —

Mr DALLA-RIVA — No, this is about the proportion — —

Ms NEVILLE — And since that time — —

Mr WELLS — Why have you not ruled her out of order in regard to that? You have two set of rules.

The CHAIR — No, I do not have two sets of rules.

Mr WELLS — You do have two sets of rules.

The CHAIR — Mr Dalla-Riva talked about long-term trends and more recent trends as well, but we are trying to focus on the estimates and going forward in the next year and the three subsequent out years, Minister.

Ms NEVILLE — In the last three budgets — I have not got the slide here, but I am happy to provide that information to the committee — since we have had a Minister for Mental Health and a separate division within the department there has never been such a significant investment in mental health. So I am very happy to provide that additional information.

Mr DALLA-RIVA — But the proportion of it against the — —

Ms NEVILLE — People also need to remember that everything that we do in mental health does not sit within the mental health division. For example, funding of emergency departments is pretty critical to supporting and assisting people with a mental illness who require crisis intervention. All our primary care counsellors, who all sit within the health outputs, do not sit within the mental health division but play a critical role in early intervention and community support services in our community. We know that mental health clients absolutely need better access to dental care and all of those very important health services that can impact on someone’s mental health and their capacity.

One of the programs that Daniel Andrews recently announced with me was exactly that sort of program through the health output to provide priority access to people with a mental illness to certain primary care services. Right across the health budget there is a range of initiatives that support people with a mental illness. I would not want to see everything just sitting within one division. It is a whole-of-government approach. Whether it is in our schools — and this budget actually invests further money and capacity building. If you have a look at the strategy, that is exactly what it says. Whether it is in education, in skills or training, in research areas, innovation, health, child protection, wherever it is, there is a role for all of us to play in enhancing the way that we respond to the needs of people with a mental illness. That is what you see with the mental health reform strategy.

The CHAIR — Mr Dalla-Riva asked for some information in regard to trends against certain benchmarks. You promised to provide information in relation to that in terms of trends over the previous three years and obviously going forward as well. I would appreciate it if you provided that in terms of what Mr Dalla-Riva was asking.

Mr SCOTT — Minister, I refer you to pages 98 and 306 of budget paper 3. Minister, alcohol and other drugs are a major concern for the community. Can you please describe to the committee what this government is doing through the forward estimates in terms of prevention and treatment?

Ms NEVILLE — As I indicated very briefly in my overview of the drug and alcohol area, since 1999 we have committed over \$510 million for a range of initiatives across government to address drug and alcohol issues here in Victoria. In this financial year, 2010–11, the Department of Health will provide \$135.7 million for drug prevention and treatment programs to over 105 alcohol and other drug services across the state. As I indicated, this includes \$20 million over four years for new drug and alcohol services in our growth corridors. It also includes nursing support in Aboriginal alcohol and drug addiction services and also a continuation of existing drug treatment and harm reduction services in St Kilda.

In the breakdown of that \$20 million, \$14 million is going into the new services that will provide additional counselling, consultancy and continuing care services, which will have multidisciplinary teams delivering a range of therapeutic alcohol and drug treatment to adults in areas, as I said, Casey, Hume, Whittlesea, Melton and Wyndham.

The \$4.4 million over four years is for new nursing capacity for Koori resource services to provide medical and health support to Aboriginal people accessing services due to drug and alcohol use. As I said, the state budget also provides funding to continue what has been a very successful program in St Kilda — the alcohol and drug treatment and harm reduction services. This builds on the funding that we committed to deliver the Victorian alcohol action plan — \$37.2 million over four years — which was announced in the 2008–09 budget. As I said earlier, we have made significant progress in rolling out all of those initiatives that were part of that, so that is providing additional treatment services, providing additional interventions with families, providing additional capacity amongst GPs to work with people with alcohol and drug issues, and of course we have also undertaken the awareness campaign ‘Will You Handle Your Alcohol? Or Will Alcohol Handle You?’ which ran last year. That campaign was targeted to 18-to-30 year-olds who were very much involved in talking to us about what are the messages that work.

I mentioned the ecstasy campaign that we are about to commence. Since that alcohol campaign we have also undertaken a campaign around cannabis use and particularly its mental health issues, again raising awareness amongst young people about the risks of cannabis use. Certainly cannabis use has stabilised and it has trended down over a period of time. Across a range — whether it is treatment, rehabilitation services, early intervention or awareness campaigns — we have a comprehensive program and investment to improve the way we respond to people who have drug and alcohol issues in our community.

Ms PENNICUIK — Minister, in its budget submission the Australian Medical Association made the point that nearly two-thirds of female patients in psychiatric wards in Victoria have been sexually abused or harassed by other patients. It recommends additional capacity to ensure that patients can be treated in single-sex wards and that ensuring single-sex wards for mental health patients be a critical priority in the next phase of the strategy. Also, the budget includes, I think, \$37 million for compulsory mental health treatment in anticipation of new legislation, so what budget allocation has there been for the separation of women and men in acute mental health wards as recommended by the AMA and by Women’s Health West?

Ms NEVILLE — This is a really important issue about the way that we can respond to individual needs within acute inpatient settings where obviously you can already have issues around people’s safety and security. Back in 2008 the department undertook a project to have a look at gender sensitivity and safety in adult acute wards. Each health service is required to document critical incidents but also, as part of the gender sensitivity project, highlight ways in which they are going to improve women’s safety.

The recommendations that came out of that review included new service and clinical guidelines, so it is not just about the physical separation but how those issues are managed within acute inpatient wards and ensuring staff have the capacity to respond and prevent incidents. There is monitoring service performance and looking at

alternative options in terms of treatment environments, and of course obviously in redevelopments looking at opportunities to design new facilities in a way that enhances opportunities to be gender sensitive — to have separate wings. For example, the Maroondah Hospital, which I opened last year, does have separate wings that can be shut off and all the rooms have capacity to be locked. Most of the rooms now are all private with ensuites — again, not shared rooms.

All of those things are going to enhance women's safety — everyone's safety — within an acute inpatient ward. We also know with new facilities, that if they are designed right — the Northern Hospital is a great example of this and Maroondah is another — then you will start to see improvements generally around reductions in needing to use seclusion or any of those mechanisms to manage behaviours, just because of the nature of the environment that you can create through new development. The other day I opened a refurbished PARC service in Flemington. They have also been able to, within that refurbishment process, create a separate bedroom area for women. This is a high priority to ensure that as we design new facilities we are able to incorporate for everyone's safety locked doors, single rooms and ensuites but also to create opportunities for women-only areas and family areas as well so that people can bring family members in. Particularly when people are about to transition back into the community, it is very important in terms of their recovery process to have that link.

We did also provide one-off grants to inpatient units. Obviously it is easier when you have got a greenfield site and you are creating new facilities, but we are looking at opportunities in existing facilities for those places to be able to develop areas that are separate for women and create a separate and safe environment.

The Dandenong hospital, construction of which has commenced, will also have a separate area for women, as will the secure and extended care unit component of the Dandenong hospital redevelopment.

Ms PENNICUIK — Just a clarification, given that that is such a high incidence of abuse or harassment — I understand everything you have said, and I comprehend that it is more than just the physical separation — what I would like to know is at what stage will it be complete that there is physical separation or the ability for the sexes to be separated in all the institutions or in the patient services?

Ms NEVILLE — We are obviously undertaking major capital developments, and in all those capital developments that is what has been incorporated. In existing ones that are not yet up or do not need capital developments, as I said, we have given grants so that they can create some spaces that are safer. As I said, part of being able to manage those issues is also around making sure your staff have the skills and capacity to be able to manage those issues and prevent that. It is a priority in all new developments. We have given some funding to existing ones which are part of redevelopments so they can create those opportunities, and as we develop — whether they are PARC services or major hospital developments — making sure that you are designing it right at the start so that in future you do not have to go back and reconfigure in order to provide those separate areas for women.

Ms PENNICUIK — Does that include all existing facilities that got some money towards that?

Ms NEVILLE — I think it was 20 inpatient units. Obviously, those that were getting redeveloped you are not providing that resource to, any one that is going through a major redevelopment.

Ms PENNICUIK — I might follow that up with the department.

Ms NEVILLE — We can provide that detailed information.

Ms PENNICUIK — Could you do that?

Dr SYKES — Minister, my question relates to budget paper 3, pages 97 and 98, on drug prevention and control. The most recent report in 2007–08 of the health and wellbeing expenditure series from the Australian Institute of Health and Welfare reveals that your government spends the least of any state, per person, on the prevention of hazardous and harmful drug use. In spite of the commentary about the initiatives in relation to drugs and alcohol, given that your government has been underfunding this output measure since 2007–08, with a per year increase of about 1.3 per cent, not even keeping up with inflation, can you confirm that your government still spends the least of any state in this area?

Ms NEVILLE — I am surprised that you did not ask me the other question.

Dr SYKES — Oh, this is the tricky move!

The CHAIR — Just one question at a time, please.

Ms NEVILLE — The one that you told me the other day you are desperate to get an answer on. We might do that separately.

Dr SYKES — You can answer that in your answer, Minister. I am very happy to have that.

Ms NEVILLE — What I can confirm is that what we have spent in this area since 1999 is over \$510 million. Drug and alcohol outputs sit not just in the mental health and drug area. They sit some in health and some in the justice area, so they are spread across government in terms of the responses, because you have got different communities, different needs and different programs that sit across different areas of government. So when I am talking about this, the \$510 million is part of the Victorian government's drug initiative.

In our first term we committed \$77 million to that; \$178 million was committed over four years in 2003–04 to 2006–07; and \$201 million was recommitted over four years 2007–08 to 2010–11 for the whole-of-the government Victorian drug strategy. As I said, it is allocated to human services — or health, now — the Department of Justice, and in fact some sits in the Department of Education and Early Childhood Development. Our component, which is the outputs that you are referring to, is \$148 million over the four years, which includes \$135.8 million for drug services output group, \$5.2 million for the mental health output group, and \$7.1 million for youth services and youth justice output groups. So again, sitting across a number of areas.

This funding provides for a range of drug prevention education programs, drug treatment, rehabilitation and forensic programs, dual-diagnosis responses, juvenile justice, custodial services, and other initiatives such as the Victorian Drug and Alcohol Prevention Council, the Koori youth healing service, local drug strategies in five inner city municipalities and a range of family support programs. Of course, there was the \$37 million, which I have spoken about to, which was to implement the alcohol action plan, and of course this budget also contains \$20 million over the four years for additional alcohol and drug services in our growth corridors, specialist response to Koori people with drug and alcohol issues, and the St Kilda harm reduction program. So the output in 2010–11 in the drugs output group is \$135.7 million.

I should also say that during that period, with the investment that we have made, we have also been able to increase our drug treatment beds in Victoria from 431; in the next financial year that figure will be 802. We also provided a total of 6141 episodes of care to 4511 clients through the rehabilitation and withdrawal programs.

Can I also say that often with these things you are not comparing apples with apples because the programs that we run in Victoria are much more community-based programs. In fact, most of our drug and alcohol services are not inpatient, as in hospital inpatient withdrawal units; they are community-based. The reason we have that system is that they deliver better outcomes. They are also more cost-effective in terms of the dollar spend for communities than inpatient hospital-based drug and alcohol services.

Dr SYKES — Chair, just a seek clarification through you: Minister, my interpretation of your concluding comments was that you are questioning the completeness of the table prepared by the Australian Institute of Health and Welfare. They indicate, that in 2007–08 the Australia-wide is nearly \$12 per person, with Victoria at \$8.34, but Tasmania at \$19.73 and the Northern Territory at \$44.68.

The CHAIR — The minister, to clarify quickly, please.

Ms NEVILLE — There are a number of ways. Obviously, comparing it to the drug outputs — as I have indicated, there are a whole lot of drug and alcohol programs that will not be that drug output budget that we have.

Dr SYKES — But you might expect that this organisation would also have sought to gather that information from each and every state.

Ms NEVILLE — This is a common issue across a range of areas where you try to compile information across states, where there are different types of services you have different ways of classifying services and where funding sits. So it is often very difficult to compare apples with apples. What I have indicated is that we have a very different service system; we have made substantial investments in drug and alcohol services across

a number of areas of government and those services are making a difference and there are more beds and more treatments.

The CHAIR —Dr Sykes has a question that I would like to put on notice. It is: given the outstanding success of outreach worker Ivan Lister, will the minister commit to fully funding his position for the next four years? We will take that one on notice.

I thank Dr Edwards for her attendance.

Witnesses withdrew.

3 Department of Human Services

Portfolios

3.1 Community Services

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VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 19 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms L. Neville, Minister for Community Services,
Ms G. Callister, Secretary,
Mr C. Asquini, Executive Director, Children, Youth and Families Division,
Mr A. Rogers, Executive Director, Disability Services Division, and
Mr A. Hall, Executive Director, Financial and Corporate Services, Department of Human Services.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolio of community services. On behalf of the committee I welcome Ms Lisa Neville, Minister for Community Services; Ms Gill Callister, secretary, Department of Human Services; Mr Chris Asquini, executive director, children, youth and families division, Department of Human Services; Mr Arthur Rogers, executive director, disability services division, Department of Human Services; and Mr Alan Hall, executive director, financial and corporate services, Department of Human Services. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only members of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or her chief of staff, may approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council Committee Room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally the procedure follows that relating to questions in the Legislative Assembly.

I ask that all mobile telephones be turned off.

I now call on the minister to give presentation of no more than 10 minutes of the more complex financial and performance information that relates to the budget estimates for the portfolio of community services.

Ms NEVILLE — I am just going to touch on some of the key issues in community services, not all the elements of the portfolio. I want to start by talking a bit about the child protection system in Victoria. Over the last six years we have seen record investment into child protection. There has been a reforming of the legislation and integrating of the statutory services with early intervention and family services, to strengthen and support family services and better protect at-risk children. At the same time, we have also seen a growth in the number of cases and in the complexity of those cases, with the number of children involved in the sector rising from around 8000 to 12 000 on any given day. Although it is worth noting that our report and substantiation rates are still well below national averages — and this is really largely due to our early intervention focus and helping families before they get into crisis — we do know that children and families are staying longer in the system, and we have staff turnover rates that reflect worldwide trends in this field of work.

To address some of these issues, the committee will remember, last year we provided an additional \$77 million package, which is what is included in this budget, to strengthen the statutory end of our service, recruiting new staff, providing additional support in family services, improving quality assurance processes as well as being better able to manage demand. And we have made some significant progress. Since October, over 200 new staff have commenced working in the field, filling all the vacancies, and 60 of the 101 additional front-line child protection staff have also been recruited.

There is also more support for kinship carers, with our new model in place across the state, and more children and carers receiving support. We also have additional capacity in ChildFIRST catchments, which was rolled out at the beginning of this year. We have two additional principal practitioners. We have a special intervention team that has commenced. We have undertaken a governance and accountability review, and the implementation of that is under way. The recruitment of 24 early childhood development workers across our ChildFIRST catchments has also begun.

This year's budget continues to build on that \$77 million, with funding for what are called multidisciplinary centres, which are bringing together child protection, police and sexual assault specialists to work with children and families who are subject to sexual abuse. I might talk a little bit more about that later. There is also additional funding for family support services to assist their response to vulnerable families, an additional

\$1 million to improve retention rates and additional funding for the child safety commissioner for the additional work that he is doing.

I will just move on to out-of-home care. Since June 1999 there has been an almost 50 per cent increase in the number of children in out-of-home care. This is not because there has been an increase in the number of kids entering the system — in fact, that is declining — but is a result of kids staying in care longer. As a result of challenges and the need to continue to grow, expand and also improve quality in our out-of-home care system, the government adopted seven reform directions last year, backed up by an investment of \$135 million to commence that reform program. In the first year of the reforms, the average daily number of emergency placements has reduced by almost 60 per cent, from 123 down to 50 in February this year.

There is evidence that the additional investment is being used to better meet the needs of children in care, creating a range of other placement opportunities to better meet individual needs. Integrating more therapeutic approaches across the care system is also caring through therapeutic foster care, therapeutic residential care and new models such as specialist in-home care.

The next steps in this budget: an additional \$34.8 million, again, to continue to grow our home-based and residential care placement and our very successful therapeutic care residential pilots; \$4.3 million to roll out an Aboriginal kinship care model; and also funding to enhance our secure welfare health services.

There is also a focus on vulnerable young people in this budget, in response to concerning levels of increasing youth offenders as well as a growing knife culture in our community. There is \$22 million to employ 55 youth workers, and they will be a mix of early intervention community-based workers and those who will provide additional case management support for those young people who are in the youth justice system.

If I can move on to disability services, the government has continued to implement what is a very significant policy reform and redevelopment of Victorian disabilities services. That is guided by the state disability plan. The availability of services has increased through an additional \$716 million into the disability output budget, an increase of 125 per cent since 1999–2000. The capital program currently in progress will increase the availability of shared supported accommodation and innovative housing by 249 places by 2011, in addition to the ongoing redevelopment of the Oakleigh Centre and Colanda Residential Services. There has been a major refocusing of the service system and in 2009–10 over 14 000 Victorians with a disability received individual tailored support, giving them greater choice and opportunities to control their own lives and choices about the services that they are interested in. We are continuing our focus on shifting community awareness and building awareness about disability in our community.

Some of the challenges: obviously the reforms have improved and increased services, and we need to continue to build on the work that has already been done to ensure that those Victorians who need it can access the services and supports they need to meet their individual needs. Following the highly successful individual supports reform, day services are also being reformed, with funding being individually attached and portable, and direct payments to individuals are increasingly more widely available.

We continue to support families and other carers through increasing respite capacity, aids and equipment and individualised support packages. The government will continue through this budget to increase the supply of supported accommodation and provide broader innovative housing options and supports.

We also acknowledge the important role that the non-government sector plays in partnership with us in delivering high-quality services for people with a disability. This budget also maintains our whole-of-government commitment to the reforms that are outlined in the autism state plan and also the rollout of disability action plans.

I have touched a little bit on the disability priorities in this budget. If I could just go through quickly some of the key things. Overall disability is a whole-of-government strategy. There is \$196 million over four years and that is across education and early childhood development, and there is also \$70 million in this budget for specialist disability services. Of that, \$59 million is in output funding and \$11 million in capital. This will see the disability output budget rise by over \$798 million from 1999–2000, or a 139 per cent funding increase. There is additional funding for aids and equipment, which will allow 957 people to get access and 50 to access vehicle modifications. There is further funding for individual support packages and, in combination with the national

disability agreement, it will see an additional 460 people get access to individual support packages. There is also additional funding within the disability services output to assist young people to access autism services.

We are continuing our support of the great work that carers do, through providing greater access to respite, with capital funding and also recurrent funding that will support 15 additional facility-based respite places and, in combination with the national disability agreement, this will see an additional 330 episodes of community-based respite.

There is also additional capital for shared supported accommodation, both capital money and recurrent operating money, to operate 20 additional supported accommodation places. This is on top of the 249 that we are in the process of building at the moment.

There is also substantial funding to support those in the non-government sector in the delivery of shared supported accommodation and the costs that they incur in delivering those services. That builds on our commitment to sector sustainability, where we have already invested \$37 million to support the delivery of in-home attendant care services and over \$15 million for sector capacity building.

Finally just for the committee's interest, I thought I would give a sense that we are still very much engaged in the bushfire recovery process, as the department responsible for emergency recovery. This will give you a sense that we are continuing substantially our case management service, although as families and individuals start to recover, they start to move on from requiring a case manager. Secondly, the bushfire appeal fund has now seen over 19 000 grants being approved, and \$355 million has been provisionally allocated for the fund. Payments are being made as required by individuals or as projects are rolled out.

The CHAIR — Thank you, Minister. The budget aims to allocate funds for 2010-11 and subsequent out years for stated government priorities and outcomes to be achieved. Could you please advise the committee of the medium and long-term plans and strategies upon which the budget for your portfolio is based, and could you also advise whether there have been any changes since last year?

Ms NEVILLE — I thought I might do this across all three portfolios. Are you happy for me to do that?

The CHAIR — With the indulgence of the committee, that is fine.

Ms NEVILLE — In all our main priority areas, there are a number of strategies that underpin the work that we are doing and of course the investment decisions we are also making. In the children, youth and families area, the Children, Youth and Families Act 2005 provides the overarching framework for the operation of the child protection system and our priorities in terms of investment and work priorities. We are also guided, through the Council of Australian Governments, by our endorsement of the national framework for child protection. Although a national framework is certainly one that we, as the Victorian government, have endorsed, and we will be committing to the priorities set under that national framework.

The other major area in terms of children, youth and families that guides our investment is our *Directions for Out-of-Home Care* reform document that we released last year, which sets out our key seven reform directions over the next 5 to 10 years. That is certainly about delivering a more child-focused system, one that is much more focused on individual needs of children who are in care but also continues our commitment to providing good intensive supports early to families in order to prevent children needing to come into care.

In disability, our budgets have been framed very much around the commitments and directions that we made under Victorian state disability plan. Consistent with that plan, there is a whole-of-government disability reform program that was commenced in 2008–09. We are guided right across government by that disability reform program. That plan seeks to create a sustainable service system by addressing immediate demand pressures for disability and early intervention services while providing support to individuals to achieve greater independence through improved education and economic and community participation. This year the investments which reflect that include extra individual support packages, aids and equipment, respite and shared supported accommodation, those sorts of initiatives which enable people with a disability to live as independently as possible.

In the senior Victorians portfolio, our key strategic direction for seniors are to design and adapt services to meet the health and wellbeing needs of an increasing number of older Victorians, maximise their independence and promote healthy ageing.

In looking to the future, we are currently finalising an ageing policy framework that will inform Victoria's response to population ageing and ensure that the investments that we make now and in the future continue to contribute to improved good health and wellbeing of seniors. Additionally, our key whole-of-government and departmental plans include the Victorian HACC triennial plan 2008–11 for home and community care services, the Victorian government's residential aged-care services policy and the dementia framework for Victoria, and recognising and supporting care relationships for older Victorians all influence our budget decisions.

In the mental health and drugs area, the committee would recall that just over a year ago I released the government's 10-year reform strategy for mental health in Victoria, *Because Mental Health Matters — Victorian Mental Health Reform Strategy 2009–10*. This sets out a wide-ranging agenda for development and change across mental health and related services systems over the next decade. We have also released the first strategy implementation plan. This plan sets out the major concrete actions that will be taken by government and partners from across the mental health sector and broader social support service sectors to progress the goals of the strategy over the next two years. We have also invested heavily against these plans, with additional money in this budget as well.

Finally and quickly, alcohol and other drugs reform is built on three strategic policy documents: the blueprint for alcohol and other drug treatment services, the amphetamine-type stimulant strategy and *Restoring the Balance — Victoria's Alcohol Action Plan 2008–13*.

Mr WELLS — Minister, I refer you to the best interests case plan. I refer to statutory child protection services on page 107 of budget paper 3, which covers services to ensure the safety and wellbeing of children and young people at risk of harm, abuse and neglect. A core part of your legislative requirements under section 167 of the Children, Youth and Families Act 2005 in regard to keeping children safe is completing a best interests case plan. This is a plan for the future for all children who are on orders from the court.

The Ombudsman's report in November 2009 indicated there could be as many as 1500 cases each year where these best interests case plans are either not completed at all or not completed within the required six weeks time frame. In March this year in a parliamentary hearing your secretary was still unable to say how many times your government has broken the law. Minister, given that this is a matter of priority and six months have elapsed since the Ombudsman's report, can you tell the committee how many best interests case plans should have been completed for the 2008–09 year as required under the law and how many times were they actually completed?

The CHAIR — Minister, this is an estimates hearing, so your answer needs to relate to the budget estimates and the processes that you have going forward. Anything dealing with the past is something which is for other hearings and other places.

Mr RICH-PHILLIPS — On a point of order, Chair, you allowed the minister to give a 15-minute presentation in which she spoke extensively about the department's performance over the last decade. There are a number of slides highlighting key metrics within the department since 1999. I think it is entirely appropriate, given that she has put past performance on the record, that she now answers questions about past performance.

The CHAIR — I note the point of order, but my ruling stands as I have done in other times.

Mr WELLS — On a further point of order, Chair, this is an incredibly important point that the Victorian public has a right to know. You had the chance to rule the minister out of order when she was referring to what has happened in the past. You did not. You have now set a precedent. I now ask you to inform the minister to answer our question, because it — —

The CHAIR — There is — —

Mr WELLS — Hang on; I have not finished.

The CHAIR — Actually, I am chairing this. I have listened to your point of order so far. I regard it that there is no further point of order. The minister is to answer insofar as I have put what — —

Ms NEVILLE — I will answer the question and attempt to relate it to the budget estimates as well. I think it is important when we consider the question that has been raised by Mr Wells that we understand really clearly how this process works, so if I can start with that. It is a little bit detailed.

The Children, Youth and Families Act requires a case plan to be prepared within six weeks of a set of specified orders being made in the Children's Court. Those orders — they are not all the orders — are a supervision order, a supervised custody order, a custody to secretary order, a guardianship to secretary order or a long-term guardianship to secretary order, or a therapeutic treatment (placement) order.

The case plan is referred to by child protection staff as the best interest plan. A court application and a disposition report is prepared for all children who appear before the Children's Court before the court grants a final order. The act also requires that the department must include in this report any draft case plan in relation to the child. A draft case plan forms part of the court application and the disposition report. It is my understanding that in completing the draft case plan, the department complies with its statutory obligations under the act. The contents of the draft case plan will then be shared with the child — if they are of sufficient maturity — their parents and their legal representatives.

After the court appearance, the department begins to engage with the child and family to discuss implementation of that case plan, and arrange various forms of support and service provision. It is the custom and practice in child protection to hold a meeting with the family and relevant professionals after the granting of the court order to discuss the case plan and its implementation.

When making decisions or taking action the department must adhere to the section 11 decision-making principles, which include that the decision-making process should be conducted in such a way that the persons involved are able to participate — so that is the children, the families and the legal representatives — and understand the process, including any meetings that are held and decisions that are made.

This complex and sometimes difficult work often involves, for example, the discussion of deeply sensitive issues such as the prospect of the child's return to their parents and the necessary steps that are required to achieve this. At the end of this process, the current case plan is circulated to all parties. The case plan is a dynamic, working plan. It evolves and changes and is reviewed as the child and family's circumstances change over time.

As you pointed out, the Ombudsman had been critical in his annual report and the own-motion investigation into child protection of the department for not adhering to internal departmental processes concerning best interest planning. I also want the case planning practice and standards to be of high quality, and the department will work to continuously improve in this area. As a matter of good practice, the current child protection policy outlines that a meeting should also be held within six weeks of an order being made. That is not a statutory requirement.

There are various reasons why that meeting may take longer than the six-week time frame. There may be difficulties contacting or engaging with a relevant family member — for example, a grandparent who lives interstate and wishes to participate. It may be that a relevant family member is unavailable, cancelling arranged appointments or missing a case planning meeting. Often parents involved in Children's Court proceedings may have a range of personal issues, including mental health and drug and alcohol issues which may prevent or inhibit their capacity to participate in the decision-making process.

Delays may also be caused by factors associated with liaison with other relevant organisations, such as the availability of relevant professionals for meetings, difficulty accessing specialist assessment services like a psychiatric report, delay in receipt of reports from specialist services, such as parenting and skills development services, and internal operational issues.

In relation to those internal operational issues that go to the issue of the capacity of the department to meet child protection policy, custom and practice, we have provided additional resources in this budget — \$77 million — to continue to grow our staff capacity so that we continue to meet the best interests of children.

Mr WELLS — Just to clarify, Minister.

The CHAIR — Thank you. Yes?

Mr WELLS — Minister, you have given us a long list of excuses as to why it has not happened, and you spoke about draft plans. You have a statutory obligation to complete a best interests case plan within six weeks. It is not happening. We want to know how many cases in 2008–09 have not been completed?

Ms NEVILLE — Sorry. Can I just be clear. I thought my answer was clear?

Mr WELLS — No — —

Dr SYKES — You did not answer the question, Minister.

Mr WELLS — The question was very clear.

Dr SYKES — You did not answer the question.

Mr DALLA-RIVA — Do you want a copy of the act? Do you want to see the act?

Mr WELLS — No, hang on. Just a moment. Your department has a statutory — —

The CHAIR — One at a time, please. Your clarification? Or are you just repeating the question, Mr Wells?

Mr NOONAN — It is a statement.

The CHAIR — It has been a statement actually, but — —

Mr RICH-PHILLIPS — We seek an answer to the question.

Dr SYKES — Come on: we are just seeking an answer.

Mr WELLS — Minister, to clarify my question please.

The CHAIR — Very quickly.

Mr WELLS — You have given a long list of excuses. You have a statutory — —

The CHAIR — We have had the commentary — —

Mr WELLS — You have a statutory obligation

The CHAIR — What is the clarification?

Mr RICH-PHILLIPS — That is wrong.

Ms GRALEY — What is the question?

Mr WELLS — What we need to know is the actual answer to the question that I asked. How many have been completed in 2008–09, as required under the law, and how many times have they actually been completed? So how many should have been completed and how many were actually completed in 2008–09? It is a straightforward, simple question.

The CHAIR — I have given the minister guidance in regard to that. I have suggested that is something which would normally be covered in financial outcomes and performance arrangements. If you wish to ask that in another place, that is fine. Ms Graley?

Ms GRALEY — Thank you, Chair.

Mr WELLS — No, hang on. This is an important point.

Dr SYKES — We are being shut down again.

Ms GRALEY — Minister, I want to refer you to your presentation — —

The CHAIR — Ms Graley has the call!

Mr WELLS — No, this is wrong. This goes to the responsibility of a minister.

The CHAIR — Ms Graley has the call. Mr Wells! The minister has ostensibly answered. Ms Graley?

Mr WELLS — The minister has the responsibility to answer this question.

Ms GRALEY — Can I please be heard?

The CHAIR — Ms Graley has the call, thank you — —

Mr WELLS — It is a concern for the Ombudsman.

Mr RICH-PHILLIPS — Are you trying to shut this down?

Mr WELLS — Are you trying to shut down this hearing?

Ms GRALEY — Minister, I would like to refer you to the presentation about bushfire recovery — —

The CHAIR — I am not shutting down anything — —

Mr WELLS — Are you trying to shut down this hearing?

Dr SYKES — This is hopeless.

Mr WELLS — This is a disgrace. Are you trying to shut down this hearing?

The CHAIR — Would you be quiet, please. Ms Graley has the call — —

Mr WELLS — No. This is a cover-up. This is a blatant cover-up.

The CHAIR — Excuse me?

Mr WELLS — We are talking about child protection in the state. There could be nothing more important than this.

The CHAIR — Excuse me, Mr Wells! Control yourself, please!

Mr WELLS — There could be nothing more important than this. This is a disgrace.

Mr NOONAN — Show some respect for the Chair!

Ms GRALEY — I would like to be able to have my — —

The CHAIR — Normally when the Chair stands, as I have, members will be quiet. Mr Wells and Ms Graley, that is the case. Ms Graley has the call. I have made it quite clear that we are dealing here in this inquiry with the budget estimates. We are not dealing with annual reports and past years — 2008-09. The committee has actually provided a report on that. If you wish to seek further information in regard to that, there are other places and possibly other inquiries in which to do it. You can put a question on notice in the house, or you can make a — —

Mr WELLS — A question on notice — —

The CHAIR — Excuse me! I am speaking.

Mr WELLS — You have got to be kidding. That is a joke.

Mr RICH-PHILLIPS — Can we have a question?

The CHAIR — Your behaviour is actually quite unparliamentary.

Mr WELLS — Because we are not getting any answers from the minister on something so important as child protection.

The CHAIR — Mr Wells, I am talking — —

Mr WELLS — Why doesn't your government take this matter seriously?

The CHAIR — Mr Wells!

Mr WELLS — Give the minister a chance — —

The CHAIR — Excuse me, Mr Wells! You are out of order, and your comments in fact are completely out of order.

Mr WELLS — They do not — the government does not take it seriously enough.

The CHAIR — Mr Wells, would you like to behave yourself, or else you will no longer be heard. The normal procedure in here when the Chair seeks attention by standing is that members are quiet. It is unparliamentary and shows a complete lack of discipline for any member, whoever they may be — and indeed any witness — to speak. I would like this to be conducted in the normal process whereby questions are asked and answers are given — —

Mr WELLS — Right.

The CHAIR — — in respect of the budget estimates. If you wish to seek information about financial outcomes and performances, there are ways of doing that. If you wish to seek information which would normally be done through the house or elsewhere, then that can be done. I have made my ruling in this regard in terms of the information that you are seeking can be sought elsewhere — it is not appropriate for the estimates hearing. I always take these matters seriously — I take all matters seriously — and any comment in regard to the seriousness in which I undertake I think is making a commentary on the Chair, which is totally inappropriate. You should reflect upon your behaviour in that regard. Ms Graley has the call.

Mr WELLS — On a point of order — —

Ms GRALEY — Thank you, Chair. Minister — —

Mr WELLS — On a point of order — —

The CHAIR — A point of order? Yes, Mr Wells?

Mr WELLS — Can I just point out to the committee, for goodness sake — —

The CHAIR — Your point of order is not to make a comment but to make a point of order. What is your point of order, Mr Wells?

Mr WELLS — Under section 166, the responsibilities of the secretary, preparation of a case plan — 167 — —

The CHAIR — That is not a point of order. Mr Wells, you are out of order. If you wish to — —

Mr WELLS — The secretary must be sure that — —

The CHAIR — Mr Wells, you are out of order.

Mr WELLS — Within six weeks of — —

The CHAIR — Mr Wells, you are out of order.

Mr WELLS — After making a court — —

Ms GRALEY — I would like to ask my question.

The CHAIR — There is no point of order.

Ms GRALEY — Thank you, Chair. Minister, in your presentation you spoke about the bushfire recovery — surely one of the biggest challenges facing the Victorian government in recent times, and the fact that case management services are continuing substantially. I refer you to budget paper 3, pages 280 and 281, where it talks about bushfire response, preparedness, recovery and reconstruction activities. Could you please update this committee on the bushfire support services within your portfolio, particularly in terms of the forward estimates?

Ms NEVILLE — Some 15 months following the bushfires that struck Victoria we do have some cause to feel that we are in a process of recovery. While the impact of the worst natural disaster in the nation's history will last for many people for many years, thousands of people across those affected communities have made significant progress in their recovery from the disaster, both psychologically and physically. Each person impacted by the disaster is recovering at their own pace and according to their own circumstances, needs and emotional wellbeing. Some have begun planning for their future, and others are rebuilding or returning to their communities.

From this tragedy we have seen remarkable efforts from people who have taken on leadership positions within the community, and others have thrived in roles that they never before imagined they could have undertaken. There has been a remarkable response from people right across Victoria, Australia and around the world. Full recovery can be expected to take years for many people.

The goal of the Department of Human Services and also the Department of Health has been to help individuals affected by the fires to work towards sustainable recovery. Both departments have managed the provision of services, like psychosocial support, health services, case management, community services hubs, temporary housing, community development offices and some programs supported by the Victorian Bushfire Appeal Fund — for example, the parenting support program.

As clients' needs are met and they reconnect with their own support networks, the need for government services is reducing. For example, at the height of the case management service there were around 500 case managers to assist local residents. By May of this year that number had reduced to around 145 as more people decided that they no longer required a case manager. This is a positive sign of recovery.

Meanwhile the community service hubs have gone from a peak of around 1000 visits a week to an average of 500 visits a week. The reducing reliance on case managers and hubs suggests that individuals and communities are recovering their resilience. DHS is still providing temporary housing to some 315 bushfire-affected families. Some people will need ongoing psychological support, and this will be a focus of future work with recovery partners.

We are committed to ensuring that people have the social supports and receive the services that they need. We are confident that for those clients who require more support in the longer term we will be able to transition them into mainstream services. Feedback from our clients has validated that we are helping people to help themselves. For example, in a discussion with a client we heard, 'Our case manager helped us with what we really needed, but eased us back into doing things for ourselves. Looking back, I could see all the things that he did to get us doing things for ourselves'.

DHS and the health department — primarily through the bushfire recovery services unit, which is co-located with the Victorian Bushfire Reconstruction and Recovery Authority — will continue to work to ensure that services are coordinated and that the recovery of bushfire-affected areas is effectively supported. Certainly the Department of Human Services is committed to supporting bushfire-affected individuals and families in the longer term, and we will, where appropriate, support key programs that they will need to continue once VBRA ends.

Mr RICH-PHILLIPS — Minister, in this budget you are seeking the Parliament to appropriate \$161 million to your department for statutory child-protection services, yet the Auditor-General found in his report last year that you have failed to meet your obligations under the statute for which you are responsible. In the hearing the standing committee had earlier this year the secretary was asked how many case plans, or how many orders, were made in 2008–09 and the department confirmed there were 3241. The secretary was then asked, of those orders, how many best interests case plans had been prepared as required by the legislation. The secretary responded:

We would have to take that on notice ... We are well aware that we have a number of cases where we have not complied with that requirement.

In your earlier answer you spoke about the policy, custom and practice of the department. That does not excuse the failure of the department and you as minister to meet your statutory obligations under the legislation. I would ask now, again: how many of those case plans have not been prepared as required by the legislation, and why does your department continue to breach its obligations under the relevant legislation?

The CHAIR — Minister, please answer the question as it relates to the estimates and the budgetary process.

Ms NEVILLE — The answer I gave earlier, I thought, was pretty clear about this. If I could just repeat a small bit of it: a court application and a disposition report are prepared for all children who appear before the Children's Court, before the court grants a final order. It requires that the department must include in this report any draft case plan in relation to the child. So when the department lodges a court disposition containing a best interests case plan, it complies with its statutory obligations.

Mr RICH-PHILLIPS — No.

Mr WELLS — That is a draft plan.

The CHAIR — Without assistance, please.

Mr RICH-PHILLIPS — Section 167!

Mr WELLS — That is what the law says.

The CHAIR — Without assistance! The minister is to answer, please.

Ms NEVILLE — I repeat: when the department lodges a court disposition containing a best-interest case plan it complies with the statutory obligation. The follow-up meetings with families are a matter of good practice to ensure that the case plan reflects their needs, and as I said, it is a dynamic process — it is a practice issue and it is about custom and practice, which is a six-week custom and practice; it is not a statutory obligation. Sometimes it does take longer than those six weeks and earlier I went through the range of reasons why that would be the case.

Mr RICH-PHILLIPS — The question related to your statutory obligation and the Auditor-General found that you had not complied with it, and Ms Callister, in her evidence in March, said:

We are well aware that we have a number of cases where we have not complied with that requirement.

My question to you is: how many cases?

The CHAIR — Please answer the question in so far as it relates to the estimates, Minister.

Ms NEVILLE — I am presuming you are referring to the Ombudsman's report, not that of the Auditor-General.

Mr RICH-PHILLIPS — I am sorry; yes: the Ombudsman's report.

Ms NEVILLE — I do not know that I can be any clearer: you lodge a court disposition, it has a draft case plan, and we meet our statutory obligation. You cannot get a final order in court without one.

Mr WELLS — How many? The question remains: how many?

Mr RICH-PHILLIPS — How many cases?

The CHAIR — The minister has answered the question in terms of the estimates.

Mr NOONAN — Minister, you appreciate that I also sit on the Family and Community Development Committee, and last year we looked at the issue of supported accommodation for people with a mental illness or disability. One of the areas of focus was individual support packages which, in my view, received genuine support from across the sector.

In referencing budget paper 3, page 282, under the heading ‘Output initiatives — government-wide (continued)’, which goes to expanding individual support-package capacity, I wonder whether you could provide for the committee further details of this initiative, and how that initiative supports people in terms of choice and control over their lives?

Ms NEVILLE — As I spoke about earlier in the presentation, the government has a very strong belief that people’s individual decision making about their needs and choices should be the most important consideration in terms of driving, planning and support for people with a disability.

The state disability plan commits the government to reorientating disability supports to be more flexible, to work with people with a disability as partners and to be able to better respond to their individual needs. That is why we have invested over \$108 million in individual support packages just in the last three budgets. This includes \$1.9 million, or \$8 million over four years, in this year’s budget. In conjunction with the national disability agreement a total of 460 people will receive additional individual support packages in 2010–11.

This is in addition to more than 14 000 people who are receiving a wide range of individual supports. Individual support packages are specifically tailored to the person’s needs and preferences, with funding attached to the person rather than the service provider; they give the person the flexibility to choose supports that meet their needs and to change their supports as their needs change. This approach is consistent with international trends toward supports that the person at the centre and focus on their needs, aspirations, lifestyle choices and goals.

From January this year all previous block funding in day services has been transferred to the person and is portable, giving the person greater control to choose the supports that will best meet their needs. Everyone who receives an individual support package participates in self-directed planning; this is planning that is directed by the person with a disability and the people who are important to them. For children this involves a family-centred approach. The planning is important to map out, and also review, support arrangements to make sure that they continue to meet the individual’s needs as they change.

In Victoria there are three ways in which we can administer individual support packages: through a disability service provider, through a financial intermediary, or through direct payments. The direct-payments administration option has been developed in consultation with people with a disability and, as the term suggests, involves the payment of funding directly to the person or their nominated representatives to purchase support in line with their individual needs and their approved funding plan.

It provides greater independence, choice, control and flexibility. Direct-payment users have reported an improved capacity to participate in the lives of their families, friends and local communities, as well as an increase in satisfaction with the control they have and the quality of the services that they are receiving. Over 100 people participated in the early stages and from February this year it is being made available to people right across Victoria who are using our services.

A statewide financial intermediary service has also been developed and will be rolled out from July this year. This model holds the funds allocated for the person, pays for the supports in line with the person’s plan and reports expenditure to the person and to the department.

In addition to these structural reforms, there has been a focus on supporting people to develop skills and confidence to take advantage of the great opportunity to self-direct their supports. Last year over \$800 000 was allocated in grants to develop tools, information and resources to assist people with a disability and their families to plan for, choose and direct their supports.

A range of other funding initiatives have also been invested in the disability services sector in order to ensure they have long-term viability, as they play a really important role in the delivery of services, and to be able to meet the challenges as we transition to more self-directed approaches. For example, we have supported the sector through a changing days initiative, so that they are able to undertake capital and other changes to buildings and to programs to ensure that people with a disability have greater choice in the day programs that they might participate in. We have also had grants for enhancing sector capacity, with \$3 million in 2008–09, and a further \$12 million was committed over four years in last year’s budget. They are exciting and really important reforms that we are building on and making real changes in the lives of people with a disability.

Mr DALLA-RIVA — Minister, how long have you been in this community services position?

The CHAIR — Is this the question? I am not sure that relates to the estimates.

Mr DALLA-RIVA — It is serious.

Members interjecting.

Mr DALLA-RIVA — Maybe take it on notice as well.

Ms NEVILLE — August 2007.

Mr DALLA-RIVA — Okay, so a number of years. You are aware that in budget paper 3 on page 107 the issue about statutory child protection services, and in particular the quantity of child protection reports. We are now going for the third time down the same path on the issue of the preparation of case plans, in particular the best interests case plans that are required. I note in your presentation you indicated record investment, millions of dollars spent, but the bottom line is that the processes and the internal practices that you have within your department, of which you have now been a minister for a number of years, continue to be the bugbear. I refer to the Ombudsman's report where he says:

My investigation identified numerous instances from across the state where the statutory obligation to prepare a best interests plan had not been met. Comments from senior staff ... illustrate how widespread the problem is.

One of them said, '...best guess I would probably say ... be somewhere around 60 to 70 per cent compliant'. Another one said, 'I'd say probably about 50 per cent are done'. Another said, '...there's been times where, just due to demand, that stuff is overlooked'.

Minister, we are asking you now, and this will be the third time: are you going to continue to overlook it as well? Can you please explain to the committee exactly how many best interests case plans should have been completed in 2008–09, as required under the law, and how many times were they actually completed?

The CHAIR — The Minister, as it relates to the budget estimates.

Ms NEVILLE — All I can do is maybe try and be a bit clearer than my answer was before.

Mr WELLS — Just tell us the numbers.

Mr NOONAN — They clearly do not understand.

Mr WELLS — You tell us the numbers.

Mr NOONAN — They clearly do not understand.

Ms NEVILLE — The department — —

Mr WELLS — Well, you tell us the numbers.

Mr DALLA-RIVA — Is it 60, 70, is it 50, or they just do not know?

The CHAIR — Without assistance, please. The Minister to answer.

Mr WELLS — We just want the number.

Ms NEVILLE — There are two processes, and I have outlined those. Firstly, it is about our statutory obligation. It is my legal advice that the department meets that statutory obligation.

Mr WELLS — No, they do not.

Members interjecting.

Mr WELLS — That is wrong.

The CHAIR — The minister, without assistance.

Mr NOONAN — You do not understand the act.

Mr WELLS — What!

The CHAIR — Without assistance.

Members interjecting.

Mr WELLS — Your government has broken the law.

The CHAIR — Without assistance from the members.

Mr WELLS — That is an extraordinary claim.

The CHAIR — We are dealing with the estimates hearing here; we are not dealing with financial performance.

Mr WELLS — And we do not want to see a cover-up.

The CHAIR — There is no cover-up, and that — —

Mr WELLS — Well, what about some answers, then?

The CHAIR — I am happy for the minister — and happy for questions to be asked, without interruption.

Mr WELLS — We have asked three times and we have not got an answer.

The CHAIR — Without interruption, please, Mr Wells. Your behaviour is most intemperate. Minister, please.

Ms NEVILLE — This is a really important — —

Mr WELLS — It is important, so just give us the numbers.

Ms NEVILLE — Absolutely very important.

The CHAIR — Mr Wells, would you behave yourself, please!

Ms NEVILLE — I have outlined to you that there are two things here. One is the statutory obligation that is outlined in the act — —

Mr WELLS — Why do you not just tell us the numbers?

The CHAIR — Mr Wells!

Ms NEVILLE — — a specified set of orders that require a best interests plan. There is also custom and practice, which the Ombudsman refers to, which involves the meetings with families. The Ombudsman outlines a number of criticisms about that process.

Mr DALLA-RIVA — It is not customs. With due respect, Minister — —

The CHAIR — Without assistance.

Ms NEVILLE — The custom and practice — —

Mr DALLA-RIVA — With due respect, the question was not about customs and practices; it was about a statutory obligation under section 167 of the Children, Youth and Families Act 2005.

Members interjecting.

The CHAIR — The minister is answering your question, Mr Dalla-Riva.

Mr DALLA-RIVA — Do you want me to table the act?

The CHAIR — Mr Dalla-Riva, the minister is answering the question. If you would like to — —

Mr DALLA-RIVA — Does the minister want to see the act, Chair?

The CHAIR — I think the minister is talking about the act and her statutory obligations as well as other activities. If we could all be quiet and listen, we might receive the minister's answer.

Mr WELLS — Might receive the minister's answer, did you say?

Mr NOONAN — Might, if you would be quiet.

Mr WELLS — Might. What about 'should'?

The CHAIR — Thank you, members. Minister.

Ms NEVILLE — We have the section in the act, and I am happy to read it again.

Mr WELLS — No, we have it here.

Ms NEVILLE — It has a set of specified orders that require — —

Mr WELLS — Yes, we have all that.

The CHAIR — Without assistance.

Ms NEVILLE — — a best interests plan within six weeks. The other — —

Mr DALLA-RIVA — And you comply with that?

The CHAIR — Without assistance!

Ms NEVILLE — The other — —

Mr DALLA-RIVA — You comply with that, minister — yes, no?

Members interjecting.

The CHAIR — Without assistance. You have asked your question.

Mr WELLS — And we are still not getting an answer.

Mr DALLA-RIVA — Yes, no?

Ms NEVILLE — The other six — —

The CHAIR — Excuse me. Thank you, Minister, if you would like to just pause. I repeat just for the benefit of members who seem a bit excited this morning, perhaps because there are a few TV cameras, that questions are asked and they need to be asked in respect of the estimates in the budget and they need to be asked in silence. Then the minister provides an answer, and the minister provides an answer without assistance. This is how we conduct these things properly in Parliament. It is not the school playground, quite frankly, members — or indeed, witnesses. We would like this process to be followed. It is very clear what it is. You should know, particularly since practically all the members have been here for quite some time.

The minister, to answer the question that was asked, please.

Ms NEVILLE — There are two six-week periods here. One is the specification in the act in relation to the case plan. The other, which the Ombudsman refers to, is the six weeks for what we have as good practice about where you sit down with the families — I have outlined that; I will not go through in detail — and you have a process with them, including children, other specialists, around the implementation of the case plan. I have indicated that we do not always meet that six-week rule.

Mr WELLS — How many times?

The CHAIR — Without assistance.

Ms NEVILLE — Sorry, we do not always meet that custom and policy around the six weeks — —

Mr WELLS — Do you know the law?

Ms NEVILLE — I have outlined the reasons why.

Mr WELLS — I know. But we need to know — —

The CHAIR — Without assistance.

Ms NEVILLE — Practice also says you do not do that without families being there, and sometimes that does not always occur.

In relation to the statutory obligation, as I have indicated, you cannot get into court to get an order unless you have a court disposition and the requirement with the court disposition is to have a draft case plan. As I have indicated, we meet our statutory obligations.

Dr SYKES — One hundred per cent of the times?

Mr WELLS — No, you do not.

Ms NEVILLE — That meets our statutory obligations.

Mr DALLA-RIVA — It says a case plan is prepared after the making of a — —

The CHAIR — Without assistance please.

Ms NEVILLE — I am just indicating to you that their advice is — —

Mr DALLA-RIVA — She said ‘before’. The minister said ‘before’.

The CHAIR — If you wish to seek a clarification, do so at the end of the minister’s answer. The minister, to continue.

Mr DALLA-RIVA — Do you actually know the legislation? It actually says ‘after’.

The CHAIR — Without assistance.

Mr NOONAN — And you are a greater authority, Richard?

Ms NEVILLE — You cannot get into court to get an order unless you have a court disposition.

Mr DALLA-RIVA — I used to follow the law.

Ms NEVILLE — Attached to the court disposition must be a draft case plan. That meets our statutory obligation. From there, the department then has a practice rule which says within six weeks we need to meet with the families and to implement.

Mr WELLS — I know, but this is where we are getting bogged down, Minister. You are talking about best practice. We are talking about what the law requires.

The CHAIR — Without assistance. Through the Chair! Mr Wells, you are out of order. Minister, have you finished answering the question?

Ms NEVILLE — Yes.

Mr RICH-PHILLIPS — The law does not say ‘draft case plan’.

Mr DALLA-RIVA — The law does not say ‘draft case plan’, Chair.

The CHAIR — Mr Scott.

Mr WELLS — No, hang on. We have not got an answer to ours.

Mr DALLA-RIVA — No, hang on. No wonder the Ombudsman said that it is complicated administratively.

The CHAIR — The minister has provided the answer.

Mr DALLA-RIVA — We have just confirmed the minister has got it complicated administratively.

Mr WELLS — We have not got an answer to the question.

The CHAIR — It was not your question, Mr Wells.

Mr WELLS — We have not got an answer to the question.

The CHAIR — The minister has answered the question.

Mr WELLS — Well, you tell me, then, how many cases were not completed in 2009?

The CHAIR — We have discussed that before and I have given my view on that particular part of the question. So far as it relates to the processes and the budget going forward, the minister has provided a comprehensive answer.

Mr WELLS — She has had three chances to answer the question. Three chances, and we have no idea what is going on.

Mr SCOTT — I note on page 282 of budget paper 3 more funding is provided for clients with autism spectrum disorder. Would you please tell us more about what the government is doing for people with autism?

Ms NEVILLE — The government recognises absolutely how challenging and how difficult it is for many parents and carers who are responsible for bringing up children who have autism or autism spectrum disorder. It is appropriate that government does play a role in assisting those families. Members of the committee may remember that in May last year the government launched Victoria's autism state plan, in fact the first plan of its kind in Australia.

The plan was developed in partnership with Autism Victoria and involved extensive consultation. Sessions were held with people with autism spectrum disorder, their families, other carers and those who work for them. The aim of developing the plan was to build new and better approaches across government for meeting the growing and complex needs of people with autism and autism spectrum disorder.

The plan identified six priority areas, which are guiding our implementation. It was about making it easier to get support; it was about strengthening the autism spectrum disorder expertise of our workforce; it was about extending and linking key services and supports, especially during transition; and it was focused on enhancing and providing appropriate educational opportunities, facilitating successful participation in the community and, finally, a commitment to develop a robust evidence base about autism spectrum disorder.

In last year's budget, funding of \$8.3 million over four years was announced to begin the implementation. It included \$4.2 million for mental health services to improve service quality, support staff training and provide greater access to mental health services, particularly for young children and adults with complex needs. There was also \$4.1 million to support preschool children and young school-age children and to provide staff development opportunities, including secondary consultation and mentoring.

These budget announcements built on the \$2.75 million that we committed in December 2008 to implement the government's acknowledgement of ASD as a neurological impairment under the Disability Act. Approximately 80 per cent of people with ASD have another disability, which means that they were already able to access disability services. However, the change that we have made has meant that all people with ASD can now apply to be assessed for disability services. The importance of the change for families and individuals has been reflected in the enthusiastic support from autism groups and organisations.

This year's budget continues our commitment to the implementation plan, with significant investments: funding of \$7.5 million over four years to improve case management and referral services for families so they can continue to build our expertise and capacity to respond to the needs of individuals with ASD. The government is also investing an additional \$38 million over four years for early childhood intervention services to support an increase in the intensity of intervention and associated support provided by early childhood intervention services. This will see a 25 per cent increase in the hours that are provided. Children with autism will benefit from this additional funding.

Further investments in this budget for people with ASD include \$57 million for additional demand growth and transport needs in the program for students with a disability; capital funding totalling \$43 million for major upgrades to schools and facilities for students with a disability or developmental delay, including \$18 million to upgrade and build new facilities at the Northern School for Autism and eastern autistic school; and capital funding totalling \$4.4 million to provide satellite units for students with an intellectual disability and inclusion support programs for students with autism.

This significant investment in this year's budget, building on our commitment last year, really is focused on implementing the priorities that we have put in place in partnership with Autism Victoria to deliver an autism state plan.

Ms PENNICUIK — Minister, my question relates to the community services workforce. As you know, there is obviously a growing need for community service workers. The recent ACOSS study showed the staff turnover rate of around 6 per cent, which is higher than the Australian average. I would have to say, too, in terms of the questioning that you have already received this morning about child protection, that we know there are staff retention issues in that area, particularly with retaining experienced and trained staff, and it is difficult to keep them because of the terrible workload and the nature of the work. The issue of the community services workforce is very important to how they are remunerated and supported in terms of basically underpinning the whole sector and how it works. I understand that in 2007–08 there was an increase of some \$15 million, but operating expenses increased by about \$23 million and that there has been an indexation of 3.14 per cent applied to the community sector. You can confirm this with me.

My question is: given that that indexation only keeps up with current costs and does not allow for any pay parity for community service workers with the public sector, has there been any additional money on top of that 3.14 per cent indexation to enable pay parity within the community sector workers with the public sector workers?

The CHAIR — Minister, in relation to the budget estimates.

Ms NEVILLE — I presume we are not talking about, say for example, child protection workers who are public sector workers?

Ms PENNICUIK — No, community sector workers.

Ms NEVILLE — Currently, as you are probably aware, there is a case before the national commission in relation to pay parity issues for community sector organisations. There was an outcome in Queensland sometime last year, about the middle of last year, that saw a determination to increase over a period of time community sector organisation workers' pay levels. That process will play out here in Victoria and nationally, and obviously that will determine what ultimately happens in terms of pay rates for community sector workers.

We do, as you refer to, now provide three-year funding agreements to community sector organisations. We introduced that after we came to government, to give some certainty around long-term funding. As part of that process, every three years we go through a partnership consultation with all the key community sector organisations — the peak bodies, VCOSS, National Disability Services et cetera — to get an agreement on what the price indexation should be for those funding agreements. That covers both wages as well as on-cost increases over that period of time. You are right to say that this agreement is 3.14 per cent, that we reached last year with the community sector organisations.

The other thing, I suppose, that is contained in this budget, too, is we do know that a number of community sector organisations do pay over and above what the award rates provide for. Certainly one of the arguments that the disability services sector and the family services sector have had with government has been about the

level at which we pay for the services that they deliver — for example, family services — and whether it was adequately covering things like wages and the real cost of delivering those services. So this budget does deliver to both the disability sector and also the family support sector an increase in price for the services over and above that indexation, which will help ensure their sustainability and their capacity to be flexible in the sort of working arrangements that they make with their staff. Certainly they do have a greater deal of flexibility around some of those working arrangements, whether it is maternity leave or leave arrangements over and above what is offered in the public sector.

In addition to that, you will probably be aware, we are in the process of working through the establishment of a portable long service leave scheme for the workers in the community sector. Hopefully we will see legislation later this year to establish centralised, portable long service leave. Certainly the workforce have indicated to us that that will go some way towards them feeling able to continue to operate and work within the community sector field, which is what we want to see. So there are a number of developments and obviously the national wages claim will be what will ultimately resolve the issue of pay parity.

Ms PENNICUIK — Minister, over and above what is happening — —

The CHAIR — If you want clarification, through the Chair, please.

Ms PENNICUIK — Thank you, Chair, through you, there was a request by the Australian Services Union for a \$100 000 feasibility study on issues between community service workers and public sector workers. Were you aware of that?

Ms NEVILLE — No, they have not raised that with me. I am obviously very happy to — —

Ms PENNICUIK — They put it in their budget submission.

Ms NEVILLE — The department is indicating they have not come to the department, but maybe they are intending to.

Ms PENNICUIK — It is in their budget submission.

Ms NEVILLE — Okay.

Ms PENNICUIK — I presume your department knows about it. So you do not know anything about it?

Ms NEVILLE — No. Obviously we would be always happy to have a look at that and I will.

Ms PENNICUIK — Yes. Obviously, Minister, you are aware that, notwithstanding what you have said, there is a lot of disquiet among the sector workers, raised through their union, about their increasing problems with their pay parity?

Ms NEVILLE — Yes, and, as I indicated, that will be resolved through the wages claim process. In the meantime obviously the portable long service leave, the indexation, the price increases we have given are all about increasing sustainability.

Ms PENNICUIK — In anticipating that there may be some parity is there flexibility — —

The CHAIR — Through the Chair.

Ms PENNICUIK — Chair, through you, in the budget to meet that, in the forward estimates?

Ms NEVILLE — There is not; we have not costed that in. That is something where obviously we do not know what the outcome is going to be, so it would be guessing that outcome. That would be something, if the wages outcome changes, that government will need to then have a look at through the normal budget processes, and that is unlikely to be resolved prior to the next budget anyway, that wages claim.

Dr SYKES — Minister, I refer to disability services, in particular ‘Residential accommodation support’ on page 105 of budget paper 3, which covers:

Accommodation support provided to groups of clients in community-based settings and centre-based residential institutions which is responsive to individual needs ...

et cetera. Under section 141 of the Disability Act 2006, the use of seclusion and restraint must be included in behaviour management plans, and in particular under section 141(3) the disability service provider must consult with the person, their guardian or an independent person. However, on page 11 of the recent senior practitioner's annual report of 2008–09, it is revealed that in at least 16 per cent of cases — that is, 325 times — no-one was consulted, and your government and your department have again broken the law.

This is another case of you being responsible for hundreds of cases of very vulnerable Victorians where the law has been broken. How can you allow this to happen, and why are you failing as minister to ensure that your department and other disability service providers comply with the law?

Ms NEVILLE — Can I just firstly start off, Chair, in relation to the issue of restrictive interventions more broadly and the senior practitioner. I will just say that Victoria absolutely leads internationally in this area. I think maybe Norway has something similar to what we do, but nowhere else do have put in place a routine monitoring of the use of restrictive interventions or the requirements around having behaviour management plans.

With the introduction of the new act, which commenced in July 2007, the role of the senior practitioner was established as part of that, and their role was really about protecting the rights of people with a disability, looking at restrictive interventions and ensuring that change occurs within the disability services sector, whether that is the community sector organisations that deliver shared supported accommodation or other services or the Department of Human Services.

We produce an annual report in order to ensure that all the community is aware of what is changing, what work has been done and what work needs to continue to be done. It is in its second year of operation, and the senior practitioner has done a whole range of things. It has delivered training for disability support professionals; more than 2600 disability staff have been trained. We have seen a change in certificate IV in disability, the certificate that disability staff undertake, where there is now a compulsory unit that is required in relation to behaviour. Over 600 staff have been trained in providing active support to assist people to participate in day-to-day activities, and 2000 staff have also participated in information sessions workshops.

Other strategies that the senior practitioner has put in place: the enhancing restrictive interventions data system, to monitor behaviour support plans. There are a lot of people who require these. Over the period of the last two years the senior practitioner has put in place a data system so it can be monitored, and also strategies to reduce restrictive interventions.

Behaviour support plans are an evidence-based plan for an individual with a disability that identify the behaviours of concern and sets out the use of alternatives to restrictive interventions. They also require restrictive interventions to be used as a last resort. Since 2006 data has indicated there has been an increase in the number of plans that include positive behaviour support strategies that reduce the dependency on restrictive interventions. I think the senior practitioner talks about this in his report, indicating he is working with disability service providers, whether they are department or community sector organisations, to ensure that we achieve the 100 per cent implementation of behaviour support plans for those who require them.

That is the work of the senior practitioner. From 1 July that is what has been his focus, on trying to get there, and we are getting closer to that. There are changes, and we are starting to see some changes in restrictive practices. We obviously want to drive down those restrictive interventions where they are not appropriate. I would make it clear, though, that the decisions in relation to restrictive interventions are made by clinicians, not by governments. They are made by clinicians and the role of the senior practitioner is to oversight those and ensure that people have the skills to look at other ways and other methods to prevent restrictive interventions or to at least be monitoring what those restrictive interventions are and reporting on those.

Dr SYKES — A clarification, through the Chair. Minister, you have acknowledged there has been a serious problem. Can you now guarantee that your department will be upholding the law and providing a behaviour support plan in which relevant people are consulted for every use of seclusion or restraint? Can you guarantee that going forward?

Ms NEVILLE — That is the role of the senior practitioner. That is why we have set up the senior practitioner, because we want to have behaviour support plans. Across a whole range of agencies we need to bring about cultural change and practice change. There is a rigorous monitoring, training and education program in place. Those behaviour support plans are being developed and increasing as we speak, and they will continue to do that. It is an absolute priority of the senior practitioner and of the government to see that happen.

Dr SYKES — Chair, I still have not quite got my answer. The minister has indicated the process. My question was: can the minister, as the minister responsible, provide that guarantee, that her department under her responsibility will comply with the law by having a behaviour support plan in which relevant people are consulted on each and every occasion?

Ms NEVILLE — For the senior practitioner, as is indicated in there, this is a priority in his work. It is a priority for government to make sure that they occur, and we will continue to work as one of our top priorities to ensure that happens.

Dr SYKES — So you as the minister, will you give that guarantee or do you refuse to give that guarantee, Minister?

The CHAIR — I think you have had three goes at that. I think the minister has answered that one. Ms Graley.

Mr DALLA-RIVA — That is another law broken.

The CHAIR — Without assistance.

Ms GRALEY — Minister, I would like to talk about an issue that is important to many families in my electorate who have children with a disability, and that is the very important aids and equipment program. I know it is something that people are very interested in when they have a child with a disability. I would like you to outline what support is being provided for individuals to live at home independently and also to support families caring for children with a disability.

Ms NEVILLE — As you have indicated, the aids and equipment program is well utilised and a very important part of the supports that can be provided not only to families and carers but also to individuals to enable them to live at home. The program provides subsidised aids and equipment to assist people to be independent in a range of ways — they are able to live at home, to be involved in local community or to continue to work as well. The program is important in supporting families and other carers. The program also provides domiciliary oxygen, incontinence aid services and vehicle and home modification service schemes. An investment of \$20.3 million was committed under LFS3 over four years, commencing in 2007–08, to assist and an additional 11 000 people. The government's commitment is reflected in ongoing increases in funding for the program.

The 2010–11 budget invests \$8 million over four years to provide aids and equipment to 857 adults and 100 children and vehicle modifications for a further 50 people. This is on top of last year's budget estimate of \$31.6 million to assist 28 820 people and a one-off boost of \$300 000, which took the total to 30 000 people being assisted with aids and equipment at home and vehicle modifications.

The program also funds specialist services provided through the Motor Neurone Disease Association, Vision Australia, Technical Aid to the Disabled and VicDeaf. These are valuable services that improve the quality of life and safety of people with a disability.

A review of the program by KPMG in November 2007 recommended a significant restructure. As a result, the program is now undergoing a two-year reconfiguration. Following consultation on a new model of delivering the program, key reforms include the replacement of the current 25 local issuing centres with a single statewide service. The new service will provide a streamlined single point of access for individuals irrespective of where they live. This will ensure equal access throughout Victoria for people with permanent or long-term disability.

The new service model will provide easier and more timely access for people, with improved processing and prioritisation. Demand for the program continues to increase as a result of change in community needs, with our ageing population, advances in technology, community inclusion and increased community-based supports. The

government will continue to invest in the program to enhance the independence of people with a disability and to support them, their families and their carers to be able to participate more fully in our community.

Mr WELLS — Minister, I really do need to come back to best interest case plan, because this morning we have been around and around in circles and we have not actually gained any new information. You have spoken about draft plans which are not part of the legal obligation, and we are not particularly interested in the excuses that you have given us. Can I quote to you the Ombudsman's report from November 2009 on page 79? This is what it says, so hopefully this will clarify the point:

The department —

that is, your department —

provided my office —

the Ombudsman's office —

with a copy of the audit outcomes from the region. The audit revealed that 11 per cent of children in the region did not have a best interests case plan in place.

That is what the Ombudsman said, and that is the information that your department gave the Ombudsman, so it is very clear that it is verifiable information that in 11 per cent of the cases vulnerable kids did not have a best interests case plan. So my question once again — and we will try to clear this up — is: with that information in mind, how many cases in 2008–09 were not completed? How many in 2009–10 — this financial year — have not been completed to date? What is your expectation in 2010–11 of cases that will not be completed?

The CHAIR — Minister, insofar as it relates to the annual estimates or receipts for payments and other budget papers, any supplementary instruments or receipts for payments presented to the Assembly or the Council.

Ms NEVILLE — Chair, again I will try to be clear on the answer on this.

Mr WELLS — I think, Minister, with respect — —

The CHAIR — Without assistance.

Mr WELLS — No, I am just trying to assist the minister

The CHAIR — No, I am chairing this.

Mr WELLS — I am just trying to assist the minister.

The CHAIR — I am chairing this.

Mr WELLS — I am just trying to assist the minister.

The CHAIR — If I am not here, you are the Deputy Chair, and you chair it. But at the moment I am here, in which case if you want to ask anything, you do it through the Chair. You have asked your question; you have finished your question. The minister is answering. When the minister has completed the answer you may wish to seek any clarification, but it has to be a clarification and not an additional question or we will move on to the next question, which is the normal process.

Mr WELLS — I am seeking to assist the minister.

The CHAIR — Let me do the chairing, not you. The minister, to answer.

Mr WELLS — We still have not had an answer yet.

The CHAIR — Mr Wells, thank you very much. The minister, to answer.

Mr WELLS — This is about our fifth time of trying to get an answer.

Ms GRALEY — Try listening.

Mr WELLS — We have been listening all morning. We have had nothing but excuses and more excuses —

The CHAIR — The minister, to answer without the commentary and without the debate. If you wish to debate the matter, do it in the house, not here. Here we have questions and here we have answers provided by the ministers.

Mr WELLS — We have not got the answers.

The CHAIR — Without the commentary and without the interjections that you are making, the minister, in respect of the budget, as I have said before, in terms of the question asked.

Ms NEVILLE — Clearly what we have is an interpretation of a statutory obligation, from Mr Wells.

Mr WELLS — Hang on. I am quoting from the Ombudsman.

The CHAIR — Without assistance.

Mr WELLS — Did the Ombudsman have this wrong?

The CHAIR — Without assistance, Mr Wells. I am tired of your continual interjection.

Mr WELLS — We are sick and tired of getting excuses.

The CHAIR — I think you ought to respect the processes. As I have said to you on a number of occasions, and I will say it to anyone around the table, you need to respect the processes, and the processes are: you ask questions in silence; answers are given in silence. Can we continue to follow that particular process?

Mr WELLS — If we get some answers.

The CHAIR — You have just shown that you have no respect for the processes. I am very disappointed in you as Deputy Chair. The minister to answer, without assistance.

Ms NEVILLE — What I am saying is based on a legal view that lodging a best interests case plan as part of the court disposition — not my view, a legal view — —

Mr RICH-PHILLIPS — Whose legal view?

Ms NEVILLE — — is a mechanism through which the statutory obligation is met. However, what then happens is you have the draft. It is attached — —

Mr WELLS — Yes, I know, but you keep referring to a draft plan. That is not the law. The law is not that. You know that.

The CHAIR — Without assistance. The minister is answering the question without assistance.

Mr WELLS — No, she is not.

Ms NEVILLE — We are meeting the statutory obligation.

Mr RICH-PHILLIPS — That is not what the secretary said.

Ms NEVILLE — Where we have an issue is whether we are meeting the practice that we have laid down for ourselves, which is the six weeks in which you have the meetings with family, when you implement — —

Mr RICH-PHILLIPS — We are well aware we have a number of cases where we have not complied with that requirement.

The CHAIR — Without assistance.

Mr RICH-PHILLIPS — That was your secretary.

The CHAIR — Without assistance. Ignore interventions, Minister.

Ms NEVILLE — Where you implement the case plan following the meetings with families and other relevant specialists, we meet the statutory obligation.

Mr WELLS — No, you are not.

Ms NEVILLE — We are not meeting the practice obligation.

The CHAIR — In terms of your practice going forward — the last part of Mr Wells's question — how are you going to proceed in the future?

Ms NEVILLE — If you have a look at the recommendations of the Ombudsman in relation to this and also what we have committed to the Ombudsman to do, which is to establish an independent compliance committee — —

Mr RICH-PHILLIPS — Oh, good, another committee.

Mr WELLS — That is what we need.

Ms NEVILLE — It is an audit committee that will look at compliance — —

Mr WELLS — Let's not focus on the kids.

The CHAIR — Without assistance. Listen to the answer, please.

Ms NEVILLE — This was the recommendation from the Ombudsman. We have accepted the recommendations. We are implementing an independent audit committee to oversight compliance with statutory and practice obligations of the department. As agreed with the Ombudsman, the outcomes of meeting those statutory and practice obligations will be reported to the Parliament.

The CHAIR — If you could provide the committee as appropriate when these are available, it would be welcomed by this particular committee.

Mr DALLA-RIVA — On a point of order, Chair.

The CHAIR — Yes, Mr Dalla-Riva, a point of order?

Mr DALLA-RIVA — In respect of the question that was asked by Mr Wells, Mr Wells was very specific about the act and the responsibilities.

The CHAIR — What is the point of order?

Mr WELLS — He is getting to it. Why do you always want to shut down the opposition?

Mr DALLA-RIVA — I am trying to get there.

The CHAIR — Mr Dalla-Riva has the call on a point of order. In terms of the process, it has to be a point of order rather than asking another question.

Mr DALLA-RIVA — I am. Mr Wells was speaking specifically about the preparation of case plans. The law is very clear. I might be an old copper who used to read the law and apply it — —

The CHAIR — What is the point of order?

Mr DALLA-RIVA — — but the law is very clear. It says the preparation of a case plan must be completed within six weeks after the making of the court order. After the making! It says 'after'.

The CHAIR — What is your point of order, Mr Dalla-Riva?

Mr WELLS — I seek clarification. The minister does not understand that part of it.

Mr DALLA-RIVA — The minister continually refers to the issue about making a draft plan before the court order, and then she says that is clarifying meeting her statutory obligations. That is not correct, and I would like to see the legal advice, Chair, if she has got that legal advice.

The CHAIR — Thank you for the point of order. There is no point of order.

Mr DALLA-RIVA — Before and after — there is a big difference.

The CHAIR — Insofar as we are seeking the background for anything underpinning the arrangements that the minister has described, if anything could be made available by the minister, we would appreciate that. Mr Noonan?

Mr WELLS — No, I seek clarification, please, Chair.

The CHAIR — I think we have moved on.

Mr WELLS — No, I need to seek clarification.

The CHAIR — No, I think we will move on.

Mr WELLS — The basis of my question was not answered, so I would seek clarification, please. That was in regards to the numbers in 2008–09, 2009–10 and 2010–11. That is clearly in the forward estimates period and you have just brushed over it.

The CHAIR — I have not. I asked the minister specifically to talk about the arrangements for the future. She gave an answer on that one — —

Mr WELLS — Can you clarify for me — —

The CHAIR — Because I specifically asked about that and how she was going to carry things forward in terms of these particular plans. She answered that because I specifically brought her back to that, as you would have known if you had listened. Mr Noonan has the call.

Mr RICH-PHILLIPS — Where are the numbers? The question was about the numbers.

Mr NOONAN — Minister, you referred to the 55 new workers in the youth area, which is referred to in budget paper 3, page 314, over the forward estimates period. I wonder whether you can provide the committee with some further information about this particular initiative as part of the forward estimates.

Ms NEVILLE — The government is committed to ensuring community safety and has been concerned about what appears to be an increase in youth violence. In this budget we have committed an additional \$22 million to address the underlying causes of youth crime and to bolster our diversion initiatives, early intervention programs and support services for vulnerable young people. This innovative and progressive suite of new initiatives will strengthen the service response to youth crime across the state by providing 55 new youth workers on the ground, a rapid response team to support police dealing with young people in crime hot spots, a new behaviour-change program for young people who are found carrying or offending with a knife and an intensive bail support pilot that will provide an alternative to remanding young people.

Young people who offend are often amongst the most disadvantaged in the state. The initiative draws on what we know is the best way to help vulnerable and at-risk young people get back on track. It responds to increases in offending by young people and concerns about young people committing violent crimes, such as knife and other weapons offences. We know it is crucial to provide earlier support to young people to reduce their likelihood of going on to commit more offences in the long term. Effective diversion requires a targeted, comprehensive and early response that links young people in with alternative support services and strengthens their connection to community, to education, to family and back into training.

Vulnerable young people need support to build a positive future without crime. They also need real and structured alternatives to custody when they demonstrate risky behaviour such as involvement in a knife culture. As I said, there will be 55 new youth workers, half of those will be based in community-based settings, working with services like mental health, drug and alcohol, and family support services, connecting them back into

education and training. There will be a rapid response team with youth workers and police trying to get to young people who might be at incidents, particularly first offences or at risk of committing an offence.

Those young people who are caught carrying or offending with knives will be able to, either by a court order or via the police, participate in a new behaviour-change program. A new intensive bail support pilot program will also offer the courts an alternative to remanding a young person charged with offences in custody. It will provide a real alternative for those young people, with conditions to ensure both community safety and opportunities to continue to connect those young people to education and training.

The CHAIR — Thank you, Minister. There is time for one last quick question.

Mr DALLA-RIVA — Minister, back on the issue of the child protection and family services and the output measure that is required, I note that in the earlier discussions and the conversations we have had that there may have been a point about a review being completed following the Ombudsman's report into the child protection program. I also note Ms Callister's comments on 26 March this year when she said:

We are well aware that we have a number of cases where we have not complied with that requirement.

despite what you said earlier —

We are establishing a new audit and compliance team in the department that will monitor those things far more actively.

I ask: when was that review completed by your department, who did that review, what did it find, can you table it for the committee as to the outcomes that you expect it to deliver?

Ms NEVILLE — Chair, can I just clarify?

The CHAIR — Okay.

Ms NEVILLE — I am not sure which review you are referring to. There is a governance review, which relates to how our regional offices operate so that we — —

Mr DALLA-RIVA — So there was no review as to the Ombudsman's report — specifically about the best interests case plan issues?

Ms NEVILLE — The Ombudsman has undertaken a review of child protection. The Ombudsman has made a series of recommendations, and I am happy to go through in detail exactly which ones have been implemented and which have not, but given that there are 42 — —

The CHAIR — We do not have time.

Mr DALLA-RIVA — Specifically about the best interests case plan — —

Ms NEVILLE — In relation to the recommendation which he makes not just about best interests but also about practice and compliance issues more broadly — I cannot recall exactly the recommendation he made, but it is a broad one — he indicates that there needs to be some compliance and audit oversight and a reporting of that to Parliament. We have agreed with that. That compliance audit by the compliance committee has been established by myself. It will report to me as minister and there will be a report on our compliance with statutory and practice obligations to the Parliament. I indicated that earlier to the Chair.

The CHAIR — I also asked whether you could provide — —

Ms NEVILLE — We are reporting back regularly to the Ombudsman, and the Ombudsman is aware of that.

Mr DALLA-RIVA — Was there a review internally undertaken in response directly to the issue about the best interests case plan situations that were raised in the Ombudsman's report?

Ms NEVILLE — Recommendation 14 is to establish arrangements to ensure compliance, and that is what we have done. We have met the recommendation. We regularly report back to the Ombudsman, and he is aware that we have met that obligation to establish arrangements to comply with practice standards and statutory obligations in relation to a number of — I will not read them all out.

Mr DALLA-RIVA — So there is no internal review?

Ms NEVILLE — We have undertaken that. That audit committee will be responsible for that. The Ombudsman has asked us to have that audit committee to be responsible for looking at practice standards and key statutory obligations, such as — and he lists them: best interests, stability plans, cultural support plans — and to report those to Parliament, and that is what we will do.

Mr DALLA-RIVA — Was there any external review undertaken as a result?

Ms NEVILLE — That committee will be responsible — —

Mr WELLS — So to fix the problem of child protection you have set up a committee.

Mr DALLA-RIVA — That is what I am trying to work out.

The CHAIR — Mr Wells, thank you!

Ms NEVILLE — We have complied with the recommendation of the Ombudsman.

Mr WELLS — You have set up a committee to fix child protection in this state.

The CHAIR — And I asked previously — and the minister agreed — to provide some further details on those arrangements on notice. I thank Ms Callister, Mr Asquini, Mr Rogers and Mr Hall for their attendance.

Witnesses withdrew.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 19 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Wynne, Minister for Housing,
Ms G. Callister, Secretary,
Ms M. Crawford, Director of Housing, Housing and Community Building,
Ms A. Congleton, Acting Director, Policy and Strategy, Housing and Community Building, and
Mr R. Jenkins, Manager, Corporate Planning and Performance, Housing and Community Building,
Department of Human Services.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolios of housing, Aboriginal affairs and local government. On behalf of the committee I welcome Mr Richard Wynne, MP, Minister for Housing; Gill Callister, secretary; Margaret Crawford, director of housing, housing and community building; Rob Jenkins, manager, corporate planning and performance, housing and community building; and Anne Congleton, acting director, policy and strategy, housing and community building, Department of Human Services.

Departmental officers, members of the public and the media are also welcome. In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council Committee Room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed would be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of housing.

Mr WYNNE — Thanks very much, Chair, and thanks to the committee for the opportunity to present again to the Public Accounts and Estimates Committee. I am joined for the first time by our new secretary, Gill Callister, who since we last met has taken up this new responsibility. We are delighted that Gill is with us today, along with Margaret Crawford, the director of housing, and other colleagues. We do have a presentation that has been handed out to the members of the committee.

Can I draw the committee's attention, if I may, to the record investment by the Brumby government three budgets ago, where we delivered a record \$500 million to improve and grow the social housing in Victoria. Under this investment 2350 social housing units will be constructed. If you look at the matrix there, you will see where we are up to thus far. We have split the funding: \$200 million to deliver 800 public housing units and \$300 million to deliver 1550 housing association units.

I will talk a little bit more about those projects no doubt through our questions and answers. There are some fantastic examples of where that money has gone: Ashwood-Chadstone, as you know, Chair; in your own area; Corio-Norlane; Bacchus Marsh; East Reservoir, where we just turned a sod only a couple of weeks ago for a magnificent project there; and Roberts Street in Northcote, which is a major medium-density housing project. And I would be delighted to talk at some length if we were questioned on the Elizabeth Street project in the city. If you pass it, you see it is quite literally topped out and almost ready to be occupied. It has been a fantastic project.

If you put that record investment against the Nation Building and jobs program of the federal government, this is the biggest investment that has been made in public and social housing quite literally for decades. There is \$1.17 billion to deliver 4500 units across Victoria. As certainly members of the lower house will recall from when I have talked about this, we have tried to split this funding — a third in regional Victoria and two-thirds in metropolitan Melbourne.

The importance of the Nation Building projects is really twofold. If we were sitting here at this time last year, we would still be right in the heart of the global economic crisis. The intervention that the federal government did make in this space, I think unquestionably, has seen Victoria weather the storm of the global economic crisis and come out the other side of it in very, very good shape.

We understand, of course, the crucial importance of investment in the housing sector because it has the immediate stimulus effect, not only on the building site itself but of course on the supply chain as well. It is good for jobs, and of course there is the wonderful social outcome of being able to build 4500 public and social housing units. As the Treasurer commented in his budget speech, the Victorian economy is booming. We generated 92 per cent of all of the full-time jobs in the last year. I think it would be fair to say that the stimulus package did have a significant role to play in that.

It is important, I think, to indicate the fast-tracking of these projects through the planning process, through a streamlined project facilitation process, but the provision that pertains to that fast-tracked planning only — and I repeat: only — relates to Nation Building projects. That provision will expire on 30 June 2012.

I am just flicking through, Chair. There is a range of projects there for the committee's consideration. Tram Road, Doncaster, is a wonderful project which was approved by the local council. It is up and out of the ground — 98 units of housing. It was approved by the local council there. It is a terrific example right in the heart of an activity centre which really achieves all of the key objectives that the government had been hoping for around ensuring that our activity centres are not only hubs for retail and so forth but also for housing as well.

That is a fantastic project. Ferntree Gully Primary School, 79 units, a mix of one, two and three bedrooms — again self-evidently a great project — returning a state-owned site to another state-owned use. That is a terrific outcome as well. Deakin Street in Mildura is also an important project because it is not only 25 units but it is specifically targeting a number of these units to people with mental health issues, and we think that is an important outcome as well.

I want to briefly touch upon three projects that we announced only a couple of days ago. This is what we call the HAF announcement, \$175.3 million to deliver more affordable housing across three key inner urban sites in Fitzroy, Richmond and Prahran. The first stage of this project will deliver 547 new affordable homes across the three sites.

You can see as we go along there, Chair, there are 207 units at Richmond, 188 at Prahran and 152 units at Fitzroy. The key to these projects is that they are in fact stage 1 of what we see as being potentially a very significant urban renewal of these sites. I think you would be hard-pressed to find better located sites in inner Melbourne, where in fact we think over a period of probably about 10 years, you will be able to completely regenerate these major sites.

If you think about what we have done in the past, if you think of sites like the redevelopment at Kensington, which has taken probably nearly 10 years, the site at Carlton, which is now up and out of the ground, what we are seeking to do is, through these redevelopments, to better reflect on these sites the surrounding communities. We want to rebuild both the physical fabric of these communities but we also want to build the social fabric as well.

What do I mean by that? I mean that we want those areas to be places where people work, where there are job opportunities, and I point specifically to the hub project in Fitzroy where we will put on the ground floor of that project a major training and employment facility, a hub for child care so that there is an opportunity for residents to have their children cared for whilst they are engaging in training and employment opportunities.

The ambitious goal of the government on these large conurbations of public housing is that we not only change the mix but we ensure that people are actively engaged in civic life; that they are trained; that training is available; that employment is available. If you think about all these employment opportunities, just say around that project in Fitzroy, we have the Australian Catholic University, all of the hospitals there, you have got the major retail outlets, so we are saying to those potential employers that we will have job-ready people who can immediately be placed in long-term employment opportunities, so changing the physical fabric, changing the mix, changing the social fabric of those estates, and for those three developments, this is stage 1 of them. I think it is a fantastic investment by the federal government in those projects.

I think that is probably my 5 minutes. I would be happy to elaborate further.

The CHAIR — Yes, it is slightly more than 5 minutes. We have until 4 o'clock for questions on this portfolio.

The budget aims to allocate funds in 2010–11 and subsequent out years for stated government priorities and outcomes to be achieved. Could you advise the committee of the medium and long-term plans and strategies upon which the budget for your portfolio is based and has this changed from last year?

Mr WYNNE — I think it is worthwhile remembering the genesis of public housing in this state. Its genesis was really from the advocacy of organisations like the churches, the Brotherhood of St Laurence and others who really saw that the conditions that many people were living in, particularly in inner Melbourne, were of such a poor standard that the state needed to intervene and to establish what was then called the Housing Commission of Victoria.

We owe a great debt to those pioneers, because they understood that the key to people being lifted out of poverty was that you provide secure, stable and affordable housing. That is essentially the core of what housing is about. It has always been, I think, a great challenge to measure up the demand for housing versus supply, and this will be part of today's conversation. But in that context the relationship that has been had by successive governments in supporting that ambition across the country for stable, affordable and secure public housing was a commonwealth-state housing agreement. It has been in place for in excess of 50 years and frankly has served both the commonwealth and states very well.

As you recall, Chair and members of the committee, I have talked about this in the past. It was a two-for-one arrangement — \$2 from commonwealth matched by the states — and there have been successive other programs that have also supplemented that over the journey, including the Better Cities program through the Hawke-Keating years, which looked to do some strategic investments across a range of sites right across Australia, which I had an opportunity to participate in in a former life, but I think there is cause to celebrate what the commonwealth-state housing agreement has delivered over a sustained period of time.

Our public and social housing stock is about 3 per cent, a bit over 3 per cent. In places like South Australia, for historical reasons the housing stock was up to about 12 per cent, so it was a very significant number. They are in fact scaling back now and expect to bring their housing stock in at about 5 per cent that they would see as being a good figure.

But we should also not forget that historically, as I indicated in my opening remarks, when the vast majority of public housing was built, it was located very close to employment, and if you look back on the history of some of the early work that was done around surveys that were undertaken of who lived in public housing — and I refer specifically to some early work by the Brotherhood of St Laurence in a publication called *High Living*, if you look at that and you look at the participation of people in employment, everyone worked; everybody worked. It was worker housing. If you think about Broadmeadows, Braybrook, Maidstone, and the inner city slum reclamation areas, they were all associated and linked to public transport routes out to employment opportunities. That is why people worked. That is not the case any longer. I think that is the great challenge for us going forward as a government and, indeed, as a Parliament. We want to make sure, as I indicated, that people not only get quality housing that is stable and affordable, but that you provide opportunities for people to be engaged fully in public life.

There have been ups and downs in terms of the investment of governments in the commonwealth-state housing agreement. I have a graph here which I will table for the purposes of Hansard. This is the net effect of the commonwealth contribution to the CSHA, which you will see declined from 1994–95 right up to 2008. What does that mean? It means that the former federal government basically did not allocate over that period of time in excess of \$1 billion in real terms over 11 years to housing.

What is the impact of that? The impact of that is that Victoria is down by 5900 units of housing. If we had had that investment, and if you put on top of that the record investment that the Rudd government is doing in partnership with us, you would have a completely changed focus in how housing provision would be operating in this state.

There are serious challenges there. But can I say that for every single year we have been in government, we have contributed not only our commitment to the commonwealth-state housing agreement but we have committed above and beyond our commitment to the commonwealth-state housing agreement, of course culminating in the commitment by John Brumby of the record amount of \$500 million in the 2007–08

budget — as you know, you have heard me talk about this, the largest commitment by any state government ever to public and social housing.

Going forward, there are obviously challenges around supply. There are also challenges around demographics because, as I have spoken about in the past here at PAEC, there is a disconnect at the moment between what our stock is and what our waiting list is. The waiting list is about 40 000 — just a shade below 40 000 people — and half of those people on the waiting list are in fact single people. So there is a disconnect and that is quite a challenge for us going forward. Certainly with the build program we have and the 6000 units we are going to put on the ground in the next couple of years, that is the biggest build that has been undertaken by this government, by a Victorian government, frankly since we had the Olympic Games in 1956.

Mr WELLS — The housing commission and housing has produced many, many good people.

Mr WYNNE — They certainly have.

Mr WELLS — They have produced many, many good people.

Mr WYNNE — Mr Wells, to indulge you, I think we spoke about this in the Parliament where I did name your good self and Mr Mulder and various other people who came from —

Mr NOONAN — Janice Munt.

Mr WYNNE — Janice Munt. A number of people have come from a public housing background, which you should be very proud of.

Mr WELLS — Yes. It gives us good liberal values. I would like to talk to you about early housing waiting times. I refer the minister to budget paper 3, page 115 and the budget measure ‘Average waiting time for public rental housing for those clients who have received early housing allocation’. The average waiting time for early housing in Victoria has consistently increased, from 2.8 months in 1999 to the expected outcome of 8 months in 2009–10, which has blown out from a target of 7 months.

Mr WYNNE — That is correct.

Mr WELLS — The budget papers reveal that the government does not expect to improve on this, setting a target of eight months in 2010–11. Last year you told the committee the blow-out was due to Victoria’s incredibly tight private rental market.

Mr WYNNE — Yes.

Mr WELLS — However, the budget papers and rental reports reveal that the rental market was at its tightest in 2007–08 and the average waiting time was 5.9 months. Since then the private rental vacancy has improved very slightly.

Mr WYNNE — Very slightly.

Mr WELLS — The question is: if in 2003 strategies were put in place to keep early housing waiting times to four months and the private rental market has improved slightly on previous years, why has the government strategy set in 2003 failed and why are early housing waiting times now doubled from the four-month target?

Mr WYNNE — You are correct in your statement that the target has changed from 7 to 8 months. Indeed, you are correct also that the early housing waiting list time has increased from 2.8 months in 1999–2000 to what is expected to be 8 months in 2009–10. Your statement in fact goes to the heart of this problem, and that is that the private rental market, as you indicate, has for the last couple of years been the tightest that we have had. People like Enzo Raimondo from the Real Estate Institute of Victoria and others who operate in this sector would say these have been unprecedented vacancy rates.

I think when I spoke to this issue last year we talked about concerns that people had in relation to potential auctioning of rental property, you saw unbelievable demand of people queuing up trying to outbid each other to get rental properties — an extraordinary situation. Whilst the market has eased a little bit — I think it was 1.2 when we were sitting here last year and it is now at about 1.5 — that is not just across metropolitan Melbourne,

it is in fact across regional Victoria as well, so you have a similar situation right across the state. The obvious thing is that you then get this knock-on effect. There is a direct correlation between vacancies in the private rental market and how the public housing waiting list operates.

I can only say to you that the interventions we are going to make as a government in this space will make a difference. They will make a difference to the vacancy rate in the private rental market, and they will make a difference to the waiting list in public housing. How? By two things. Firstly, we are investing. We will put on the ground 6000 units of public and social housing in the next two years. This year we will put on the ground 3800. Over the next couple of years, that will total 6000.

In the private rental market — and I can talk about this in more detail later — this is a really significant intervention. We are going to put on the ground 7500 units of subsidised private rental housing across the state. That is a very big number. I can talk about that in more detail perhaps at a later point. I think those two interventions are going to make a significant difference to both the private rental market and to vacancy rates, and they will obviously impact upon the public housing waiting list.

Mr WELLS — Just to clarify a point, Chair. Minister, if you say that it is going to make a difference, then why is the target still eight months in 2010–11?

Mr WYNNE — Why is it still eight months?

Mr WELLS — Yes?

Mr WYNNE — Because we think that that is a reasonable figure — it is a conservative figure and it is one that I hope when I come back — well, if I have the opportunity to come back and present to you in the following year — that we will be in a situation where I can record a better outcome. These houses will successively come onto the public housing list and be made available to our residents and also — in relation to the private rental market — obviously those houses over the next two years will come onto the market as well. Would I like those figures to be less? Of course I would. And I hope that if, as I said, I am back here next year to present to you on these matters, that that figure will be lower.

The CHAIR — Thank you for that. And just in respect to the chart, thank you for the chart. We will actually incorporate that as one of the overheads rather than in Hansard. Ms Graley?

Ms GRALEY — Minister, I will take up on the issue of rental accommodation because I do not think there is probably a member sitting around here that does not have people coming into their office asking them about the availability of rental accommodation.

In the last year I have had quite a few people come in to talk about the fact that they are finding it very difficult to find rental accommodation and pay the cost. I notice that in budget paper 3 there is a national rental affordability scheme, which will contribute to the social housing output. Minister, I was hoping that you could advise how the NRA scheme will contribute to the social housing output, and what sort of projects are likely to be delivered as a result of the scheme?

The CHAIR — It is page 314.

Ms GRALEY — Yes, page 315, appendix A of budget paper 3.

The CHAIR — There is also footnote A on page 314.

Mr WYNNE — Thank you very much for the question, Ms Graley. Apart from negative gearing, there have been no incentives in the private rental market — certainly in the 20-odd years I have been involved in housing — that have actually directly gone into stimulating the private rental market. This is a very significant intervention by the Rudd government. Their proposition is that Australia-wide there will be 50 000 affordable rental properties in the market by June 2012 — that is, 50 000 across the country.

Ms GRALEY — It is a lot.

Mr WYNNE — And what they have indicated is that if there is a satisfactory take-up of those 50 000, and the federal government is re-elected, that they will do another 50 000. So that is a huge number — 100 000 units across the country.

As I am sure members are aware, it is essentially based on a subsidy. The newly built house has to be put into the marketplace for a period of 10 years. It has to be in the market for 10 years at 20 per cent below the market value for the area that it is in. In return for that the investor gets a subsidy from the federal government of \$6000 a year and a subsidy from the state government of \$2000 a year indexed — \$8000 a year — obviously the rental of the property as well, and presumably a capital gain at the end.

What that means, we believe, is that there has been a real appetite for the first time from institutional investors who have said, ‘This is a good product. This is a product that makes sense to us and we want to invest in it’. Certainly from our point of view we have got a range of examples of where both our housing associations and indeed private providers are starting to take up these projects.

For instance, Mission Australia is doing 66 units in Seddon in the west, Common Equity Housing is doing 60 in Dandenong, VicUrban is doing 100 in Avondale Heights, Holmesglen TAFE is doing 100 in Chadstone, the Hampton Group is doing 255 in Coburg, and on it goes.

This has been one of the really difficult issues certainly over my housing career, to actually get institutional investors interested in this — because the issue with the private rental market here in Australia is that it is quite different to the European context in two ways. Firstly, if you live in a European context, many people in fact rent their property — they do not own their property — and it is quite a common thing that people will rent for life. They will rent for their entire life and not actually seek to own a property, so it is quite a different construct to what we have in the Australian context. Indeed you have a vastly different cooperative sector. If you look at places like Sweden and some of those Nordic countries, they have a really significant cooperative sector. It is quite a different structure to what we have here.

In Australia we have colloquially what are called the mum and dad investors. We do not have institutional investment in the private rental market. That is why this is such a significant sea change, I think, from the way that the provision of private rental housing is going to go forward. If we look back over this period you will find, if in fact the federal government is re-elected and does propose to put another 50 000 into the market, 100 000 units into the private rental market is going to make a massive difference, and subject to a next round of those units becoming available Victoria would have to consider our engagement in that.

Mr RICH-PHILLIPS — Could I get some clarification on that last one? On the subsidy scheme you were talking about, Minister, you mentioned VicUrban.

Mr WYNNE — Yes.

Mr RICH-PHILLIPS — Are you saying your agency and the federal government are going to subsidise VicUrban to do what they are already supposed to be doing? They were set up to provide affordable housing, so why are they eligible for the subsidy scheme?

Mr WYNNE — I may have to take some of that on notice in relation to VicUrban. My understanding is the subsidy does not go to VicUrban. VicUrban would be the constructor of the product. The investor in this context would be using VicUrban as their developer in effect. There would be a private sector investor who would be using VicUrban as their developer.

Mr RICH-PHILLIPS — So there is really no involvement with VicUrban?

Mr WYNNE — Can I take that aspect of it on notice? But the subsidy would not be going to VicUrban; it would be going to the investor.

The CHAIR — Anything further you could elaborate on would be good.

Mr WYNNE — But I will clarify that point for you.

Mr DALLA-RIVA — Minister, I refer to budget paper 8, page 442, about long-term housing assistance and the quantity of properties acquired during the year for long-term housing. I note the target for 2009–10 was

3430 properties. The expected outcome for this financial year is 2960, which is a deficit of 470. The footnote says:

- (h) The 2009–10 expected outcome is lower than the 2009–10 target due to lower than expected performance from the Nation Building and jobs plan. The commonwealth government reduced Victoria's allocation by \$318 million.

Mr WYNNE — Yes; correct.

Mr DALLA-RIVA — Page 53 of the Nation Building progress report to 30 June 2009 says that the social housing allocation had been reduced by \$750 million, which resulted in 800 less new homes being built nationwide. A cut of \$318 million equates to 42.4 per cent of the \$750 million taken from social housing nationally, and the budget paper reveals that 470 of the 800 homes, or 59 per cent of the homes cut from the program, actually came from Victoria's share. So I ask: what did you do as a minister to stand up for Victoria? Did you accept that Victoria would bear the brunt of the cuts to the social housing component of the Nation Building economic stimulus plan at a time when Victoria has recorded the longest public housing waiting list of all Australian states and territories, according to the Australian Institute of Health and Welfare?

Mr WYNNE — Mr Dalla-Riva, as you know, I am pretty passionate about public and social housing — absolutely. We were not consulted on the decision by the federal government to reduce our funding. It meant, as you rightly say, we are down 470 units on the target, and 428 of those can be directly attributed, as I advised the Parliament by way of questions, to the reallocation of what had been Nation Building funding for housing into Building the Education Revolution. We lost in the order of, as you say, \$318 million. Would we have liked to have had that money? Absolutely, we would have, but we were not consulted about it. It was a decision that was made by the federal government. Only last week we got a further allocation of \$170 million for the three projects that I talked about, but it does not account obviously. There is no direct correlation between those two decisions, but it is \$170 million that has come back for housing outcomes for Victoria.

The other aspect of it is that 42 units in there have been reclassified as transitional housing, and therefore cannot be accounted for as long-term housing. The guts of it is the question that you have basically raised.

Mr DALLA-RIVA — So they have taken \$318 million, but they are giving you —

Mr WYNNE — It is \$175 million.

Mr DALLA-RIVA — Is it \$177 million? I am just looking at page 314, which was raised before by Ms Graley. In the context of the national rental affordability scheme, if you look at the forward estimates there is actually nothing there. It says:

Additional funding to housing for phase 3 of the national rental affordability scheme incentives is not required until after the forward estimates period —

although the forward estimates period, I note, goes up to 2013–14 on that outputs initiative 'Human services'. I guess what I am trying to say is how can we rely on you as minister? You are saying that you are expecting the money to come from the federal government, but they have already given it to you in the back, so to speak — knifed you in the back — by taking the money when they promised it to you in the first place.

Mr NOONAN — Some money.

Mr DALLA-RIVA — How can you be sure that he is actually in there at Canberra fighting it? Do not grumble at me. I am not the one who lost the money. Answer the question.

The CHAIR — All right. In terms of the clarification, the minister, as it relates to the estimates.

Mr DALLA-RIVA — It is a lot of money.

Mr WYNNE — That is fine. What you say, Mr Dalla-Riva, is correct. We lost \$318 million and there is no question about that. It was reallocated funds from housing that went into Building the Education Revolution. They are the simple facts of it. The impact is clear. You rightly point out what it is, and you make the point: how can we guarantee NRAS? The NRAS guarantee is in relation to contracts that are established and set for each of these houses going forward for the 10 years, whether it is federal money or state money. Would I like to have been in a position where the 428 units were in our budget? Absolutely, I would. But I simply say to you

that the 4500 units that we are going to build under the stimulus package are going to make a big difference to the lives of vulnerable people in this state.

Mr NOONAN — Can I ask you a question about rooming house initiatives? There is a reference on page 295 of budget paper 3 in relation to the rooming house standards task force which I think was led by the member for Albert Park — correct me if I am wrong — —

Mr WYNNE — Yes, indeed.

Mr NOONAN — — with stakeholder contributions throughout that process. I note that there is now, as part of this budget and forward estimates and as part of the APRA initiatives, at page 283 money for rooming houses which goes to implementing some of the recommendations from the task force work. I wonder whether you can provide the committee with an overview of the initiatives that will become a reality as part of this new initiative?

Mr WYNNE — I think, in a bipartisan way, people would say that women and children living in rooming houses is just not appropriate and we ought to do all we can as a Parliament to ensure that where women and children are living in vulnerable circumstances we make that our priority. That is really in essence what were the key elements of what the Foley report addressed. There were 32 recommendations in that report. He consulted extraordinarily widely right across all the key interest groups, from the welfare organisations through to private rooming house owners The Real Estate Institute of Victoria, the tenants union, local government, the MAV, VLGA were all engaged in this conversation. What he brought together was a really excellent set of recommendations.

We have dealt with really quite complex issues around registration of rooming houses where you have had people who simply have failed to register themselves. So you have got this intersect between local government and the Health Act about who is responsible for which bits, people who are not registered, people who are running rooming houses of a very poor standard. So we sought to deal with these issues around minimum standards for what ought to be acceptable for people living in rooming houses, and they were very important initiatives. The regulatory environment was around minimum standards, better registration, and of course more powers for the director of Consumer Affairs Victoria through its compliance processes to really work very much with local government in ensuring that rooming house operators get themselves registered.

The government did commit to all 32 recommendations and we did provide a very significant amount of money, \$77 million, to support the recommendations of the Foley review. In that context, we committed funds from Nation Building for 200 units of housing to be made available for women and children to exit rooming houses. The initial response was, and remains, to provide immediate accommodation. Some of that may be short-term accommodation in serviced apartments and hotels and so forth, and then there is the \$50 million from Nation Building to provide exit points to more stable accommodation whilst other opportunities open up. We do not regard this housing as being specifically long-term housing, but it is saying, 'Here's the initial intervention. Get people out of the rooming houses, get them into these 200 new houses that we are building, and then look for what the other opportunities from here moving forward', because I think it is an established position across government that this is not appropriate housing.

If you look at registration, you look at minimum standards, you look at the new powers for the director of Consumer Affairs Victoria, you look at the acquisition programs that we have already undertaken in terms of being very actively out there in the marketplace seeking to intervene, we have already established six new rooming houses that have been purchased, which is fantastic, so that is 142 rooms, and we have leased three new rooming houses, 162 rooms. So we are very actively out there, using third parties, obviously, not the director of housing herself, to get out there into the marketplace and being very opportunistic in trying to purchase rooming houses.

I think one of the dangers going forward in the rooming house area is that many of the older operators of rooming houses are getting old — they are old. They are older and they just do not have the commitment or energy any longer to maintain these rooming houses. That is a big danger for us, going forward, because often the families say, 'Well, we don't want to be in this; we would just prefer to put the property or properties on the market', and then they are gone. That is a big issue for us, so there is quite a significant supply challenge for us going forward. But I think this is a fantastic intervention. It is a large amount of money, \$77 million, and we are

specifically targeting the most vulnerable in our community: women and children who should not be in rooming houses.

Dr SYKES — Minister, I would like to explore public housing in Geelong. The reference is budget paper 3, page 115. On the information provided to me, the waiting list in Geelong for urgent early housing has blown out from 42 families at 30 June 2002 to 579 families at 31 March 2010. That is something like an over 1200 per cent increase. The general waiting list for public housing in Geelong has increased significantly, from around about 946 families in June 1999 to 2367 at the moment, as I understand it.

At the same time as the waiting list increase, it would appear, according to the *Summary of Housing Assistance Programs* for 1998–99 and 2008–09, that the number of direct-owned or managed public housing dwellings in greater Geelong has decreased under Labor by 87, from 3585 direct-owned or managed public housing dwellings back to 3498. My question is: are those figures correct and why are you reducing the number of houses at a time when the number of vulnerable families looking for housing is increasing?

Mr WYNNE — You ask a highly specific question and my colleagues now are trying to find whether they have Geelong figures with them. We do not, but I can come back to you because there is a very significant investment in the Geelong region on Nation Building. It is a large investment in Geelong on Nation Building. Also, if you think about Corio-Norlane, where the government has put an enormous amount of money into our urban renewal projects, we are looking there, going forward — and \$40 million has been invested in Corio-Norlane, in Geelong — at an investment not just in upgrading some of the stock there; we are actually looking to develop some super-lots where we can get a higher density of housing in that area.

The broader question you ask is: has been a reduction? I will have to take that aspect of it on notice, but I can indicate to you that we are certainly building right in the heart of Geelong, as you know, a project that has caused a little bit of controversy, in Moorabool Street, which is a joint public-private development where we are putting 30 units of social housing and 60 of private housing on the TAFE site in Moorabool Street, which is a beautiful big site. We are continuing a conversation through the Minister for Planning around some issues that the local community have had pertaining to density and siting of some of those properties. Certainly the local community have been fantastic. They have said, 'We want the social housing. We want it up as soon as possible'. It is going to be a two-stage process. We will get the first stage, the social housing, up, which will be a net contributor of 30 right in the heart of Geelong, and we will work further with the local community around the private housing, which would be a part of that complex.

The advice I have — this is the Barwon region so it is not specific to Geelong, but the figures I have here, and they are so small I can barely read them, I think it reads 5801 in 1998–99. Now we are up to 6191, so it is a net increase. Can I be more specific? If you are talking about the city of Greater Geelong area —

Dr SYKES — Greater Geelong, yes.

Mr WYNNE — I will take that on notice and I will come back through the usual process.

Ms PENNICUIK — Minister, as you know, the heatwaves in January 2009 resulted in around 980 heat-related deaths, which is 374 above the yearly average. What practical measures is your department taking to reduce the sustained heat that residents experience in high-rise public housing during and in the days after heatwave conditions — I mean, measures to make the dwellings livable during heatwave conditions?

Mr WYNNE — I was aware of some recent publicity around that from your colleague Mr Barber.

Ms PENNICUIK — He takes a very keen interest in this issue.

Mr WYNNE — Very keen, no doubt about that, a very keen interest.

Ms PENNICUIK — It is a very important issue.

Mr WYNNE — Absolutely.

The CHAIR — Without the argy-bargy, Minister.

Mr WYNNE — It is an important issue.

The CHAIR — I know it is important.

Mr WYNNE — As we know, the cost of utility bills falls most heavily on low-income people. There are people who have advocated for air conditioners to be installed. The public policy position of the Office of Housing is that air conditioners can be installed on the basis of medical advice. That is the key public policy position the that government takes.

More importantly, we have been also concerned about the question particularly of elderly people in our housing. The director of housing has undertaken a terrific program which has been called Keeping in Touch, where we have sought to ring every resident over 75 years of age to give them, if they wish, through our call centre a regular call, a weekly call, if they want to have that engagement with us, about just how they are going. Do they need any further supports? Is there anything they need? Sometimes it is basic things like someone to just come and change a light globe or things like that. Sadly, for some people, it is in fact the only point of contact that they do have with the outside world. For some people that is the reality.

We piloted this in the north and west region and 1134 tenants registered for the weekly service and 5000 tenants registered for a six-monthly service, so a number for the weekly and others just, 'Look, give me a call in six months and we'll see where we're up to'. In that context, we specifically wanted to target that for the very reason that you raised: people trying to deal with the extraordinary heatwave that we have had. We have offered, obviously, practical advice to people about what to do in those circumstances. We also have in some of our high-rise estates staff who are engaged in supporting our residents, particularly in the high-rise areas.

We do have what we called an Older Persons High Rise Support program and our workers do go out and provide support to approximately 800 aged tenants. So we are there on the ground working with residents in those towers, but also through the Keeping in Touch program, I think that has made quite a deal of difference.

The heart of your question is: are we going roll that out as a systemic program of the department? No. We will do it on a case-by-case basis and people will have to provide us with adequate medical documentation of their need for air conditioning.

Ms PENNICUIK — Chair, I was not referring to the Keeping in Touch program, which I think is a good program, but it does not actually reduce the heat people experience in their high rises. I noticed that you mentioned air conditioners as well, and certainly, perhaps on medical advice, that might be a good thing.

Mr WYNNE — Well, it is our policy.

Ms PENNICUIK — As you mentioned in the start of your answer, most of these people are not keen on air conditioning or are concerned about air conditioning being the only response, because they cannot afford the electricity bills that are attached to that. My question was: what other measures, besides Keeping in Touch, besides the older persons support program and beside air conditioners, does the department have in train or planned or is it looking at to actually reduce the amount of heat that residents experience in their units?

Mr WYNNE — The other aspect of it is that with the Nation Building money we are required to construct all our buildings to 6-star standard. That goes to the heart of the question.

Ms PENNICUIK — New buildings? Existing buildings.

Mr WYNNE — Existing buildings. You talk about our high rises, or not just our high rises.

Ms PENNICUIK — It is not just the high rises.

Mr WYNNE — In fact 17 000 properties have been upgraded since April 2003 with energy and water-saving features, including energy-efficient lights, improved insulation, ceiling systems and solar hot water. We have a range of those initiatives. You know very well that those towers are structurally quite difficult. If you are talking about towers, which was implicit in your question and in fact your colleague did talk about them in towers, where he was wanting to have some interventions there, and that is why I have concentrated on those. There are certain limits to what you can do in those towers, apart from the energy-efficient measures that we have already put in place, because of the particular orientation of how those towers were constructed.

Obviously they do take a significant amount of heat on those very extreme days. That is why, particularly in the elderly persons blocks, we have workers there on the ground, saying to tenants, 'Listen, the next few days are going to be really tough. Think about when you want to go out. Think about when you need to do your shopping. Think about how you can stay cool, not moving around too much, hydrating yourself, making sure you keep your windows closed' — all the obvious things. But sometimes people do neglect that.

The CHAIR — Two more quick questions before we finish on housing, Minister.

Mr SCOTT — I refer the minister to page 115 of budget paper 3, specifically to the output entitled 'Percentage of neighbourhood renewal projects that have achieved active resident participation in governance structures', and I ask the minister to outline how neighbourhood renewal will engage with communities and residents over the estimates period.

Mr WYNNE — I think neighbourhood renewal has been an absolutely extraordinary success story of this government. We have 21 sites and 2 of those have now completed their eight-year investment. This has been a massive investment by the government over eight years, Latrobe and Wendouree, and of course the government's efforts in this space continue through our strong associations with the local governments in those areas as well. Can I say that the member for Ballarat West, who as we know is retiring, has just been a sensational champion up in her area of neighbourhood renewal.

I think the key to neighbourhood renewal is that it has been locally based. That has been the key, and we have brought an extraordinary number of partners together to be a part of it. If you think about neighbourhood renewal, we have tried to target those programs across regional Victoria and metropolitan Melbourne in areas of significant deprivation, where there has been long-term, systemic deprivation, and to get in there and invest in a collaborative way — commonwealth, state, local government and business as well.

Just briefly, a few of those achievements: a 4 per cent reduction in unemployment in those areas, from 17 to 13, double the rate of other areas, and an increase in education qualifications, because when you target these programs on the ground, into the neighbourhood houses, into the local facilities, people will engage in it and they hungry for these services. I think some of the problems we have, particularly with the training programs that are delivered by the federal government, they do not go down far enough, they do not go down really to the community level where you can make a huge difference. Also: a significant decrease in turnover, which is fantastic, an 8 per cent decrease in turnover of stock; huge outcomes in terms of employment, 5500 job opportunities generated through the community jobs programs; social enterprises that have sprung up all over the place; and just some fantastic work that has been done, often by residents themselves, to upgrading the physical environment of the areas as well.

I can point you to infrastructure and urban design projects that have been undertaken. But a place-based approach is what has been at the core of this and that is why it has been successful and it will continue to be one of the significant programs of this government going forward. I just think that where you do put in place a long-term investment — eight years — where you put on the ground workers who are able to help, support and mobilise communities, and where you structure it in such a way that people can see that there are both positive outcomes to the fabric of their community and supplemented by relevant training programs and job opportunities, it makes a profound difference in the lives of those communities. I am immensely proud of what the government has done here. It has been independently assessed. It is just a great program.

Mr RICH-PHILLIPS — I would like to ask the minister about rooming houses. Before I do that can I just get a clarification on Mr Scott's question about neighbourhood renewal? You said the independent assessments are done. Is that on each of the individual projects, and is there a valuation report that is released?

Mr WYNNE — Yes. I will ask the director of housing.

Ms CRAWFORD — There have been two evaluations of the program that have both been published.

Mr WYNNE — We will direct you to them.

Mr RICH-PHILLIPS — This is on a project-by-project basis or a location-by-location basis?

Ms CRAWFORD — I think they generally cover the entire range of projects. I am not sure that they go into the specifics.

Mr WYNNE — I will provide that. I will make sure you get those.

Mr RICH-PHILLIPS — Coming back to the issue of rooming houses, which we touched on before, you said it was not appropriate for women and children to be living in rooming houses.

Mr WYNNE — Yes.

Mr RICH-PHILLIPS — I think everybody would agree with that. Could you update the committee on the case of Jane Butcher and her 16-year-old son? This was raised in January in the *Sunday Herald Sun*. She was living in a rooming house and actually had to share a bed with her son. I wonder if the department has addressed that situation as yet, or whether that situation is continuing?

The CHAIR — That is probably something, given the time, we can take on notice. Do you have the details?

Mr RICH-PHILLIPS — I presume it is known to the department?

Mr WYNNE — I am sorry, I will have to take that one on notice.

The CHAIR — Yes, take that one on notice.

Mr WYNNE — I will certainly come —

The CHAIR — It is not quite on the estimates.

Mr WYNNE — I do not have an answer for you today on her, but I would be happy to take that on notice. Jane Butcher?

Mr RICH-PHILLIPS — Jane Butcher.

Mr WYNNE — Thanks very much.

The CHAIR — I thank Ms Crawford, Mr Jenkins, Ms Congleton and Ms Callister for their attendance.

Just before we finish with Human Services, I would like the secretary to recheck the department's answer for the portfolio on question 8 of our budget estimates questionnaire, where we asked for a list of up to five projects of programs worth over \$1 million to address environmental issues.

Mr WYNNE — Sorry, are you directing this to me?

The CHAIR — Yes, through you, to the department. It is in terms of an answer to question 8.1(c). Could the department review its question to that in terms of any particular projects for the portfolio. I think there is at least one that I know of, in terms of ceramic fuel cells, but there may be others that you can provide us the details of.

Witnesses withdrew.

4 Department of Innovation, Industry and Regional Development

Portfolios

4.1 Financial Services

4.2 Industrial Relations

4.3 Industry and Trade

4.4 Information and Communication Technology

4.5 Innovation

4.6 Major Projects

4.7 Regional and Rural Development

4.8 Skills and Workforce Participation

The hearings for these portfolios took place in week one of the budget estimates hearings and the transcripts of proceedings appear in Part One of this series of reports.

4.9 Small Business

Pages E1–7

4.10 Tourism and Major Events

The hearing for this portfolio took place in week one of the budget estimates hearings and the transcript of proceedings appears in Part One of this series of reports.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 17 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Helper, Minister for Small Business,
Mr H. Ronaldson, Secretary,
Mr J. Hanney, Deputy Secretary,
Mr J. Strilakos, Chief Financial Officer, Department of Innovation, Industry and Regional
Development; and
Mr R. Arwas, Executive Director, Small Business Victoria.

The CHAIR — I now welcome Mr Howard Ronaldson, secretary, Department of Innovation, Industry and Regional Development; Mr Justin Hanney, the deputy secretary, Department of Innovation, Industry and Regional Development; Mr Jim Strilakos, chief financial officer, Department of Innovation, Industry and Regional Development; and Mr Roger Arwas, executive director, Small Business Victoria.

I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the small business portfolio. Let us concentrate on the future rather than the present, Minister.

Overheads shown.

Mr HELPER — Chair, I point out to you, just to allay your fears, that half the presentation is actually appendices which I do not intend to go through, which are there for the information of members.

This presentation will examine the challenges facing Victorian small businesses as well as highlighting the government's major achievements and priorities for Small Business Victoria. Small business represents 96 per cent of all businesses. The statistics speak for themselves in terms of the economic contribution small business continues to make through employment, investment and exports. The role of Small Business Victoria is to help small businesses start, run and grow their businesses, which in turn will help maximise the benefits to the economy.

If we turn to the next slide, the past year has been challenging for small business, with the effects of the global financial crisis and the faster than expected, although uneven, economic recovery being felt across the sector. Small businesses are most concerned with their cash flow, lack of sales and the economic climate. However, small businesses are less concerned about these issues today than they were at the height of the global financial crisis in November 2008. This shift reflects in small business confidence levels, which have rebounded dramatically since their lowest level in November 2008. The focus of the government has also shifted in the past year. The government is no longer focused on helping small businesses cope with the GFC. Instead, in 2010–11 small businesses will require assistance to maximise the opportunities created by the economic upturn.

Small Business Victoria is well positioned to provide practical assistance to small businesses, regardless of the economic cycle, through the delivery of established and new programs and services. Small Business Victoria's core function is to provide information, programs and services to help small businesses start, run and grow their business. The government believes it is critical to provide information and programs to small businesses in tenders and operations. Small businesses that have participated in Small Business Victoria's programs are highly satisfied, as the slide shows. Participants from these three programs found the information was useful in making informed business decisions.

If we turn to the next slide, let us do a case study. New Touch Laser Cutting is a custom laser-cutting business, offering manufacturing solutions for all industries. That was established in 2001. Demand for New Touch Laser Cutting services was growing, and the business was experiencing some associated growing pains. In 2008 business owner, Brad, took part in the Grow Your Business program. Brad engaged in an intensive strategic planning process for the business, which included a thorough market research survey of existing customers. This process led directly to setting up a new partner business, New Touch Fabrications, in early 2009. The new touch business now offers a one-stop metal fabrication shop to existing and new customers. Good on you, Brad!

Achievements in 2009–10: the government has commenced delivery of its new \$52 million Skills for Growth, the workforce development program which helps SMEs develop the skills of their workforce. Delivery of Skills for Growth will continue to be a priority for Small Business Victoria in this financial year. The program aims to provide direct assistance to 5500 eligible SMEs and deliver 55 000 employee placements into accredited training over the next three financial years. So far over 2300 businesses are participating in the program. More than 8500 employees have either enrolled in or completed accredited training, with many more placements into training anticipated over the next few months.

Calder Property Services is an excellent example of the Skills for Growth program in action. Let us do another case study. Calder Property Services is a cleaning business that was established in 2001 and has 25 employees. Business owner, Michael, registered for the Skills for Growth program in September 2009 to get staff qualified and recognised for work they are currently skilled in. Michael received one-on-one assistance from a workforce planning specialist to develop a detailed plan to ensure all staff received training in planned stages when

convenient for the business. Staff received training in asset maintenance, construction, induction and first aid. Qualified staff has enabled the business to undertake contracts it previously was not able to bid for. Michael is now confident he can leave staff on site because they are fully trained, which means Michael can focus on growing the business. Congratulations, Michael.

The CHAIR — We better get you to look at the priorities for next year, I think. Your 5 minutes is up.

Mr HELPER — The 5 minutes are up?

The CHAIR — Yes.

Mr HELPER — Let us go to priorities, then, if I can skip to that slide. Small Business Victoria will focus on four key parties in 2010–11. These priorities represent the further development of core programs and services as well as the establishment of new programs and services. Funding of \$11.9 million was provided in the 2010–11 budget for small business to continue to deliver its successful workshops and seminars program, small business mentoring program and the Energise Enterprise festival. This funding will also be used to deliver the new regional continuity program. This program aims to support small businesses cope with significant change in their regions.

Given the time pressure you are placing on me, I urge members of the committee to peruse the presentation in their own good time.

The CHAIR — Thank you for that, including appendices, which maybe you will be able to allude to when you are answering questions. Minister, can you tell the committee, because we are interested, what are the medium and long-term planning strategies that you have underpinning the budget in this particular portfolio, and have there been any changes since last year?

Mr HELPER — The programs that we run, firstly, go through an extensive evaluation process and, secondly, go through a very significant process of ensuring that there is user satisfaction with those programs. Certainly with user satisfaction, one of the slides in the presentation refers to that and suggests that there is a high level of user satisfaction. We finetune our programs as we actually deliver them. The second two important drivers of our priorities are two advisory councils that I am very fortunate to have working to me; there is the Small Business Advisory Council and the Victorian Multicultural Business Advisory Council. Both councils deliver some terrific ideas, some terrific feedback on the relevance of programs and some terrific small business intelligence from right around the state to help us develop our programs and help ensure that the priority setting and program design that we put forward within government meets the needs, as best as is possible, of the small business sector.

Ms PENNICUIK — Minister, I would like to ask a question about the Skills for Growth program. As far as I can ascertain there are around 190 000 small enterprises in Victoria with 1 to 19 staff and about another 19 000 medium-sized enterprises with 20 to 199 employees. You mentioned in budget paper 3, page 121, the target is 3500 businesses assisted under that program.

Mr HELPER — The total is 5500 businesses targeted.

Ms PENNICUIK — In this year the target is 3500. That represents about 1.67 per cent of all small businesses if you use the figures that I have just mentioned, so I just want to ask the question: how is it managed in terms of which businesses get assisted? Are there more businesses asking to be assisted than can be assisted? If that is the case, how do you work out who gets assisted and who does not get assisted, given that there are so few in terms of the total number of small businesses?

Mr HELPER — It is a good question. The way we manage demand is like any other program that is delivered by government that has a cap to it. When we reach 5500 businesses we will, firstly, evaluate the success of the program — and I am confident that we will be able to be very proud of the program we have delivered — and we will, secondly, say that this program, this commitment of \$52 million, has come to an end. The government at the time may choose to extend the program, as often is the case, but I cannot speak for the government at the time. Demand management, apart from businesses that apply having to meet eligibility criteria, is open ended until we reach the quota — the target — that we have set in the program.

The CHAIR — Do you get killed in the rush I think is the question.

Ms PENNICUIK — I did not quite get to it. I notice in the handout that you are spending I think \$295 000 on advertising. My question is: if you got, for example, 5400 small businesses wanting to be assisted this year and your target is 3500, do you go over the 3500 because you have got more, or do you stick with the 3500, and how do you work out which of those? That is what I am asking.

Mr HELPER — It is a management process where we make predictions of the number of businesses that are able to go through the program. Keep in mind that one of the steps of a business going through the program is to work through their skills development plan with a consultant. We have a number of accredited consultants — 25 service providers. In a way the likelihood of those 25 service providers being able to deliver those 5500 quite detailed plans in one year, as opposed to three years, is unlikely. Effectively when we have done 5500 it is full; in the meantime it is the capacity to deliver workforce plans, et cetera, and run businesses through the program of 25 engaged contractors.

Ms PENNICUIK — But you would not be aiming to do them all in the one year anyway?

Mr HELPER — No, we would not.

Ms PENNICUIK — Because you have got targets for each year.

Mr HELPER — Yes, that is right.

Ms PENNICUIK — The target last year was 2000; this year it is 3500.

Mr HELPER — Without giving ourselves excessively much of a pat on the back, so far the way we are meeting the targets suggest that with our progressive targets we had a pretty good handle on the demand that the program would solicit. As I say, it is certainly a fallback limiter to all the 5500 businesses coming along in the first week, so to speak, that there are only 25 contracted delivery consultancies for the business evaluation.

Mr SCOTT — Minister, budget paper 3, page 11, mentions the Energise Enterprise program as part of the start and run a successful small business initiative in the small business support package. Can you tell us how effective Energise Enterprise is and what the plans are for the 2010 festival?

Mr HELPER — Energise Enterprise goes from strength to strength every year, exceeds our expectations and is, I think, a hallmark of the way we deliver services to small business in this state. Last year, in August 2009, we had 38 000 individuals representing Victorian small businesses come to Energise Enterprise events. This is in excess of our target of 35 000 attendances. Also we also had participating events up by 24 per cent at 414 events last year. It is worthwhile pointing out that those events were well spaced around the state, with very strong regional representation as well as metropolitan representation of course as well. Of the 38 000 attendees, 31 per cent were from regional Victoria — again, a good representation — and 28 per cent of the events were held in regional Victoria.

The other thing is that we do not just want people through the door; we want people to come through the door and think about their experience and take away some benefit from their experience, and 94 per cent of attendees reported that the event they attended was relevant to their needs, and 93 per cent of attendees said they gained additional skills and knowledge from the events they attended, which I should point out, is a 9 per cent increase on that satisfaction indicator from 2008.

You asked me about Energise Enterprise in August this year. It will be more important than ever. As we see the change in focus of our small business sector, as I said in my presentation, from survival to taking advantage of the recovery as we come out of the global economic crisis, that is, of course, an important, different focus. We certainly expect the number of events to increase significantly again on those 414 we had this year, and we anticipate an increase in attendances again as well.

The CHAIR — I went to a couple of them last year. It is good to see them spread out among the suburban areas rather than just in town.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3, page 121. It relates to small business quality and performance measures and outputs. From listening to you I understand there is a range of programs that you

have announced — and you mentioned the history and the past. In March you also announced another booklet, *Big Help for Small Business*. I am trying to reconcile the performance measure here at 90 per cent with the success, given all these glossy publications and the endless numbers of programs and workshops, when the March Sensis Business Index on small and medium enterprises actually records Victoria as having the lowest small business confidence levels in the country, and 63 per cent of those surveyed said the state government policies have had no impact on their business. How do you reconcile your unit measure of 90 per cent in the forward estimates when a countrywide assessment actually places your government as the least performing?

Mr HELPER — I am sorry, Chair, I may be pushing your indulgence a little, but as background can I just describe my own circumstances before entering Parliament, when I was in business? I used to have three in-trays, I guess. One was for the sort of general stuff as it came in and of the other two, from one I would open only the envelopes that were glowing red and my power was about to be cut off. The third tray was really for correspondence that suggested — it sounded like a good idea and I thought that I would get around to it one day, that type of thing. You can imagine that last tray was probably about 3 feet deep, and I never did get around to it.

The reason for me telling that tale and relating it to my own experience is that the small business sector is a very difficult sector to engage with. It is extraordinarily diverse in what it does. It is in many cases a very insular sector. In other cases it is extrovert as well, but it is a relatively insular sector. Our engagement with the 500 000 small business operators in Victoria is necessarily somewhat limited by our ability to engage with those 500 000 people. Suffice to say, however, that we certainly make a great deal of effort and so do my two advisory councils to find ever-new and innovative ways of engaging with my small business constituency.

I think if you look at that performance measure, it relates to actual satisfaction with particular programs. I used the figures before for the Energise Enterprise success. The quality perceptions that people take away from it, the satisfaction, I guess, with those events is very high, and so is the satisfaction with a lot of our programs. It is a constant challenge, one that I am always prepared to modify to reach an ever greater number of small businesses.

For example, my small business advisory council, which I referred to before, suggested — and I look forward to its unveiling relatively shortly — that we really needed to be mobile in our interaction with urban, metropolitan, regional and country businesses. We needed a mobile facility to take our service offering to small business. As I said, I look forward to it being unveiled soon. It will be a small business bus that we will take to strip shopping centres in all parts of the state and to particular incidents — for example, it would have been a useful thing to bring to the bushfire-affected areas immediately after the bushfires to provide that immediate support to the small business community so sadly affected. We do look to improve our reach. We use technology in that; we use different approaches — as I said, I get advice from my two advisory councils — and we do use advertising in the most appropriate means we can possibly get. I look forward to that.

Insofar as the business confidence rating in Victoria is concerned, I think you are actually underestimating the resilience of the business community in this state. Of course the business confidence took a battering from the global financial circumstances. It was not just restricted to small businesses; it also affected large businesses in their confidence levels. Virtually the definition of a ‘recession’ is that there is a lack of confidence. I think our recovery effort in business confidence in this state is one that we should be very, very proud of.

Mr DALLA-RIVA — I want to clarify the target given you mentioned the global financial crisis. For 2009–10 the expected outcome is 90 per cent. I am trying to get how you do the client satisfaction —

Mr HELPER — It is of people who are participating in our programs. They are the people who have come through the door. It is a rating of their satisfaction. It is not a rating across the 500 000 Victorian businesses.

The CHAIR — So you use the other things that Mr Dalla-Riva has referred to.

Ms GRALEY — Minister, I might refer to a couple of slides in your presentation. Firstly, I refer to the one about reducing the regulatory burden, because I know that PAEC members are interested in those sorts of issues and that is going to be a priority for 2010–11; and also the one in appendix D about World Class Service. I would like you, if you could, to tell the committee how Business Victoria is contributing to reducing the regulatory burden through World Class Service.

Mr HELPER — Before I commence answering the question I need to point out that in past years there has been a misunderstanding and misperception that my department, the Department of Innovation and Industry Regional Development, actually is a big regulatory department; it is not. Therefore the reduction in regulatory burden that we try to effect is not about cutting our own regulation — albeit wherever we can we certainly do that also — but it is more about allowing businesses to better interact and interact more efficiently with their regulatory obligation as they conduct their business.

The Reducing the Regulatory Burden initiative has made significant progress in generating savings for businesses based on initiatives that have been completed or are in the process. At the last update of September 2009 an estimated reduction of \$246 million per annum has been achieved. I do not lay claim to that \$246 million in regulatory burden reduction; that is across the whole of government. The target has actually been increased to \$500 million by July 2012.

You asked specifically about the World Class Service, and the Reducing the Regulatory Burden initiative has made significant progress in generating savings for business based on initiatives that have been completed, et cetera. I am reading from the previous briefing, am I not! The World Class Service initiative has currently around 100 000 people per month visiting the business user-friendly site. They are getting all the regulatory information they need in one place. That is what the burden reduction is about. It is asking how can we efficiently have businesses interact with their regulatory responsibilities; how can we make that straightforward for them; how can we improve their productivity in the process? All of that has been achieved by this. Business Victoria online is delivering an annual benefit to Victorian businesses of \$33 million in regulatory burden reduction and \$21.7 million in compliance savings for federal and local legislation. This is a good segue to indicate that we have taken the step of establishing World Class Service and via that have been able to embrace local government as well as federal government agencies into the one web page interaction for regulatory exchange with the business owner.

The other thing that we delivered through that very same site are a number of guides, references and worksheets that businesses can work through. We are using a number of different tools and taking credit for contributing a further \$127.3 million per annum in productivity improvements that those business derive from those guides and management tools that are available via the same website. We think we are making a significant difference to reducing the regulatory burden. We are not doing it by tearing up individual pieces of regulation, albeit we will always look to efficient regulation, as every department across this government does. We are achieving it by creating a better and more efficient interface between businesses and their regulatory obligations.

The CHAIR — Thank you, Minister.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the small business commissioner. The budget papers have a performance measure relating to its success in mediation activities, but I would also like to refer you to the annual report of the small business commissioner from last year and the commissioner's commentary on an investigation the office undertook into a complaint from a small business about a tendering process with the Department of Treasury and Finance for the Whole of Government eServices Panel. The commissioner commented:

In the VSBC view, the shortcomings of the process had resulted in a small business being excluded, in effect, from access to government work.

That was a reference on page 7. There is a further reference on page 29 of the annual report, where the commissioner stated:

As in previous years, the VSBC received a number of complaints against government departments, agencies and local councils. These complaints ranged from tendering practices, commercial and related relationship issues between parties, and alternative dispute resolution mechanisms to resolve complaints between small businesses and government.

My question is: given you established the small business commissioner in, I think, 2003 to assist small business, why is it having to devote its resources to disputes between small business and government, and what policies have you put in place to make it easier for small business to do business with the state government?

Mr HELPER — I am a little bit surprised at the final turn of the question. One of the roles of the small business commissioner is indeed to ensure that small business has an ability to resolve disputes with the government, as well as the other roles of the small business commissioner. I do not see anything unreasonable

about the small business commissioner taking a particular case and indeed a part of government to task. I think that is a positive thing for the small business commissioner to do.

The particular case that you refer to was a dispute between an unsuccessful applicant to join a tender list and the Department of Treasury and Finance. The small business commissioner made a number of recommendations that the Department of Treasury and Finance frankly disagreed with, as happens from time to time — there is disagreement. The interesting step, though, is that the Victorian small business commissioner made some recommendations for future change, and subsequently reported that he was encouraged by the Department of Treasury and Finance agreeing to implement those future changes to further increase the transparency of the ability for small businesses to get onto a tender list.

Other policies, you ask about. They are the fair payments policy, for example, whereby we require departments, for contracts of less than \$3 million, to pay those accounts within 30 days.

Mr RICH-PHILLIPS — What sort of monitoring does the commissioner do of the fair payments policy, because I note there have not been a lot of claims against that policy by small businesses, because we did a series of questions on notice about that. Does the commissioner have an oversight role?

Mr HELPER — The commissioner certainly has the ability to investigate any particular concerns. The oversight of the fair payments policy is, I guess, provided by this: an independent review of implementation and compliance was undertaken at the end of 2009 and the review and its recommendations were noted by the economic and sustainable development committee of cabinet on 28 January this year, so it is not that the fair payments policy is without its evaluation. Suffice it to say that at this stage that evaluation report or review is before a cabinet committee.

Mr RICH-PHILLIPS — On the issue of tendering more generally, though, surely seven years after the commissioner was set up the office still should not have to be sorting out tender specs which exclude small business?

Mr HELPER — Without going into the details of this particular case, I think — —

The CHAIR — We are looking at the future, Minister.

Mr RICH-PHILLIPS — Surely those issues should have been resolved by now? The office has been in place for seven years.

Mr HELPER — I think you will always have cases come up that are unique, in any activity, be it the small business commissioner's activity or be it in a court of law. We change our laws every now and again as well, and we will continue to do that for ever and a day. So the role and the unique circumstances that may arise require the ongoing ability for the small business commissioner to intervene, to make recommendations and, as has occurred in this case, to have the Department of Treasury and Finance accept those recommendations for process changes that reduce the likelihood of disputes between potential small business contractors and government in the future.

I think all these things point to a system that is working well. Where there are issues, the small business commissioner has achieved a positive outcome.

The CHAIR — We might leave it there. That concludes consideration of budget estimates for the portfolios of agriculture and small business. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice, the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days.

Committee adjourned.

5 Department of Justice

Portfolios

5.1 Attorney-General's

Pages F1–16

5.2 Consumer Affairs

Pages G1–11

5.3 Corrections

The hearing for this portfolio took place in week one of the budget estimates hearings and the transcript of proceedings appears in Part One of this series of reports.

5.4 Gaming

Pages H1–16

5.5 Police and Emergency Services

The hearing for this portfolio took place in week one of the budget estimates hearings and the transcript of proceedings appears in Part One of this series of reports.

5.6 Racing

Pages I1–7

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 19 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Hulls, Attorney-General,
Ms P. Armytage, Secretary,
Mr J. Griffin, Executive Director, Courts, and
Ms A. Crouch, Manager, Planning, Performance and Projects Unit, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolios of Attorney-General and racing. On behalf of the committee I welcome the Honourable Rob Hulls, MP, Attorney-General and Minister for Racing, and Deputy Premier at the moment; Ms Penny Armytage, secretary, Department of Justice; Mr John Griffin, executive director, courts; and Ms Ann Crouch, manager of planning in the planning, performance and projects unit, Department of Justice. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers as requested by the minister or his chief of staff can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council Committee Room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I now call on the Attorney-General to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of Attorney-General.

Overheads shown.

Mr HULLS — Thanks, Chair. I have a couple of slides. The first slide talks about the part of the justice budget that relates to A-G. You can see that the reforms and service delivery responsibilities of my department are supported through funding that makes up just over 24 per cent of the total DoJ budget. You have probably seen that slide from Bob Cameron, I expect. The next slide talks about how the justice statement has five key areas of focus: modernising justice, protecting rights — they are there.

Before outlining the key elements of the budget, I just want to detail some of the achievements that have been delivered across each of those areas. In relation to civil justice, I said previously here for too long the adversarial system has been at the heart of dispute resolution. We want to move away from that to appropriate dispute resolution. As a result we have expanded mediation services through the Dispute Settlement Centre of Victoria right across the state, with mediators now accredited under the national mediator accreditation scheme. We have introduced legislation in relation to civil justice reforms, and we have enabled courts to have power to implement a range of ADR techniques.

In relation to law and order, which is the slide after that, our law and order policy is fairly simple: tough on crime, tough on the causes of crime. In that area there are a number of important reforms now in place. That sends a clear message that crime does not pay. Offenders are brought before the courts more quickly. That frees up court and police time. It also ensures that underlying causes of crime are dealt with.

Asset confiscation — in the past decade the estimated value of criminal assets frozen in Victoria has increased from \$3.5 million in 2000 to \$53 million in 2009. There will also be tough asset confiscation laws that will further strengthen what we have, including new anti-avoidance powers; new powers for police to seize lawfully acquired property as a substitute for property used in a crime; strengthening the information gathering powers of bodies; and also more robust civil forfeiture powers, which would include confiscation of items likely to be used in future criminal activity.

There is new Criminal Procedure Act; radical reforms have been made to criminal procedures to slash paperwork and also to streamline court proceedings in getting alleged offenders to court more quickly, which frees up police time as well. The Crimes Act review is a comprehensive review of the updated offences right across the statute books to make them clearer, simpler, more effective and more consistent.

We are also reviewing the maximum penalties for these offences through the Sentencing Advisory Council. Court resources I will talk about later; there is substantial increase in court resources. It is a holistic approach. When I said ‘underlying causes of crime’, there is the Neighbourhood Justice Centre, the assessment and referral list, things such as the court integrated services program, all about addressing the causes of criminal behaviour.

As far as victims are concerned, we have continued to support victims’ movement from the periphery of the justice system to the centre. It includes not just the victims charter but the right of victims to read aloud their victim impact statements in court and to include photographs or recording to demonstrate the impact of a crime. Since we reinstated pain and suffering compensation for victims, there has been \$108 million allocated to over 22 500 applicants. Also, as far as fines are concerned, the recent fee waiver recovered something like \$100 million.

There is the charter of human rights. Despite doomsayers, the sky has not fallen in as a result of the charter. It is improving outcomes throughout the state, particularly through the public service. And equal opportunity reforms — the bill — were passed in the Parliament on 15 April.

Lastly, this year’s budget has an additional \$50 million over the next two years for Victoria Legal Aid, which is a huge increase. Again it shows a strong commitment to legal aid. There is \$11 million over the next four years to consolidate a new approach to dealing with Children’s Court matters. I do not know if Lisa Neville spoke about that, but this will be part of a new mediation system in the Children’s Court. There is the \$60 million we are investing in our courts to manage growth in demand. That includes extra judicial officers and also setting aside funds for personal safety intervention orders. Also, there is \$2 million in the budget for a legal services master plan, which provides long-term planning for courts infrastructure in metropolitan Melbourne and regional Victoria. That is a snapshot of what has occurred and a snapshot of what is in the budget. I am happy to try to answer any questions.

The CHAIR — Thank you very much, Attorney-General. We are interested in what is in the budget, as this is an estimates hearing. We did ask your colleague about what plans and strategies you had, and the secretary gave us an outline of the plans and strategies for the department as a whole, which included your portfolio. If there is anything to add, I hope that can be done on notice.

I want to particularly ask about the courts. This committee has taken a strong interest over several years in the management of the courts. I think we have even recommended and encouraged the Auditor-General to look at the performance of the courts in terms of delays and access to justice in Victoria. I notice in budget paper 3 on page 146 there is the output measure ‘court matters and dispute resolution’. I want to see what is in the budget in terms of meeting the increasing demand, addressing delays and speeding up access to justice here in Victoria. You can tell us about what level of resources and additional resources you may be applying to meet that.

Mr HULLS — The recent report on government services shows that the government’s massive investment of more than \$3.5 billion in the court system since 1999 is bearing fruit. A key indicator of court performance is clearance rates, and Victorian courts are finalising more cases than ever before. We have the second-highest criminal clearance rate across the nation.

The Supreme Court has the highest clearance rate in Australia, the County Court achieved its highest criminal non-appeal clearance rate for four years, the Magistrates Court had a record high level of criminal finalisations and the clearance rate for criminal matters in the Children’s Court was ranked first nationally. But of course more needs to be done in this area to tackle backlogs and meet increasing demands. With more police on the streets obviously more cases are reaching court and that increases demand.

That is why in the budget this year we allocated a further \$62.3 million to fund six new judicial officers and to reduce delays in the court system. What we allocated is as follows: the County Court will get two extra judges and two sexual assault list coordinators to boost that court’s capacity to meet increased demand arising out of legislation that, as you know, we passed to prioritise sexual offence cases, so that will assist there.

The Supreme Court will get two new judges, one trial and one appellate judge. Two new magistrates will be appointed, one for the Magistrates Court and one for the Children’s Court. On top of that there will be some \$2 million allocated for a legal services master plan which will detail the need for more court facilities, including multipurpose court buildings in growth suburbs of Melbourne and regional cities.

I can also say — I do not know if you have been asked about it; I certainly have — what is going to happen with the royal commission rooms that are currently being occupied. At the conclusion of the royal commission its two hearing rooms will be retained by the government as a modern multi-jurisdictional court facility. The hearing rooms can accommodate large numbers of parties, as well as members of the public and also the media, and are fitted out with state-of-the-art audiovisual and IT systems. These extra courtrooms will provide flexibility for a variety of cases and will help reduce delays. We think that that is an appropriate use of that facility. There has been some talk about what will happen when the royal commission finishes.

There has been a massive increase in relation to court resources, not just since we have come to government but in this year's budget. We think that will go a substantial way to further address increased demand, as well as other reforms that will be implemented to get things on more quickly and the like, but there is a substantial increase in judicial resources.

The CHAIR — We look forward to the national reports in future years showing improvements.

Mr RICH-PHILLIPS — Minister, I refer to the legal policy, advice and law reform output group in budget paper 3, page 141, and I refer to this morning's decision by the Supreme Court to set a sentence of a minimum period of only eight years for Luke Middendorp who was convicted of defensive homicide, which is supposed to relate to excessive use of force in self-defence, after he stabbed his ex-girlfriend four times in the back.

I also refer to the cases of Callum Smith, who pleaded guilty to defensive homicide after he stabbed Christopher Leone more than 40 times — he was found to be suffering from schizophrenia and was sentenced to a non-parole term of just four-and-a-half years — and the case of Gordon Spark, who pleaded guilty to defensive homicide after killing his grandfather with a baseball bat, dismembering him with an axe and profiting \$8000 in cash, and was sentenced to a minimum of less than five years.

Would you agree that your law of defensive homicide has turned out to be another soft-on-crime debacle, and will you allocate funds within the legal policy output group to fix what is yet another huge legal loophole of your making?

The CHAIR — The Attorney-General, as far as it relates to the estimates.

Mr HULLS — If you actually recall the law reform commission's report in relation to this matter, when we decided to abolish provocation as a partial defence to murder, the law reform commission recommended that that occur and the law reform commission also recommended that there be changes in relation to the law of self-defence. You will probably recall that in relation to self-defence, self-defence was a full defence to murder. A person, if they were able to raise the issue of self-defence successfully and they had been charged with murder, would be convicted of nothing — that is, it was murder or nothing.

In relation to the suite of reforms that were recommended by the law reform commission, those suite of reforms included abolishing provocation which — as you would know and I have said this publicly — was often used by misogynist males as an excuse for violently assaulting and killing women. It was used as an excuse.

Mr RICH-PHILLIPS — As distinct from this case, as distinct from the Middendorp case.

Mr HULLS — Whereas in relation to defensive homicide, with defensive homicide a person can be convicted of an offence even though they attempt to raise self defence. Previously people who were successfully raising self defence as a defence would either be convicted of murder, if they were not able to raise it successfully, or, if they were, would go free. The law reform commission recommended this new offence, defensive homicide, whereby if a person is able to raise defensive homicide, they do not go free — they are actually convicted of manslaughter.

Mr RICH-PHILLIPS — So eight years is sufficient for killing a girlfriend?

The CHAIR — Without assistance!

Mr RICH-PHILLIPS — And five years is sufficient for killing a grandfather and dismembering the body?

Dr SYKES — That is disgraceful.

Mr HULLS — One of the arguments is that if defensive homicide did not exist, people could be charged with an offence and raise self defence successfully and get off scot-free.

Dr SYKES — You have not fixed the problem.

The CHAIR — Without assistance, please! The Attorney-General, to continue.

Mr RICH-PHILLIPS — Five years for killing and dismembering the body!

The CHAIR — Without assistance, please!

Mr HULLS — A person who successfully raises a defence of defensive homicide, which was introduced following the recommendations of the law reform commission, can be sentenced for manslaughter, and the penalties that can be imposed for manslaughter are extremely serious.

Mr RICH-PHILLIPS — Yes, four and a half years or five years!

Mr HULLS — You asked about particular penalties that have been imposed — as you would know, I am a firm believer in judicial discretion and a firm believer in judges making decisions in relation to sentencing. I am vehemently opposed to mandatory sentencing.

Dr SYKES — Soft on crime.

The CHAIR — Without commentary!

Mr WELLS — Obviously there is a soft-on-crime approach.

The CHAIR — Without assistance! Ignore interjections, please, Attorney-General; they are unparliamentary.

Mr RICH-PHILLIPS — Does a sentence of four and a half years meet community expectations? Does a sentence of eight years meet community expectations?

The CHAIR — Continue your answer, please.

Mr HULLS — What I can say is — in line with the law reform commission's recommendations — there was a suite of reforms abolishing provocation, which we believe was absolutely appropriate, and the introduction the law of defensive homicide following the recommendations of the law reform commission. It recommended that that be an alternative homicide offence to murder. There is a new offence, an alternative verdict, of defensive homicide, which provides a jury and sentencing judge with more options from the former all-or-nothing approach, which existed in relation to self defence.

The CHAIR — Thank you, Attorney-General.

Mr RICH-PHILLIPS — Is eight years for killing an ex-girlfriend consistent with community expectations? Eight years for killing someone — is that consistent with community expectations?

Mr WELLS — It is a clarification.

The CHAIR — Let me chair this, Mr Wells, thank you very much. Do you wish to make a clarification, or have you finished your — —

Mr RICH-PHILLIPS — No, I would like the Attorney-General — —

The CHAIR — Through the Chair!

Mr RICH-PHILLIPS — I would like the Attorney-General to confirm if eight years for admitting to killing an ex-girlfriend is consistent with community expectations.

The CHAIR — I think the Attorney-General has answered the question.

Mr WELLS — No, he hasn't.

Mr RICH-PHILLIPS — He has not answered that at all.

Mr HULLS — Either you believe in judicial discretion or you do not.

Mr RICH-PHILLIPS — Four and a half years for killing a grandfather and dismembering the body!

Mr WELLS — It has to be in line with some community expectations.

The CHAIR — Mr Wells, without assistance!

Mr HULLS — Either you agree with judicial discretion or you do not.

Mr RICH-PHILLIPS — He killed his grandfather with a baseball bat, dismembered him with an axe and got five years!

The CHAIR — Without assistance!

Mr HULLS — I understand you do not; I understand you are a believer in mandatory sentencing, and you are entitled to your view. I am not; I am a firm believer in judicial discretion.

Mr RICH-PHILLIPS — Is five years consistent with community expectations?

Mr WELLS — What we want is the expectations of the community and fairness in the justice system.

Dr SYKES — We want to be tough on crime.

The CHAIR — Without assistance, please!

Mr HULLS — Indeed, in believing in judicial discretion I also believe in the appropriate checks and balances that exist in our justice system whereby we have an independent DPP. If the DPP on reviewing a matter believes that a sentence is inappropriate, the DPP has the power to appeal.

Mr WELLS — Why not get it right in the first place!

Mr NOONAN — Attorney-General, I wanted to ask you about the Children's Court. In particular there is a reference in budget paper 3 on page 323 under 'Output initiatives' for the Children's Court dispute resolution. I wonder for the benefit of the committee whether you can elaborate on the use of mediation in the Children's Court and how the initiative responds to the recommendations of the child protection task force?

Mr HULLS — It is an important question because there are few jurisdictions, I think, that are as challenging as the Children's Court. As you would know, contested cases are much more bitterly fought, and there is a substantial amount of emotion in the Children's Court because the court is deciding whether or not to remove a child from his or her family.

The Ombudsman in his report said that there is no perfect child protection system, but he made a number of recommendations. I am sure Minister Neville has addressed those. We wanted to go further and wanted to take immediate action in relation to the perceived adversarial nature of the Children's Court. We established the child protection proceedings task force, comprising the president of the Children's Court, the managing director of legal aid, the child safety commissioner, the Department of Human Services and Penny as Secretary of the Department of Justice to report back on non-adversarial processes.

The task force was asked to recommend measures designed to reduce the adversarial nature of court processes, including options for appropriate dispute resolution, measures that could reduce the time that parties spend in the Children's Court and measures for the Department of Human Services to further support child protection workers in the court process.

The aim of the work of the task force was the safety of children, and I think it has done a very good job and presented recommendations that will have a significant impact. In this budget we have provided \$11.2 million over four years to fund a new mediation model for the Children's Court. This will provide, I think, a less adversarial process to manage child protection cases. It will encourage parties to reach their own decisions with the best interests of children being paramount.

I do not know if you have been to the Moorabbin justice centre, but it draws on the model of the mediation pilot we set up there. It will promote a more collaborative approach between practitioners in the court setting and will ultimately reduce delay. Also there will be a new conference model, which will allow conferences at venues away from the court. What often happens at the Children's Court is that conferences take place at the Children's Court itself; anyone who has been to the Children's Court will know there is a lot of calling cases on and matters moving around the court on a regular basis — it is very difficult to actually have a complete focus on a conference.

So conferences will take place offsite. There is funding for that. They will be conducted by trained and accredited conveners. More time will be allowed for discussions. Also there will be improved training for legal aid and Department of Human Services staff who are engaged with the court. We believe all this will lead to a more collaborative approach in the Children's Court. I also gave a reference to the law reform commission, based on the Ombudsman's recommendations, to look at alternative models for child protection legislative arrangements that would reduce the degree of disputation in Children's Court matters and encourage a focus on the best interests of children. The commission will be reporting to the government by the middle of this year in relation to that. The \$11.2 million we think will lead to a more collaborative, less adversarial approach in the Children's Court.

The CHAIR — Just before I pass on to the next question, I remind the committee that the procedure is to ask a question and do it in silence, and the Attorney-General is to respond, and respond without assistance, so I would ask members to follow that, which is the normal procedure of this committee.

Mr WELLS — How come you did not give that warning before you asked the Labor person to ask a question?

Mr DALLA-RIVA — That is a valid point.

The CHAIR — It is a valid point. I just took the next opportunity that I had to do that.

Mr WELLS — Because it was my question?

The CHAIR — It happens to be your question, yes, it does, but you are obviously completely ignoring what I just said, which is very unfortunate. I ask you and the other members of the committee — and I do not really care which party they represent or indeed who they are — or indeed any witnesses to conform to the procedures of this committee, which are well set down and should be followed. Mr Wells has the call.

Mr WELLS — Thanks, Chair. Attorney-General, I would like to ask you about suspended sentences. You made an announcement on 14 May, and I would like to know the impact of suspended sentences on the forward estimates, so I wonder if you could clarify a number of points for me. With your announcement I understand that the government will abolish the exceptional circumstances exemptions for serious crimes as of 1 July 2011 and that you will also introduce new provisions for intensive corrections orders, which will also take place on 1 July 2011, but is it also correct that the government has not given any specific commitment as to when it will abolish suspended sentences for other crimes, and is it correct that under your announcement that you made on 14 May offenders will still be able to walk out of court scot-free on suspended sentences for offences such as recklessly causing serious injury, aggravated burglary such as home invasion, arson and commercial drug trafficking?

Mr HULLS — I think it is important to remember the history of this just so we get the facts right. It is true that we made an announcement just last week in relation to suspended sentences. The Sentencing Advisory Council released its review of suspended sentences, part 1, in 2006, and that report recommended, amongst other things, the phasing out of suspended sentences over three years. That was in 2006.

The immediate action we took at that time was to abolish suspended sentences for serious matters unless there were exceptional circumstances. That was done to guide the exercise of courts in relation to suspending a term of imprisonment in relation to serious matters, and the presumption was against wholly suspending a term of imprisonment for a serious offence, based on those recommendations.

In 2008 the Sentencing Advisory Council released another report — its final report — and it moved away from the abolition of suspended sentences immediately and recommended a suite of other changes to the sentencing

system. It noted in its report significant opposition in the legal community to the complete removal of suspended sentences and described the potential resulting increase in Victoria's prison population if you just removed suspended sentences without any other alternative sentencing arrangements as, to use its word, 'catastrophic'. That is the word the Sentencing Advisory Council used. It also recommended the continued monitoring of the use of suspended sentences following the legal changes we made in 2006.

That is the background. It is still recommended that they be abolished but after new sentencing options are put in place. I made public statements at the time that, 'Look, suspended sentences are confusing to the public because a judge imposes a term of imprisonment on somebody because they believe the offence is so heinous, if you like, that a term of imprisonment is warranted'. The judge has to say, 'I sentence you to jail, but then I fully suspend it', no conditions attached, and the person walks free, and of course the Victorian public are perplexed and bemused. They say, 'Hang on. A judge believed this person should go to jail, and yet they are walking out of court'. So as a result, I said at the time, and I maintain, that when a judge says jail, jail should mean just that — it should mean jail. If a judge does not want to send you to jail because there are exceptional circumstances, and there often are, then a judge should be able to tailor a sentence to meet the specific needs of, obviously, the perpetrator of the crime, but also take into account victims' expectations and the like.

We moved legislation to implement the recommendations of the Sentencing Advisory Council which included stand-alone orders. One of the those stand-alone sentences — and you would know about it because you vehemently opposed it — was home detention. One of the options that the Sentencing Advisory Council said you need to give to judges is home detention as a stand-alone order, not just as a back-end order.

You and the opposition vehemently opposed that until two weeks ago when you actually supported the legislation for home detention as a stand-alone order, and I am pleased with that because it means that you agree — —

The CHAIR — Without — —

Mr WELLS — No, let him believe it. I can assure you the Liberal Party is not soft on crime.

The CHAIR — Answer the question, please, Attorney-General, without debating.

Mr HULLS — I am very pleased that you backflipped on home detention, because it meant — —

The CHAIR — Attorney-General!

Mr WELLS — You have got some bad news coming.

Mr HULLS — Because it meant that we could then proceed to implement the other sentencing options outlined by the Sentencing Advisory Council. What the Sentencing Advisory Council also said was there should be a stand-alone order, an intensive corrections order. As you would know, at the moment an intensive corrections order is a bit like the myth that is perpetrated with suspended sentences where to impose an intensive correction order now a judge has to say, 'I sentence you to jail, but I will then have you assessed for an intensive corrections order'. What Arie Freiberg and the Sentencing Advisory Council says is that intensive corrections orders should be stand-alone orders in their own right, and there should be conditions attached, and there should be a whole range of flexibility associated with those conditions.

He also recommended that there be a change to breach proceedings whereby we further strengthen truth in sentencing. The other catalyst by the way was the Sentencing Advisory Council's monitoring report, which we only got last week. We released it on the same date that we announced further changes. He said in this report that despite the government's moves in 2006 to abolish suspended sentences for serious offences, unless there has been exceptional circumstances, there has not been a diminution of the use of suspended sentences for serious offences.

I do not know if you have read it, but he cites a whole range of case studies where exceptional circumstances have been found. Some people here would agree that these are exceptional circumstances; others would say they are not. We announced that we would be abolishing by 1 July next year suspended sentences for serious matters. That is what we will do. There is a cost associated with that. There will be a budget update I think in November once we work through all of the ramifications and whether or not there are offsets as well.

We have already increased the budget for prison beds in this budget. I was asked the question last week will more people go to prison as a result of this? I will say what I said last week. I expect that that is a real possibility, but to be able to quantify again is difficult because of the specific circumstances of each case that a judge will take into account.

In relation to the issue you raised about serious offences, yes, there is a list of serious offences that are currently set out in the legislation. That is in the Crimes Act. But currently there is a review of the Crimes Act now. We are looking at whether or not all current sections of the Crimes Act and offences are appropriate and whether or not maximum penalties are appropriate. Obviously that legislation that comes into effect in July will tailor, I expect, some of the findings of the current review in relation to the Crimes Act.

You asked will that mean that people will still be able to get suspended sentences. What we have said is that we are getting rid of suspended sentences for serious offences, so that discretion to find exceptional circumstances will no longer exist, but we are putting in place a whole range of other sentencing options. I expect that — and it is our ultimate aim to get rid of suspended sentences fully — as a result of the announcement, firstly, and secondly, the implementation of legislation, you will see a dramatic reduction in the use of suspended sentences. They will not be able to be used for serious offences. I think you will see a dramatic reduction right across the board.

But it is absolutely crucial from a justice point of view and from a judicial discretion point of view that you give judges other sentencing options. As Arie Freiberg said, you cannot just abolish suspended sentences and not give judges other options because to do so would be, in his words, catastrophic. It is not just Arie Freiberg. You would know that the Sentencing Advisory Council is made up of Arie Freiberg and also representatives from victims groups, representatives from the defence, representatives from the prosecution and the like. We think we have got the balance right.

As part of that announcement, we are also getting rid of the mandatory jail sentence for driving whilst disqualified for the second time. There is something like 2400, if you like, mum-and-dad drivers who are sentenced to a mandatory term of imprisonment for driving whilst disqualified. But what magistrates are doing is saying, 'Look, we have got no choice. We have got to send you to jail because you have driven whilst disqualified for your second offence. But we do not believe you should actually go behind bars. We believe to ensure that we are complying with the act we are going to sentence you to jail but give you a suspended sentence'. Again, I think that confuses the public because the public think jail should mean jail. That is one of the problems with mandatory sentencing by the way. So we are going to get rid of that mandatory jail for the second offence of driving whilst disqualified and put in a whole range of other options. A magistrate will still be able to send you to jail for driving whilst being disqualified, but it will not be compulsory; it will not be mandatory.

We think this whole suite of options is appropriate. It will absolutely convey truth in sentencing. When a judge says jail, you are going to go to jail.

Mr WELLS — Just as a clarification — —

The CHAIR — Very quickly. We have spent 11 minutes on this so far.

Dr SYKES — It is the minister's choice.

Mr WELLS — It is the minister's answer, with respect. Minister, can you just clarify that under your announcement an offender will still be able to walk out of court scot-free on a suspended sentence for offences such as causing serious injury, home invasion, arson and commercial drug trafficking. Can you just clarify that?

Mr HULLS — A judge will not be able to sentence a person to a suspended sentence for serious offences. They will have no choice, but if they believe a person should go to jail for a serious offence, that person will have to go to jail. Serious offences are currently defined in the legislation, but there is a review in relation to the Crimes Act now. It is one of the most comprehensive reviews that will look at serious offence provisions. It will also look at maximum penalties.

Mr WELLS — So in the meantime these people will walk scot-free?

The CHAIR — I think the minister has answered the question twice.

Mr SCOTT — My question relates to legal aid. Minister, I refer to your presentation where you mention legal aid. I ask if you can outline the measures the government has taken to ensure that state-funded legal aid services are maintained in the face of significant growth in demand for legal aid over the estimates period.

Mr HULLS — Legal aid is obviously an ongoing battle because as a state government we have always maintained a passionate commitment to ensuring Victorians have equal access to justice. I was very pleased to provide a further \$49.9 million in legal aid funding over two years which was announced in this budget. On any measure I think this represents an extraordinary boost in legal aid funding in this state.

The additional funding provided in this budget boosts the Victorian government's contribution to legal aid to record levels — more than \$68 million per year in 2010–11 and 2011–12. When the annual contribution from the public purpose fund is added, Victoria Legal Aid will receive something like \$200 million in total state-sourced revenue over the next two years. This of course will deliver better access to justice to more Victorians, particularly the vulnerable and disadvantaged, and it provides VLA with the certainty that they need to plan for the delivery of services into the future. I have said this to this committee before that legal aid is fundamental to the effective and efficient running of our courts and improving justice outcomes for disadvantaged Victorians.

Over the last 10 years there has been a huge increase in legal aid funding delivered by the state of Victoria. However, I have to contrast that with the federal contribution. I am displeased to say I suppose that the federal government really was left with a massive unpaid bill after years of underfunding of legal aid from both the Howard and Ruddock regimes, and it will not be cheap to repair the damage. It is the responsibility of all governments to fund legal aid.

In the federal budget — and this is important because it adds to our state budget contribution — the federal Attorney-General is to be commended for his increase to the national legal aid funding pool and he has increased that to eight state and territory legal aid commissions by \$26 million, which is 13.6 per cent. He has pledged \$42 million of that to come to Victoria and I think that is a good start, but it is nowhere near enough.

There is still much to be done to bring the commonwealth funding to sustainable levels to address the inequitable share of federal funding that we get in Victoria. We get the lowest funding from the feds per head of population of any state. Not only that, commonwealth funding is tied to commonwealth-related law matters. So they need to loosen up those requirements as well. Just to put it into some perspective, a decade or so ago the commonwealth provided about 45 per cent of annual legal aid funding to Victoria and the state 55 per cent. Now the feds provide 25 per cent and the state 75 per cent. You can see the huge shift. So I welcome the feds' increase. It is not enough, but I am very pleased that we were able to allocate almost \$50 million extra for legal aid in Victoria. It is very important.

Mr DALLA-RIVA — I want to go back to, in the forward estimates, your copying of the coalition policy on suspended sentences. I note some of the concerns that are in the forward estimates about the costings, because you seem to have released a policy on the run without costing it. So perhaps you can explain what costs the government is going to budget for, following on from your copied announcement; and leaving aside any offset from changes to asset confiscation laws, how much will there be for extra costs from closing the exceptional circumstances loophole for serious offences, for the increased costs of prison beds, for the increased cost of administering the intensive corrections orders, or the community-based orders, instead of the suspended sentence, and how much for the cost of abolishing the suspended sentences other than for serious offences?

Mr HULLS — Your premise is an interesting one, but it is just wrong. To be saying that the opposition's policy is the same as the government's is just wrong. It is just not right. Because what the opposition promised is — —

Mr WELLS — We promised to abolish suspended sentences. You came out five months later and have done exactly the same.

The CHAIR — The Attorney-General to answer the question without provocation and without provoking.

Mr DALLA-RIVA — Sounds like the police.

Ms PENNICUIK — Bad policy on both counts.

Mr WELLS — Yes, same as our police force.

The CHAIR — Can we not have a conversation around the table? This is a matter of questions being asked and answers being given.

Mr DALLA-RIVA — Desal.

Mr WELLS — Desalination plant.

The CHAIR — Thank you very much. Are we ready again?

Mr HULLS — What the opposition promised was lightweight, not thought through and not holistic.

Mr DALLA-RIVA — So tell us the costings.

Mr WELLS — Tell us the costings.

Mr HULLS — Not holistic.

The CHAIR — Without assistance.

Mr WELLS — Give us the costings — —

The CHAIR — Interjections are unparliamentary. I have already asked that questions be heard in silence, as the last one was, and answers should be heard in silence as well. Interjections and provocations are unparliamentary.

Mr HULLS — Because, you see, if you simply have a simplistic policy of abolishing suspended sentences without any alternatives, first of all it means that those 2400 mum-and-dad drivers would go to jail because it is mandatory. It is mandatory that they go to jail under the current law. I do not know if you have read it. I do not know if you have read the law, but it is mandatory that if you drive whilst disqualified for a second offence a person must be jailed. So if you simply stand on a soapbox and say, ‘Guess what? We are going to abolish suspended sentences without any alternatives’, you will have 2400 mum-and-dad drivers per year going to jail. That is the first thing. You seem astounded by that. That is the truth.

Mr WELLS — We are waiting on you to announce the costings — —

The CHAIR — We are not having a conversation.

Mr WELLS — We are waiting on the costings. Come on.

The CHAIR — Just answer the question.

Dr SYKES — Tell us something. Tell us the truth, the whole truth.

Mr WELLS — Just give us the costings. Then we will be astounded.

The CHAIR — Without assistance from the rest of the members of the committee.

Mr WELLS — We just need an answer — —

The CHAIR — Will you please listen for a change?

Mr WELLS — We just want a straight answer with regard to costings.

The CHAIR — Mr Wells! Dr Sykes, I am surprised at you.

Mr HULLS — Right. So that is the first thing that will occur. That is why, as part of the package, we are getting rid — —

Mr RICH-PHILLIPS — So you are a hoon if you are 5 kilometres over but you are a mum-and-dad driver if you drive whilst disqualified — —

The CHAIR — Without assistance,

Mr WELLS — Exactly. It is amazing, isn't it?

Mr HULLS — We are getting rid of mandatory jail if you drive whilst disqualified — —

Ms PENNICUIK — It is a good thing. Get rid of that. Keep the suspended sentences.

Mr HULLS — So that is the first thing that we are doing.

The CHAIR — I am also surprised at you, Ms Pennicuik.

Mr HULLS — It is good to see there is some support for that. The second thing that we are doing is ensuring that judges actually have options at their disposal — —

Ms PENNICUIK — You are taking it away.

The CHAIR — Without assistance.

Mr HULLS — That will ensure that they have more discretion rather than less. If you actually speak to the judiciary about this, the judiciary have said that they would have preferred in the past to be able to put conditions on people when they do not want to send people to jail. The fact is that they — that is, the judiciary — want to be able to have a whole suite of options that better tailors the sentence to the needs of the person who is being sentenced.

If you have a look at some of the exceptional circumstances in Arie Freiberg's report: as horrific as they may sound, you have, for instance, an aged gentlemen who is charged with and convicted of manslaughter — a serious offence — because he has been living with his wife who has had cancer for years and years, she is in agony and has been for years, and he ends her life in what he believes is a humane way. She begs him to end her life. He nonetheless is convicted of manslaughter.

Under the current regime if you get rid of suspended sentences and do not replace them with anything else, that person would go to jail. Some in the community would say that is appropriate, and some around this table might think that it is appropriate, but if you give judges better alternatives that are better tailored to the needs of the exceptional circumstances, we believe that is far fairer and more appropriate. There are a whole range of other examples there that I will not detail.

The CHAIR — We do not need to. We do need to come onto the question.

Ms PENNICUIK — That is a perfect argument for suspended sentences as far as I can see.

Mr HULLS — The government has allocated something like \$17.8 million over four years for extra prison beds, \$57 million over four years for extra women's prison beds and also some asset measures as well — \$21.7 million for women's prisons, and \$28 million for men's.

Dr SYKES — Is that a consequence of the suspended sentence policy changes?

Mr HULLS — That is something that the government has put in this budget, but what you have said is —

Dr SYKES — Are they in relation to your policy announcement or not?

Mr WELLS — If it goes to this policy announcement, is what we are asking.

The CHAIR — The Attorney-General, to answer.

Mr HULLS — What you have asked is: what are the final costs, in effect, of the announcement? Obviously the final costs are going to depend on the legislation that is introduced into Parliament later this year. As you

would know, sentencing reform takes some years to fully come into effect. The reforms abolishing suspended sentences will apply to the sentencing of offenders who have committed an offence on or after the commencement of the reform. It will not be retrospective legislation; it will apply to offences that are committed on or after 1 July. As you would know, because I think you have — —

Mr WELLS — You have no idea how much this is going to cost?

Mr HULLS — No, as you will know — —

The CHAIR — Without assistance, please.

Mr WELLS — You have no idea how much this policy is going to cost.

The CHAIR — Without assistance. The Attorney-General is answering. We would like it to be done without assistance.

Dr SYKES — No idea!

Mr HULLS — As you would know — because I think the police minister was asked this as well — —

Dr SYKES — He had the same answer: no idea!

The CHAIR — Without assistance!

Mr HULLS — The 2010–11 state budget represents obviously current government policy. The announcement in relation to the Sentencing Advisory Council's recommendations came after the budget, as you would know.

Dr SYKES — Two weeks after.

Mr HULLS — It came the same day as the monitoring report was released. That was post budget. In relation to the cost of the policy, that will be assessed by the government and appropriate levels of funding will be made available to the Department of Justice in support of this policy. They will be reported in the 2010 pre-election budget update, which is a requirement — as you know — of the Treasury secretary to publish following issue of the election writs to be published in November 2010.

The next budget will contain specific funding in relation to this policy initiative, but it is true to say that there will be tens of millions of dollars of costs associated with this initiative, because there will be more monitoring in the community subject to the flexibility of the orders, more monitoring in the community, more flexibility of sentencing — that has a cost associated with it, but it is all about truth in sentencing, because it means that if a judge says 'Jail', you go to jail.

Ms PENNICUIK — Minister, in budget paper 3, page 26, there is \$60 million over four years for the courts — I think you call it 'Managing court demand' in your handout. My question is in regard to the Coroners Court. Given the Coroners Act has been substantially changed and there are new obligations on the Coroners Court in terms of dealing with families et cetera, how much extra resources have been allocated to the Coroners Court to implement the new act in terms of dealing more fairly and more intensely with families that are caught up in the coroners inquests, and also whether there are any particular performance measures drawn up in regard to implementation of the new act, particularly given the Auditor-General has in his report on performance measures and departmental reporting probably put the Department of Justice in the middle of the departments in terms of performance in that regard.

Mr HULLS — There are two questions there.

Ms PENNICUIK — I always like to get two in one!

Mr HULLS — That is fine. One is in relation to major reform that has been undertaken of the Coroners Court, which refers to some of the backlogs, and also budget allocations.

A number of factors have contributed to the increase in deaths reported to the coroner in the past 12 months, and that has increased its workload, including obviously the tragic deaths that occurred as a result of Black Saturday

but also the number of deaths that were reported to the coroner prior to that because of the heatwave that we had.

Referrals to the coroner from the registry of births, deaths and marriages increased to 787 — that is, 204 more compared with the previous year — and that reflects, I think, the success of the births, deaths and marriages project supported by the Coroners Court in identifying deaths that should have been reported by doctors that previously were not.

A number of education and training activities have been undertaken in relation to the new Coroners Act, and this gets to parts of the question that you raised, in particular education targeted at medical practitioners and hospitals has significantly increased the rate of reporting from within the health sector. Also it is likely that some of the variance can be explained by Victoria's increasing aged population. I guess that explains some of the increased workload of the Coroners Court.

As far as the budget is concerned, there has already been a substantial increase in funding to the Coroners Court. In fact in 2007–08 funding of \$43 million was provided to implement the key recommendations of the Law Reform Committee's review to improve delivery of coronial services.

To build on those advances, a further \$61.8 million was provided in 2008–09 to upgrade mortuary facilities and forensic services including \$38 million to rebuild the mortuary services building, provide extended services and provide additional pathologists. In late May last year the Victorian Institute of Forensic Medicine advised that it had been successful in receiving funding — not budget funding — of \$13 million from the Australian government for the new Donor Tissue Bank of Victoria on the current site of the SCSC. So substantial funding was allocated to the Coroner's Court including capital funding and recurrent funding to implement the measures.

In relation to the workload of the Coroner's Court, Victoria has had the second-highest lodgement and finalisation figures behind New South Wales. It also has a significantly greater number of pending cases than any other state: more than double that of the next highest, New South Wales. But the backlogs in Victoria, and I think I have explained some of the reasons for those backlogs, compare more favourably with the proportion of cases pending for more than 12 months, being the fourth highest at 28.3 per cent.

More work needs to be done to improve clearance rates at the Coroner's Court. Substantial resources have already been put into the Coroner's Court to ensure that the recommendations that have been made can be implemented. There has been a total change of culture at the Coroner's Court, and I think coroners from around the world have praised the work that the Victorian coroners did in collaboration with a whole range of other agencies in relation to Black Saturday.

I spoke earlier about the royal commission's hearing rooms, and I expect that there would also be some push from most jurisdictions, including the coroner, also to get access to those rooms.

Ms PENNICUIK — May I seek clarification?

The CHAIR — Yes, quickly, please.

Ms PENNICUIK — Obviously, the tragedies of Black Saturday and the heatwave deaths coincided with the new act, which was not foreseen. So I am wondering whether there was, under any of the bushfire allocations, extra allocations to the Coroner's Court over and above what was already envisaged to implement the new act.

Mr HULLS — I am told that the answer to that is yes. The exact figure, I will get to you.

The CHAIR — You can take that matter on notice.

Ms GRALEY — Thank you. Attorney-General, I would like to hear some information about the mental health lists. I know I said in the Parliament not so long ago that I think that for families that have people with mental health problems, and friends of people who have mental-health problems, one of the great fears that they may have is that they may have some sort of incursion with the law.

I would like to refer you to budget paper 3, page 146, in relation to the output measure entitled ‘Court matters and dispute resolution’, and ask: what reforms are being introduced to Victorian courts to deal with mental health matters in the future?

Mr HULLS — It is a good question. Obviously, as you head into an election year — let’s be frank — there is a law and order debate and it is pretty simplistic to have simplistic grabs in relation to law and order that might resonate for a couple of seconds — —

Mr DALLA-RIVA — He does it all the time; he should stop it.

The CHAIR — Without assistance, please.

Mr HULLS — They might resonate for a couple of seconds but do not actually address the causes of crime; addressing the causes of crime is the best thing you can do for victims. The view I take of our justice system is that it should be a holistic system that punishes people, absolutely, but also attempts to divert them away from the criminal justice system; one that supports victims of crime and can be used as a positive intervention along the pathways taken by people who come before our courts.

That is a fairly complex thing to get up in a simple grab; it is easier to say, ‘Mandatory sentencing is the answer: lock people up and throw away the key; that will solve everything’. That is just a nonsense because if you go to the Neighbourhood Justice Centre on any given day, a person is appearing before the court because they have been charged with a burglary. Why have they committed burglary? They committed the burglary because they have a drug issue; they have got a drug issue because they are homeless; they are homeless because they are unemployed; they are unemployed because they have a sexually abused family background.

All those things need to be addressed, in my view, before you are going to ensure that that person does not go back before the court again. You can lock up that person and throw away the key and say, ‘See, there we are; we are tough on crime’, but that does not help victims; that does not help the community, because they might not go into jail with a CV, but they will certainly come out with one.

Ms PENNICUIK — Then why are you abolishing suspended sentences?

Mr HULLS — The reality is that you have to look at these things in a more holistic way. That is why the Assessment and Referral Court, which commenced operations on 21 April, is so crucial to that; it is a specialist court program that will identify the underlying causes of offending for people who have a mental illness or cognitive impairment. It combines a problem solving court with support services for defendants.

The 2009–10 budget allocated \$13.8 million over four years for the list, comprising \$10.9 million in new funding and \$2.9 million of re-prioritisation of existing resources. The funding provides for a dedicated magistrate and court support staff. John Lesser, who is an expert in this area, has been appointed as the magistrate for this list.

Eight additional staff are to be employed by the Magistrates Court to provide support for list participants, brokerage funds are to be provided for the purpose of specialised assessment and services, and extra funding is to be provided for Victoria Legal Aid to provide a duty lawyer and also for external evaluation.

The list aims to work with some 300 defendants each year. I have seen models from right around the world, including in South Australia; it is a much better model because an assessment will take place there and then at court — the first available opportunity. A person will receive assistance and treatment from the day they appear in court, so the court is acting as a positive intervention in people’s lives. It will be independently assessed and that assessment will be made public.

I might note, getting back to the previous question but in line with this, the Coroners Court now employs a mental health case investigator to provide investigative research and assessment expertise in the area of mental health and to assist coroners with cases where mental health issues are evident.

We are seeing more and more cases come before our courts where there are underlying mental health issues. You can either ignore that and say, ‘Well, these are simply bad people who have committed offences; lock them up and throw away the key.’ — mandatory sentencing. Alternatively, you can try and address their issues in a holistic way and that is what this assessment and referral court is all about.

The CHAIR — Thank you, Attorney-General. The final question in this portfolio is from Dr Sykes.

Dr SYKES — I refer to budget paper 3, page 148, the infringement and orders management output group, and to the article in the *Herald Sun* of 15 May that revealed that prisoners in jail for crimes including murder, armed robbery and sex offences are being given a gift from the taxpayer of being let off their fines for matters such as traffic infringements at the rate of \$116.82 a day while they are behind bars, and that other fine defaulters are also being allowed to apply to be put behind bars and then clear their fines at the same rate while sitting around in jail at the taxpayers expense, and I ask: how much did Victorian taxpayers give away to criminals last financial year by allowing them off their fines when they go to jail for another offence; how much were other fine defaulters allowed to wipe off last financial year by applying to sit around in jail, and what was the cost of providing them with free accommodation in jail while they did so; and what are the amounts that you have budgeted for each of these items in the current financial year and 2010–11?

The CHAIR — That is probably one to be largely put on notice, unless you have things on — —

Mr HULLS — No, I would simply say this: it has always been the case that a person who is serving a jail sentence and has fines accumulated can serve the time and pay off the fine concurrently. That is nothing new; that has always been the case.

Mr WELLS — Where is the punishment?

Mr HULLS — That has always been the case.

Mr WELLS — There is no punishment.

Members interjecting.

The CHAIR — In terms of any detail, the Minister can take that on notice. I thank Mr Griffin for his attendance.

Witnesses withdrew.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 20 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr T. Robinson, Minister for Consumer Affairs,
Ms P. Armytage, Secretary,
Ms C. Noone, Executive Director, Consumer Affairs,
Ms C. Gale, Executive Director, Community Operations and Strategy, and
Ms A. Crouch, Manager, Planning, Department of Justice.

The CHAIR — I now welcome Tony Robinson, MLA, as Minister for Consumer Affairs; Ms Penny Armytage, Secretary of the Department of Justice; Ms Claire Noone, executive director, consumer affairs, Department of Justice, Ms Carolyn Gale, executive director, community operations and strategy; and Ms A. Crouch, manager, planning, all from the Department of Justice. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the consumer affairs portfolio.

Mr ROBINSON — Chair, this will just take a few moments to get ourselves ordered.

The CHAIR — That is fine. I have no problem with that.

Mr DALLA-RIVA — One minute and 40 seconds over.

Overheads shown.

Mr ROBINSON — We might get started. I will not recap on the role of CAV; people are aware of its presence as an agency for consumer protection. Just looking at achievements in consumer policy this year, we have of course been involved in a very detailed way with the harmonisation of consumer law across Australia as a part of the Australian Consumer Law reforms. This is establishing national business regulatory regimes to replace the state-based business licensing and registration. We have also seen transfer of responsibility for the regulation of credit, trade measurement and business names to the commonwealth. These things have been talked about for a long time, but they are finally being delivered.

We are also undertaking a modernisation project of legislation in Victoria, which I am happy to talk about further. We hope to substantially reduce the number of acts in the portfolio. The new Consumer Law will become fully operational as the national law on 1 January 2011. It is estimated that this will deliver economic benefit to the nation of between \$1.5 billion and \$4.5 billion each year. Those changes are being given effect through two bills in the commonwealth Parliament.

Just moving on to the justice budget breakdown, consumer affairs there accounts for \$159 million, or 3.8 per cent. Moving forward again, in 2011 the protecting consumers output cost target, which includes costs for the regulation of alcohol, will be 3.8 per cent — as we see, \$155 million. Of that, \$48 million or 30 per cent is sourced from appropriations, and the balance of \$111 million from trust funds, mainly from the Victorian Property Fund. It just continues this self-sufficiency tradition within the agency.

A number of key priorities and achievements: these include sex work law reform, rooming house inspections, a new program we have got up and running, and the establishment of MoneyHelp, which is an advice service; New car sales — we have seen a changed cooling-off period implemented. We have seen a crackdown on brothels and a blitz on real estate agents with respect to underquoting.

I will just move quickly through the various initiatives. We will go through that. Just turning now to liquor, we have been implementing changes as laid out in the alcohol action plan and they are about achieving a better balance between a right to operate licensed premises in Victoria but to ensure that they are run appropriately. We have introduced risk-based fees structures this year, where the fees for venues range from \$397 right up to \$30 000. We have established the civilian compliance directorate, which complements the work of Victoria Police, and they are going to exceed their target of 25 000 inspections this year. Their work was complimented recently by the hotels association, who had some anxieties early on.

Going forward, other initiatives in alcohol: we have been developing industry guidelines for responsible advertising and promotions. There is a review of responsible service of alcohol training under way, regulations have been remade in relation to the standards of security cameras in licensed premises, guidelines have been developed assisting safety provision around licensed premises, and we are doing more to facilitate public awareness of licensing applications through the Department of Justice's website.

To conclude, we are looking to go further with the licensing changes this year, in particular to refine the system and to tackle some embedded anomalies and inefficiencies which have now come to the fore as a consequence of what we have been doing in the last year in particular. We have also seen the appointment last week of Mark Brennan, the new small business commissioner. He is the new director of liquor licensing, and he brings extensive commercial expertise and a proven record with industry to that position. He has been very active

already out liaising with key stakeholders. As I said in my earlier presentation, we are beginning the process to integrate the regulatory functions in gaming and liquor.

The CHAIR — Minister, can you take on notice the details that I asked in general before about your plans and strategies and whether you have any changes from the previous year? Could we have something about that in writing?

Mr ROBINSON — Yes.

Mr WELLS — Minister, I refer you to budget paper 3, page 154 — slashing enforcement activities. On the page it states that the quantity of inspections, compliance monitoring and enforcement activities targeted for 2009–10 was 33 250, and the number targeted for 2010–11 is 25 000, a reduction of 8250, or 25 per cent. Table 4.2 on page 206 of budget paper 4 records that liquor licensing fees are forecast to increase by \$2.9 million next year, to \$29.2 million on top of a \$14.5 million increase the year before. Given these facts, can you explain why liquor licensees are paying millions more in fees while your department is slashing its liquor licensing enforcement activities by 25 per cent, even taking into consideration your footnote (c) page 155?

Mr ROBINSON — I will recap on what the activity numbers represent. The target listed is the amount of 33 000. That comprises Responsible Alcohol Victoria compliance activity. We said this year that the compliance team would make around 25 000 inspections; they will exceed that this year. They were only started up in the middle of last year, but they will exceed that 25 000. The balance is made up of consumer affairs compliance activity, which covers compliance activity to the whole range across the other 47 acts of Parliament. Whether that is boarding houses or other activity, they are covered in that 8000-plus number.

What we are doing with liquor going forward is focusing more on the higher risk venues, which is what people would expect. In the first year the inspectors have been out I am pretty sure they visited just about every licensed premises in the state, sometimes more than once. They have played an educative role, they have issued warning notices and steered people in the right direction. We always said that is what they would do. Going forward they will focus their activities increasingly upon the larger later night venues, where there is a heightened sense of risk and where they believe repeated visits and compliance activity is required. I think that is what is required in the future.

We have had complaints from people saying, ‘Why am I, as a bed and breakfast’, or something, ‘getting a visit from an inspector? I should not be having visits from inspectors’. Beyond the first visit, we do not disagree; we think the inspectors time is better served working in those areas of the industry which have greater inherent risks, and they tend to be the larger late-night venues, and that is what we will be doing this year going forward.

The CHAIR — In terms of the relationship between the number of inspections and the cost of the licences was the last part of the question?

Mr ROBINSON — The two do not accord all the time; they are not directly proportionate. You can have a lot of work go into one inspection, particularly if it involves associated police activity, so we are entrusting our inspectors to make the right judgements as to how they should allocate their time and resources going forward. The fees have risen — we made that point — because the costs of the compliance directorate, the director’s functions and police are all much higher than we recognised previously. That is why the fees are up between \$28 million and \$30 million going forward. The compliance activity will be increasingly targeted going forward.

Mr WELLS — But, Minister, in fairness you actually have not answered the question.

The CHAIR — Is that not a point of order in terms of the clarification?

Mr WELLS — The budget papers attribute the drop in actions to liquor licensing, not other areas of consumer affairs. Are the budget papers incorrect, or is there some misunderstanding in the budget papers?

The CHAIR — I did ask for that clarification in terms of the cost of the liquor fees as related to the inspections, which is what Mr Wells asked originally.

Mr ROBINSON — I am happy to provide some further clarification on that if it is required, Chair.

The CHAIR — That would be appreciated.

Mr NOONAN — I have the same budget reference as Mr Wells, page 154 of budget paper 3 under ‘Promoting and protecting consumer interests’ and the preamble goes to product safety services. In that regard can the minister provide measures the government has taken to protect Victorians, and particularly infants and young children, from potentially harmful products?

Mr ROBINSON — In many people’s minds Consumer Affairs Victoria’s role never really extends beyond product safety, and particularly product safety as it relates to children and toys. It is certainly the case that, notwithstanding all of the reform that is going on with the development of the Australian consumer law and whatnot, that toys remain a vital part of the work we do. We have reached agreement with the commonwealth over how product safety bans will be implemented going forwards. From now on states will do the temporary bans — that is, up to 45 days — and the commonwealth will thereafter do the permanent bans. That is a much smarter system.

Each year Consumer Affairs Victoria undertakes a large number of inspections and they do seize products. What we are finding, though, is the challenges that they confront are changing. Perhaps I can give a practical demonstration of that. I have one of the little critters along here.

Dr SYKES — A rabbit out of a pocket!

Mr ROBINSON — These were actually found by consumer affairs inspectors themselves on a weekend. They were not looking for them; they came across these cigarette lighters in service stations. They are the sorts of items that are on sale there. They are not advertised as cigarette lighters — they look like perfectly innocent children’s toys — but you would be horrified to go home later and find that your child was using them as a cigarette lighter and setting fire to themselves.

This other one is more insidious, because it produces a nice little frog noise. I am happy to pass those around.

The CHAIR — Thank you. It is a bit hard for Hansard to record that.

Ms GRALEY — Yes. Good luck with that one!

Dr SYKES — Who do you want to set on fire, Minister? Are you going to fire us up?

Mr ROBINSON — Don’t set yourself on fire, Bill!

The significant point here is that these are not dangerous as cigarette lighters. They are perfectly safe as the cigarette lighters, but because they are designed like children’s toys they could easily be acquired on the basis of a belief that they are a children’s toy. The issue there is how do we use our product safety powers to ensure that they stay out of reach of children? Consumer Affairs Victoria has done a lot of work and we have put a ban on those. We then spoke to the commonwealth. Getting the commonwealth to understand what its new day-to-day role in product safety will be is quite challenging; it does not follow automatically that they understand what the new obligation entails. They have put a permanent ban in place, but it took a little bit of encouragement from us.

Another good example of the challenges with product safety are the magnetic toys. Children can swallow these, and I think the director came across some of these herself the other day. The magnetic parts of course, if swallowed, can be in different parts of the intestines and they will join together and lead to an infection and terrible results for children out of that, so we have a very firm line on those magnetic toys. The good news is that going forward where we find dangerous toys we do seize them and they regularly get destroyed in their thousands.

The final point I make in response to the question is that we have seen in recent years some very tragic strangulations of little children from curtain and blind cords. Just about every house has these cords. What we are doing, as well as imposing an obligation that they carry warning notifications, is to make available some free cord safety kits and we are in the process of distributing those to anyone who wants one. They can be easily installed and have the effect of a loop being able to be tucked around under a little toggle. Again, I guess it makes the point that as much as everything changes in the world with consumer laws going forward, some things do not change; and the inspectors, I am pleased to say, have a very good reputation for keeping a very eager eye out for new products on the market that represent hazards and need to be removed.

Ms PENNICUIK — Chair, can I just follow up on that cord issue, with your indulgence? It is a very important issue.

The CHAIR — I am trying to have a bit more discipline in the committee because it showed itself to be somewhat ill-disciplined yesterday.

Ms PENNICUIK — It is not my question but it is a very important issue that the minister has raised.

The CHAIR — But Mr Rich-Phillips actually has the call.

Mr RICH-PHILLIPS — Minister, I would like to go back to liquor licensing fees. The budget, as I think Mr Wells indicated, shows forecast revenue for 2010–11 of \$29.2 million. The regulatory impact statement that was released and associated with the risk-based model suggested that \$35.8 million would be recovered in association with the shift to risk-based fees, so there is a \$6.6 million difference between what was forecast and what you are now forecasting in the budget. I am wondering if you can explain the basis for the shortfall between the risk figure and the budget figure in terms of how many 2009 licences were not renewed in 2010, how many applications for hardship were received, how many were approved, the value of the concessions, those approved in full, those approved in part and those that were rejected.

Mr ROBINSON — I will do my best. I might have to provide some follow-up information. In respect of the first part of the question, the \$35.8 million actually aligns with the year 2011, not 2010. It is high because we made some estimates that a number of premises would incur breaches of the key provisions for service of drunks, or drunks on premises, and therefore would pay the higher fees because the fees have a built-in disincentive that, if you do the wrong thing, they can double in the following year. So the \$35.8 million relates to that year, not to this year. The figure for this year, I think, is closer to — the estimated revenue from fees this year — \$29.2 million.

Mr RICH-PHILLIPS — Is that a calendar year or a financial year?

Mr ROBINSON — There is an overlap. We actually work in liquor licensing on a calendar year, not a financial year, so the two do not quite align. I am not trying to confuse you on that; that is just the reality.

In terms of renewals, we have 19 000 licences, some for temporary premises; so every year some people do drop off and others come in. But I can say to you that, on comparison of a number of licences, on 1 January last year there were 19 297. On 10 May this year there were 19 496, so about 200 more. There is no huge drop-off and the renewal rate is about the same; I think it is was around 94 per cent in early May. That is in line with other years.

In terms of hardship provision — I know I have a note here — I think about 700 to 800 applications were received and around half of those were granted. You would appreciate that the criteria there was for small enterprises or not-for-profits and 302 were granted. As to the aggregate for the waiver, I will have to get that to you. Actually the hardship waivers granted resulted in \$68 381 of forgone revenue.

The CHAIR — If there is any further material — —

Mr ROBINSON — Yes, I will double-check those figures for you.

The CHAIR — Check the question and more detail can be done on notice.

Mr RICH-PHILLIPS — Is there a breakdown between those granted in full and those granted in part?

Mr ROBINSON — I think most of them were granted at around the rate of 25 per cent.

Ms GALE — That is correct.

Mr ROBINSON — I do not think they vary much from 25 per cent of the new fee. That was a discretionary matter for the director, so the 25 per cent was not prescribed in legislation; it was the exercise of discretion by the director. There is of course a new director. The new director has not indicated to me how he will handle the hardship provisions next year, but the hardship provision remains. It is in the regs so it does remain next year.

The CHAIR — If there is any further information that you can provide.

Dr SYKES — I was just hoping for further information. The minister provided information on the number of licence applications but not actually the number of people who did not renew their licence this year.

The CHAIR — Given the question, that was also part of the question about the numbers that did not relate. That was part of — —

Dr SYKES — Yes, that was part of the question. I am just ensuring that that is taken on notice. That was part of the question.

The CHAIR — I did say that you need to look at the Hansard transcript and review that so that the issues that are not dealt with are provided on notice.

Ms PENNICUIK — On a point of order, Chair. There has been a change of approach to the committee today. Up until today it has been possible to have small clarifications of answers given by ministers to be followed up in the smooth running of the committee. For example, I wanted to follow up something that was said by the minister in an answer to one of the government member's questions, which was a very important issue, which would have taken a minute. Up until now, in the whole eight days previous to now, that has been done and worked very well.

I am concerned that this new approach that you have adopted today where we cannot follow up particular pieces of information provided by the ministers in answer to questions is to the detriment of the smooth running of the committee. My point of order, which you are probably going to say is not a point of order, is that you desist from that for the remainder of the day and that you revert to the usual process which I think has been working reasonably well in the spirit of cooperation and getting the most information from ministers that we possibly can, and allow those legitimate follow-ups to questions that are raised by answers that the minister has given to other questions.

The CHAIR — I have always made it clear that the procedure that we use is generally that followed in the lower house, which is that there are questions, there are answers and there are no supplementaries. As you rightly point out I have on occasions allowed clarifications rather than follow-up questions. The problem that we were having yesterday is that clearly this particular process was being abused. I said this morning that I would follow strictly the procedures that we have. That is exactly what I have been doing today on the basis of what happens in the Assembly in terms of question time.

If indeed the behaviour in the committee was as to be expected in the best traditions of Parliament, I would probably agree with you that this is what we should do. I am happy to try and follow that for the rest of the day if indeed other members of the committee wish to follow that in terms of minor points of clarification rather than supplementary questions. In principle I would agree with you if indeed members of the committee do follow the best traditions of the Parliament. I have made the point that yesterday they were not followed, and indeed on some occasions today that was also the case. So I take your point that it is a matter of following proper parliamentary procedures and that we should, as parliamentarians, be responsible for our own behaviour and also do that in the best manner possible. I am happy to take your point of order and accept it.

Ms PENNICUIK — Are you happy to allow me to ask that very quick clarification to the minister on a very important point about — —

The CHAIR — When it comes to your turn to ask a question, you can ask for clarification then.

Ms PENNICUIK — Thank you.

Mr SCOTT — Minister, as you are aware, one of my passions in politics is tenants rights, and the issues surrounding residential tenancy. I refer you to budget paper 3, page 154, promoting and protecting consumer interests, and I ask: can the minister inform the committee of steps being taken to protect some of the most vulnerable members of the Victorian community, those who live in rooming or boarding houses?

Mr ROBINSON — This has been an area of great activity for Consumer Affairs Victoria in the last 12 months. The laws that apply to rooming houses arise from the Residential Tenancies Act, the Health Act and council and state building regulations. The responsibility to see that these obligations are enforced rests with

Consumer Affairs Victoria, the Building Commission in part and councils. We recognised last year that increased compliance in this field was required, and that became very apparent after the Foley report was provided to the government, and Martin Foley did a fantastic job in a relatively short space of time.

We launched our response to that as a government late last year with some \$77 million worth of initiatives and they involve Consumer Affairs Victoria, councils and the Office of Housing. Consumer Affairs Victoria now has 12 dedicated inspectors looking at rooming houses. We are looking to further empower them by equipping them with health-inspector powers so they can do both the CAV role and some of the council role. We have created a task force on rooming houses which has made some 180 joint inspections with councils right across the state, but mainly in metropolitan Melbourne. Consumer Affairs Victoria has separately made some 240 inspections and councils are now making their own efforts.

So it has been terrific to see the results of the train-the-trainer, if you like, where CAV has gone out and assisted councils who are now going out and doing a large amount of this work for themselves. I just saw a clipping out of the *Moreland Leader* earlier this week where it reported that 59 illegal rooming houses have been uncovered during the biggest yet crackdown on rogue accommodation providers in Moreland, and this follows from 345 inspections done since last July. That is a tremendous result and we would anticipate that that continues going forward. So our role in the next 12 months will be to take the Foley package further.

We will be establishing a register of operators and a central register of rooming houses. There are also some important supply-side initiatives going forward where Consumer Affairs Victoria, through funds from the Victorian Property Fund, assists principally the Office of Housing in creating new boarding house accommodation. So those will all have a positive effect.

I am pleased with the progress that is being made and I think that we have really now taken the fight up very effectively to some of the rogue operators. I know that in the northern suburbs organisations like the Northern Suburbs Accommodation Centre and the Victorian Accommodation Centre, which really were not on anyone's radar screen two or three years ago, are now feeling pressure from Consumer Affairs Victoria and from councils.

Dr SYKES — Minister, my question relates to liquor licence fees. You say that your liquor licensing fees are risk based. Can you explain to the committee the following: why does a small independent stand-alone bottle shop have to pay a risk fee of \$4770 for trading on Good Friday when a bottle shop attached to a large hotel pays no risk fee for trading on the same day, and why does a small boutique wine shop, like Riversdale Cellars in the Chair's electorate, have to pay twice the liquor licence fee of a huge Dan Murphy store in Kew despite Riversdale Cellars only selling a fraction of the alcohol sold by Dan Murphy's? Do you really believe Riversdale Cellars poses twice the risk of antisocial behaviour as a huge Dan Murphy liquor supermarket?

Mr ROBINSON — I have been to the premises you have talked about. I went there one Friday night.

Dr SYKES — That is the explanation. You were unruly, Minister!

The CHAIR — Without assistance.

Mr ROBINSON — Unlike some people who have been down there talking to them, I actually put my hand in my pocket and bought some of his excellent product, so I want that on the record. Now, seriously, we have introduced risk-based pricing for fees. We never said that this is where it stops completely. Absolutely. There are further refinements that need to be made and you have touched on the packaged liquor area. I said repeatedly — I have said this to you in the meetings that we have had when we had the delegation you brought down and I think we are seeing them again next week — that this does require further reform.

There are two issues that you raise that I will comment on. Firstly, we do not have the ability through our fee-making power in Victoria, as a state in the federation, to impose a charge that relates to the volume of sales. I understand everyone would love that, and that is what used to happen in Victoria; people paid fees that were equivalent to 9 per cent of their turnover. It was a pretty simple system. It probably would still be the case today but for the fact of a High Court case some years ago, I think it was over tobacco, where states cannot impose volumetric charges. We would love to do it; we just cannot do it. So you have a flatter base to work with with packaged liquor than you do with venues that have much more in the way of riskier behaviours associated with them. The first thing is we have a flatter figure to work with.

The second is the Dan Murphys, and I understand. I have been around and talked to lots of premises owners and operators and they run that point; they say, 'I am paying twice what the fellow down the road is paying'. That reflects the anomaly again — I have talked about anomalies in the system — where over the past 20 years packaged liquor outlets have been buying up general or on-premises licences that used to be held by people who were running pubs. Pub licences allow you to sell packaged liquor as a right. You do not have it separately licensed within that licence; it is an automatic component of what pubs have done in Victoria forever. In fact they do that in a lot of jurisdictions.

The fact that some people have bought those licences or bought those businesses and turned them into exclusively packaged liquor outlets is a phenomenon of the last 20 years. But you could not easily address that today because what you would end up doing is having to unpick general on-premises licence conditions, and every hotelier in the state would be very, very alarmed at what that would do to the value of their operation. We accept it is a problem and we have given undertakings to master grocers and others that we will look to do further work.

We have a new director who has been engaged on this. I have been speaking to the new director and we would hope before the end of the year we would have some further announcements to make. Packaged liquor is probably the most problematic area in licensing, not just in Victoria but elsewhere. About 75 per cent of all the alcohol consumed comes from packaged liquor outlets and therefore packaged liquor outlets need to make a contribution. But in setting the fee structure for those venues we have less tools available to us than setting them for premises where the alcohol is largely consumed, and that is something we recognise is creating some awkwardness for them. Certainly I can give you an undertaking, as I have previously done, and the committee an undertaking and the industry an undertaking we want to iron out this anomaly and construct a system that is fairer for some of the smaller operators in that part of the industry.

Ms PENNICUIK — I will start with my clarification.

The CHAIR — Minor clarification.

Ms PENNICUIK — My minor clarification. It is in regard to the issue of cords from blinds.

Mr ROBINSON — I thought I had a kit here, but I do not think I do now. No, I am sorry.

Ms PENNICUIK — You mentioned the safety kits, and I just wanted to ask how that was being implemented, because only a couple of months ago some of my family were visiting from interstate and staying in a serviced apartment and that was an issue. They have young children. I am wanting to know how you are rolling that out in terms of that type of venue rather than domestic homes, because that is an issue.

The CHAIR — Quickly.

Mr ROBINSON — A minor point of clarification: we are continuing building that compliance program. There has been some correspondence to members and to councils and that, but we need to extend that more broadly. I think there have been some ad campaigns on free to air or some free-to-air community service ads. My view is that we will just keep building on that going forward, and I ultimately want to see as many of those kits distributed as we can produce.

Ms PENNICUIK — Serviced apartments are definitely a priority.

The CHAIR — If you can give the committee some information on how you are doing that, that would be good.

Ms PENNICUIK — I told you it was an important issue, Chair.

The CHAIR — I know. I have lots of those kits in my office and I give them out.

Ms PENNICUIK — Minister, it is about liquor licensing but in terms of live music venues. I am just looking at your presentation now because I did mark up a couple of points. In your presentation you mentioned implementing a risk-based regulatory function, risk-differentiated liquor licensing fees and lowering the regulatory burden for small operators. My question is: how does that fit with the director of liquor licensing imposing the blanket condition, not a fee but a condition which is a regulatory burden on small operators,

regarding conditions for live music — that is, that there needs to be CCTV, there needs to be security et cetera? How does that fit with the policy of risk base when there is no risk base? Given that you also mentioned in answer to another question that compliance officers have visited everybody pretty well — and you might want to clarify that they have visited everybody — they would know that many of these venues, about 600 of them have had this condition required of them, are not high risk and do not need that second visit, as you mentioned.

Given that there is a new liquor licensing commissioner, that there is this policy of risk differentiated and that you would know who are high risk and who are not a risk, why is liquor licensing requiring people to apply to have this condition removed rather than it removing the condition and applying it where there is a risk, where it is needed?

Mr ROBINSON — There is a series of questions there, and I will try to go through them in a logical order. With respect to live music venues, I do not think it is fair to say that those that operate in premises that are licensed beyond 1 o'clock could be classified as low risk. Anything in Victoria that runs on a licence after 1.00 a.m. — live music in pubs — we have categorised as having a high risk. That is the evidence of the last few years. The issue as to how the conditions are applied in those cases is the live question. I understand that. Just a point of clarification.

The issue about conditions and the ability of the director to impose conditions is not a new one. The Liquor Control Reform Act has been structured over many years, giving either the Liquor Licensing Commission or the director, whoever was the functionary, the power to impose conditions in accordance with what they saw the risks to be, whether that was sexually explicit behaviour where conditions are applied in the form of a code, or with other venues that might as a consequence of complaints — and this is usually what happens — from neighbours have conditions imposed that will address those.

The director last year exercised a discretion. The new director has a slightly different view. I have had the opportunity to have a discussion with the new director, and he has certainly been out meeting with representatives from the live music industry and bringing himself up to speed with where the process of revisiting these some of conditions is through the accord. The accord process is working well to this point. We have seen three venues go through and have their hours adjusted to bring them back in line with what I think most Victorians would say was reasonable. But I just want to make this point — I think we might have had this discussion previously in your office; I certainly had it with a couple of your colleagues —

Ms PENNICUIK — We have had the discussions.

Mr ROBINSON — The reason conditions are applied historically is mainly around amenity issues. With the live music venues close to town that operate later at night it is about amenity. The complaints — and I have had the opportunity to look through some of them — will be about noise going out into the neighbourhood because typically a door is not shut, or patron number limits are not observed because a door is not shut, or people carrying on out in the street and breaking bottles and carrying on on their way back home because no-one is supervising their egress from the venue which goes right by people's homes. That is the typical example as to why in the past 10 years additional conditions have been placed. Conditions take the effect of additional staff, which are mainly in the form of trained staff. It is about protecting amenity. The understanding is that if you do not do that, the risk of antisocial behaviour emerging in that location rises.

The director exercised a discretion last year that saw a number of additional venues brought in quite quickly to that control and the condition applied. The accord is an effort to try to make a case-by-case judgement. Some people say, 'Just make a unilateral withdrawal of conditions, break the nexus'. We think that if you did that that would certainly help some people involved in the industry but it would lead tomorrow or next weekend to a whole series of complaints around inner Melbourne with people saying, 'That door was left open again and guess what happened? People wandered out the front and started disturbing my amenity'.

The CHAIR — Thank you for that. I think we might leave it there; it has been more than 4 minutes. Ms Graley.

Ms PENNICUIK — Thank you, Chair. I will continue the conversation with the minister.

Ms GRALEY — Minister, I know I have spoken to you a number of times about people in my electorate experiencing financial difficulties. In relation to the information and advice provided to consumers and traders

specified in budget paper 3 on page 154, can the minister please advise the committee on what the government is doing to assist Victorians experiencing financial difficulties now and in the future?

Mr ROBINSON — This brings both portfolios, gaming and consumer affairs, together. We made the decision last year that we would have the Office of Gaming and Racing coordinate both the problem gambling counselling services, which we run through quite a number of agencies — that is, the gamblers help services — and the general financial counselling services. I think the conversations we have had previously have been more about the general financial counselling services.

Ms GRALEY — Yes.

Mr ROBINSON — We did make provision last year, particularly out of the global financial crisis; we injected a sum of around another \$2 million I think it was to provide for additional services and those are still running.

Mr ROBINSON — They are doing good work. We similarly received some federal government money, and that was gratefully received. We made the decision as well, though, that we needed to invest some money in training. This is a critical need. At any point in time if the government chooses to go out and increase services, it does not automatically follow that you will find trained people around to fill those services. I think we might have even had a conversation about a problem historically in your area where the money existed but they could not find anyone to fill the job. That is a problem. We have invested in some training which has seen some graduates come through a diploma course. That is intended to try to ensure that people are attracted into the industry and they will have skills that will be transportable wherever they go.

We have also started up the MoneyHelp service. This is a phone financial counselling service that was launched in September last year out of the additional funds we put in in the GFC response. It is targeting Victorians experiencing financial difficulties and at risk of losing their job or having reduced hours.

Ms GRALEY — I have used that.

Mr ROBINSON — We saw a bit of that last year. That provides free financial counselling through a 1800 helpline. They average about 30 minutes a call. We have used the Consumer Action Law Centre to run that service. It does a very good job. Between October and March some 2600 Victorians used that service.

One of the other things we have been doing is engaging the commonwealth on this, because the Productivity Commission's report into consumer law in 2008 said the commonwealth should come into this space. The commonwealth has given a little bit of money, and that has been terrific. We think they should engage permanently in this space, so at the last consumer affairs minister's meeting we raised a desire to see them come into that space, possibly through the training side of things. I understand they will resist the immediacy of recurrent funding, particularly with other states that do far less than we do. But we think a very good entry point for them ultimately would be to provide funding that allows people to be skilled up as we have gone through with our program so that wherever they go in Australia for the rest of their lives they will have skills that can be applied in this important field.

Mr DALLA-RIVA — I note the time is now 3.45 p.m.

The CHAIR — We have a minute, and I am using this watch as the clock, so if you are quick.

Mr DALLA-RIVA — I am just checking the time, it is actually 3.45 p.m. and 20 seconds!

The CHAIR — Mr Dalla-Riva, if you don't you have a question —

Mr DALLA-RIVA — I do!

The CHAIR — If you wish to, you can read the question out, and we can put it on notice if the minister does not have time to answer it.

Mr DALLA-RIVA — Thank you. I refer the minister to page 154 about 'Protecting consumers' and the performance measure relating to customer satisfaction with services provided and services provided within the agreed time frame. On notice, you might be able to explain why is it that we have many applicants who are

applying for liquor licences for one-off events complaining — and you would be aware about this — that they do not receive a decision on their applications until in some cases less than 24 hours before the event?

You would understand an event would require staff selling tickets, amongst other things. How do you meet this measure given the decision-making time frames for a function? It appears to be a lack of staff for licensing, or is it a deliberate policy to minimise opportunities for applicants to appeal the director's decisions? Given that we are out of time, I am happy to take it on notice.

Mr ROBINSON — I am happy to give a brief response and then put the rest of it on notice.

The CHAIR — We will have to be quick.

Mr ROBINSON — You would understand in particular, Mr Dalla-Riva, the role of Victoria Police in applications, and the standard practice is when an application is received the director seeks advice from police. I think we always allow 10 working days, sometimes it takes longer. It is not possible if someone rings up at the last minute — and this happens sometimes — and says, 'I need a licence for an event this Sunday', to simply say, 'We won't go and ask the police their opinion'. Police have an ongoing role in liquor licensing. We laid that out in the RIS last year.

We costed that; it is an important role and we would not want to make concessions on that. Ultimately, and the new director has talked about this, he wants to see people in the space of applying for licences to be better educated and to better understand how they need to go about making the licence application. I am happy beyond that to get some further information to you.

The CHAIR — We would appreciate that. That concludes consideration of budget estimates for the portfolios of gaming and consumer affairs. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests a written response to those matters be provided within 30 days. Thank you, Minister.

Witnesses withdrew.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 20 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr T. Robinson, Minister for Gaming,
Ms P. Armytage, Secretary,
Mr R. Kennedy, Executive Director, Gaming and Racing, and
Ms A. Blake, Manager, Coordination, Office of Gaming and Racing, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolio of Gaming. On behalf of the committee, I welcome Mr Tony Robinson, MP, Minister for Gaming; Ms Penny Armytage, secretary, Department of Justice; Mr Ross Kennedy, executive director, gaming and racing, Department of Justice; and Ms Alice Blake, manager, coordination, Office of Gaming and Racing, Department of Justice. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly.

I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of gaming.

Mr ROBINSON — I will briefly go through the usual slideshow and by way of introduction we will look at some of the key priorities for the portfolio coming off major achievements including the progress of the gambling licences review, continuing programs for combating problem gambling and developments in harm-minimisation policy as well as some budget initiative information.

Overheads shown.

Mr ROBINSON — Just the macro picture: within the justice portfolio, gaming accounts for \$89.6 million, with outlays covering both the Office of Gaming and Racing and the VCGR. The OGR expense is \$63.9 million, and the VCGR, \$25.7 million.

Key priorities going forward, of course, are the continuing restructure of the gambling industry — which in Victoria covers lotteries, wagering and keno — breaking things up, disaggregating wagering from the gaming industry, and that work has been under way for some time; continuing work with combating problem gambling; and modernisation of the regulatory environment.

Going into major achievements, significant progress was made on the new regulatory regime to implement a venue-based gaming model, and the means of that was the passage of the Gambling Regulation Amendment (Licensing) Act 2009 in June last year which, in the upper house, managed to go through without a single division. It was great to get unanimous support. That led, in November, to the pre-auction club offer; that will go by the acronym of PACO today. That closed strongly, ending up with 250 clubs taking up 8712 gaming machine entitlements to a value of \$366 million. That was followed by the two stages of the gaming auction, which were conducted in April and May. The second stage was held on 10 May and had some 18 788 gaming machine entitlements offered. The provisional results show that a total amount of \$981 million was raised by the sale of all of those entitlements, the proceeds of which will be directed overwhelmingly towards health.

We have been breaking down that information and I am able to release information today to members, if that is okay. That is just the breakdown by local government area. I am happy to have that circulated to members today, if that is all right.

The CHAIR — Yes.

Mr ROBINSON — So going forward to talk about Taking Action on Problem Gambling. That is the government's continuing centrepiece of policies to address problem gambling for a wide range of strategies: \$132.3 million. It was released in October 2006 and goes through until 2010–11. Taking Action provides an integrated approach to the prevention, early intervention and treatment of gambling-related harm. The strategy includes \$37 million on the Problem Gambling Community Awareness and Education strategy and \$79 million for treatment services.

If we go forward, in the last 10 years the government has spent over \$157 million on problem gambling and some \$97 million on Gambler's Help services. Expenditure in 2008–09 totalled around \$27.6 million — last year we estimated we spent just over \$28 million; and expenditure for 2009–10 is anticipated to increase to around \$32 million to \$33 million.

Just in the major achievements, the majority of the expenditure is allocated to building better treatment services. In 2008–09 services provided more than 51 000 counselling hours to almost 7500 Victorians. The problem gambling campaign expenditure is forecast to total around \$8.7 million in 2009–10; that compares with \$5 million in 2008–09. It is comprised of a number of elements, the most significant of which is the \$5.7 million media campaign, although there is a fair allocation as well of \$1 million for development and research activities in the media campaign.

Just a little on the different elements of the campaign in the past 12 months. The 'talk to us before you talk to them' campaign had very positive results in extra calls to the Gambler's Help line from family and friends. We followed that with a different targeted campaign in September, aimed at young men, and that got something like 13 000 visits to the website. We have set up national online counselling services for problem gamblers and their families from August. I think it is the world first. We launched that in Bendigo. We have released an epidemiological study — it is the largest study of its kind ever undertaken — involving some 15 000 Victorian adults and will be a source of tremendous advice as we go forward and I am sure will spawn some further research. We have done some very useful partnerships with Alfred psychiatry and the Bouverie Centre in response to increasing research into mental health co-morbidities for problem gamblers.

I make the point, too, that these campaigns actually work. There was recent commentary by Tabcorp, certainly to the VCGR but I think they put it out publicly as well when they released their quarterly results or half-year results, where they said that every time the government runs a campaign, turnover is affected. So in trying to explain to the market why their profit was not as great as it was, they pointed the finger at things like the maximum bet being halved in January and problem gambling campaigns being launched. I take it that that is showing the effectiveness of these campaigns.

VCGR priorities are listed. A lot of good licensing work continues with them. I can fill in details on that. And we can leave it at that.

The CHAIR — We are looking to concentrate on what you are going to do in the budget with the money that is there. You have money in the budget for next year and for the following out years. The committee would like to know, in terms of the budget for your portfolio, what plans and strategies it is based on and whether there have been any changes in those in the last year?

Mr ROBINSON — In terms of our medium and longer term planning strategies, the GLR process, the licence review process, is steadily progressing; we will have that finished in the second half of the year. Increasingly, beyond that, there will a focus on the transition from the current licences into the new licences. Certainly with the move from a gaming operator to a venue-based gaming industry, that is going to involve a lot of work by the VCGR, that has previously indicated additional resources are required for that task. They will be provided.

The newer medium-term objectives: integration of gaming and liquor. We talked about that in the statement of government intentions this year and that will produce significant efficiencies going forward, because it is part of the planning approval for liquor and gaming overlap. Both of them have inspectorates that go out and do work, so there are efficiencies to be gained there. We have talked about that in Parliament, going forward. We made a proposal for the first stage of that integration but that, by mutual agreement, has been deferred.

Taking Action on Problem Gambling: we will be recasting that strategy to go beyond the transition point of 2012, and acknowledge the work of the VCGR will change a little in that. We are very keen to develop an

increased focus on the mental health relationship, and the recent work in the epidemiological study and other sources have been very useful.

Then we have the issue of the Productivity Commission's report. I think it is fair to say no-one is quite sure where the federal government wants to go with its response to that report, which has not yet been released. We are certainly willing to discuss with them further how national standards might be developed. We had a conversation or two with them last year, and we are certainly leading the pack in many respects. Where that goes and whether that actually leads to a harmonisation of regulations will be something we would have to take further advice on from them.

Mr WELLS — Minister, I would like to talk to you about the gaming machine auction and I refer you to note (a) to note 2 on page 49 of budget paper 4:

Gambling taxes aggregated reflecting the commercial sensitivity of forecasts due to the licence allocation process currently under way.

Part of that process has now concluded, with the gaming machines entitlement auction finishing recently. One of the bid documents for that auction stated that the reserve price was set by reference to the lowest price for an entitlement offered in the pre-auction club offer process. Why was a decision taken to set reserve prices for gaming machine entitlements based on the profitability of the worst performing machines in the worst performing club in Victoria? How much had your department calculated that Treasury was expected to receive in the gaming licence auction, and how much has your failure to set an appropriate reserve price for gaming entitlements cost Victorian taxpayers, because it must be between \$1 billion and \$2 billion, at least?

Mr ROBINSON — There is a series of questions there, Chair.

The CHAIR — Yes, and you have 4 minutes to answer them.

Mr ROBINSON — The department of which I am part did no calculations on what the value of these entitlements would be, and that was because we worked forward from policy decisions about what good gaming policy would be. We did not work backwards from a number.

That is the key distinction here. We did not at any point in time say, 'Our objective here is to raise X dollars or 'Y dollars'. We worked forward from good policy positions and had a view that the market should determine the value of the entitlements.

Secondly, you have asked a series of questions about the minimum price and the reserve price. The first part of that equation is the negotiations that preceded the passage — unanimously — of the bill last year in June. Our original position, as you might recall, was that we said we did not wish to set a price for entitlements in respect of the request made by clubs because governments traditionally do not set prices well. However, in order to get the bill through, and largely through the opposition's request, a pre-allocation offer was agreed to and a formula was reached through negotiation — 1.8 times the club's share of an average machine rising to 2 times the club's share. That was reached through negotiations with Mr Hall and others. That meant, as you applied it to the 2008–09 turnover figures for venues, that you ended up with the minimum or the low price, I think, for the machines or the entitlements at the Ballarat RSL. That is how that figure was arrived at.

The further point is that for the sake of consistency in running a pre-allocation offer, or a pre-auction offer, and then an auction, I think clubs would have rightly been outraged if we had said, 'Well, on the one hand you can secure an entitlement for this, but we are going to set a reserve price that bears absolutely no relationship to that in a competitive phase'. Clubs would have said, as a matter of principle, 'If we know that we have been able to buy machines at this, we want to know that you are not going to be able to sell machines cheaper than that going forward'. That is where the nexus exists between the pre-allocation offer and the auction.

Mr WELLS — How much do you think that would have cost the taxpayers?

The CHAIR — Okay. Mrs Graley has the call.

Mr ROBINSON — We never made an estimate.

Mr WELLS — Is it between \$1 billion and \$2 billion?

The CHAIR — Sorry, this is the final part of the question.

Mr ROBINSON — The final part was?

The CHAIR — The final part was, Mr Wells has asked about the total envelope for the receipts.

Mr ROBINSON — Well, \$981 million was the total, adding together the pre-auction allocation phase in late 2009 and the results of the auction of the remaining entitlements in May this year.

The CHAIR — Okay. Ms Graley.

Mr WELLS — I just think the first part of the question that I did ask was about the setting of the reserve too low.

The CHAIR — I think he answered that.

Mr WELLS — That was the first part.

The CHAIR — I think he dealt with that.

Mr WELLS — It was not the issue of being too high; it was actually too low, and it is costing taxpayers between \$1 billion and \$2 billion.

Mr ROBINSON — You have to talk to Mr Hall about that.

The CHAIR — You made that point in your question, but Mr Robinson did deal with the issue in terms of the setting of it.

Mr ROBINSON — Yes.

Ms GRALEY — Minister, I would like you to clarify for the committee the status of the government's earlier announcement on ATM bans and the effect on estimated forward revenues in the new gaming industry structure post-2012.

Mr ROBINSON — The ATM ban in gaming venues is a very important policy for Victoria going forward, and I believe it has set the benchmark nationally. We announced this in March 2008, and legislation giving effect to the ban, which will take effect from the middle of 2012, was passed last year. As I said, we are the first jurisdiction in Australia to move in this way. Previously there have been restrictions placed increasingly upon the amount of money that you can access from ATMs in gaming venues in Victoria, but we will be going that quantum step, if you like, in two years time where they will be pulled out altogether.

This is a valuable addition to our harm minimisation framework because removing ATMs creates breaks in play. That is the most important thing about an ATM. And it subsequently forces the most obvious and important pre-commitment choice that a player can make — that is, 'I'm going to go along and play poker machines; how much money am I taking with me?'. That is really your first pre-commitment choice. We have always said that complements our pre-commitment policy because it is the first pre-commitment choice that a player would make, and once they have expended that money they are then forced to take a break in play. That is why it is a valuable policy and it has been received so positively.

As part of that policy announcement we have indicated that an exemption arrangement will be available. So clubs and pubs can apply for an exemption if they are in rural or remote locations, but we are not anticipating that too many people would successfully apply.

This measure, the ATM ban, was strongly objected to by industry. I have had a series of letters from both ATM providers and after that from gaming venues and some gaming organisations that said this was an unreasonable restriction, this would impact upon players and the convenience for players and it would have an effect on turnover. I have no doubt it will have an impact on turnover. It is instructive to note that Tabcorp's recent statements about their declining profitability, particularly from gaming machines, related to the maximum bet being halved from 1 January this year from \$10 to \$5, but at the same time some further restrictions came into play for what you could withdraw from ATMs. The combined effects of those 1 January changes have led

Tabcorp to say, ‘This is crimping our profitability’. Once we pull the machines out I am sure there will be a further impact, but I would not be able to say what that would be. I think we will just have to wait and see.

What we do maintain, though, is that, even though we have now gone through the allocation phase, we are not revisiting this policy. We think it is good policy; we think it ultimately should be adopted nationally. We have been recognised in the Productivity Commission’s report as going much further than other states in this regard.

The CHAIR — Thank you, Minister. Mr Rich-Phillips.

Mr RICH-PHILLIPS — I would also like to come back to the gaming machine auction, Minister. I refer you to an article that appeared in the *Whitehorse Leader* of 19 May, which quotes a gaming venue operator who said:

‘The auction was an absolute farce ... ‘We were laughing as the club licences didn’t get above the reserve all day’.

His club had expected to pay \$2.3 million for about 100 machines, but ended up only having to — —

pay \$300 000. He went on to say:

‘But the big, big winners will be the pubs ... Anyone with pub gaming machines are absolutely hysterical’.

The article then quotes you saying:

Gaming minister and Mitcham state Labor MP, Tony Robinson, said the auction, which raised \$981 million for state coffers, was about good governance rather than the financial bottom line.

Mr WELLS — That is rubbish.

The CHAIR — Without assistance.

Mr RICH-PHILLIPS — My question to you, Minister, is: was it worth losing up to \$2 billion — the equivalent of the entire Victoria Police budget — just to get Tattersall’s and Tabcorp out of EGMs? And to follow up Mr Wells’s point about advice on revenue calculations, you said your department did not prepare any revenue estimates. Are you aware of, or were you given, any revenue estimates that were prepared anywhere else within government?

Mr ROBINSON — The answer to the second question is no, I was not. In respect of that article, I have not seen this week’s paper but you suggested it was a club operator. The clubs were given a pre-auction offer. I do not know what they paid in the pre-auction offer, but it would be worth looking at. Clubs are of course not for profit, so any club that went into the auction and paid less for its entitlements than it might have made provision for presumably has more resources to put back into the community. That is the nature of clubs.

Mr RICH-PHILLIPS — Two million less here.

Mr ROBINSON — Two million according to what? You haven’t — —

The CHAIR — Through the Chair.

Mr ROBINSON — No-one has held up — —

Mr RICH-PHILLIPS — Expected to pay \$2.3 million and paid \$300 000.

The CHAIR — Ignore interjections!

Mr ROBINSON — As I went around the state in 2008 after we made this decision clubs would repeatedly come up to me and say, ‘You must understand we are not for profit. Any profits we make go back into the community’. You are asserting that a sum has been lost to the state. In the club sector it has not been lost to the state — clubs will put that back into facilities.

Mr RICH-PHILLIPS — What about the pub sector?

Mr ROBINSON — The argument works in reverse as well, that where they paid more or where they were fearful of paying more, their argument to us was that will be less they will put back into the community. Our

decision has been about trying to make this industry more accountable to the community. That is what it is about.

Mr WELLS — No, you hate Tabcorp and Tattersall's, and you were going to do whatever it took to get them out of the market.

The CHAIR — Mr Wells is out of order, and you should be quiet, please.

Mr WELLS — That is what the truth is! It is your \$2 billion to shaft Tabcorp and Tattersall's!

The CHAIR — Mr Wells, you are disorderly.

Mr ROBINSON — I have no doubt that if before we had made a decision about what the industry should look like we had gone to the gaming operators and said, 'How could we maximise revenue going forward?', they would have come to us with a nice long list. It would have been a list that required us to strip away a whole series of provisions that had been put in or were being contemplated to put in, because it is inevitably the case that a market that has greater restrictions in it about what you can do — and our market is very strict and getting stricter — will see entitlements earn less than a market that is very laissez faire.

If anyone doubts that, you should have a look at New South Wales where you can get away with things that you cannot in Victoria. They introduced smoking bans and they set up smoking areas outside, as has happened here, and then the government buckled and allowed the machines to be moved out into the smoking areas. If we adopted that policy here, I have no doubt that entitlements would be worth more, but that would not be a good thing for the state. Similarly, if we reversed our decision on maximum bets, if we put them back up to \$10 or removed the \$10 limit, the entitlements would be worth more. I have no doubt there is a whole range of things. If we had fewer problem gambling ads Tabcorp itself has said, 'Machines would be more profitable; people would play more'. You have to work forward from good policy, not work backwards from a number.

Mr RICH-PHILLIPS — Minister, the question related to your decision to have individual options versus the duopoly. Are you saying that you have better revenue through the option — —

The CHAIR — We have had the question. Mr Noonan has the call.

Mr RICH-PHILLIPS — The issue related to the change from the duopoly. Have you achieved a better outcome going to the individual option than from the duopoly? The question related to — —

The CHAIR — Mr Noonan has the call.

Mr NOONAN — Minister, budget paper 3, page 156 goes to gaming and racing management and regulation.

Mr RICH-PHILLIPS — Chair, the question related to — —

Mr NOONAN — With reference to your last answer — —

Mr RICH-PHILLIPS — Don't wave your hand at me!

Mr NOONAN — I wonder what the government is doing — —

Mr RICH-PHILLIPS — Point of order, Chair.

Mr NOONAN — — to reduce problem gambling in Victoria, including the ad campaign that you mentioned — —

Mr RICH-PHILLIPS — Point of order, Chair!

Mr NOONAN — — in your last answer and in the presentation?

Mr RICH-PHILLIPS — Point of order, Chair. The point of order is the minister did not address the substance of the question, which related to the shift from the duopoly — —

The CHAIR — There is no point of order.

Mr RICH-PHILLIPS — You haven't even heard the point of order. Why are you shutting us down?

Mr WELLS — The point of order has not been heard in full.

The CHAIR — I am not shutting anything down. I have heard the point of order.

Mr WELLS — No, you didn't. He hadn't finished it.

The CHAIR — Mr Wells, will you manage to keep quiet, please! I have had enough of you over the last week. Your behaviour is quite unparliamentary, and as a senior member you should pay due regard to and respect the processes of Parliament.

Mr Rich-Phillips, I have heard enough of your point of order to understand what your point of order is. I have taken the view that the minister's answer was relevant to what you asked. I ask the minister to answer Mr Noonan's question.

Mr RICH-PHILLIPS — You make complaints about Mr Wells speaking over you and you do exactly the same to me.

Mr WELLS — And the point of order hadn't been completed.

The CHAIR — You should know that Chairs and Speakers in the Parliament make their own judgements in respect of points of order when they are given. I made the judgement. The minister to answer the question.

Mr RICH-PHILLIPS — My question?

Mr DALLA-RIVA — He has to answer the question.

Mr WELLS — Gordon's question.

Mr DALLA-RIVA — Yes, go.

The CHAIR — The minister is to answer Mr Noonan's question.

Mr WELLS — Hang on. What about Gordon's question?

The CHAIR — I have ruled. The minister, to answer Mr Noonan's question.

Mr WELLS — There just seems to be two sets of rules.

The CHAIR — Mr Wells, there are not two sets of rules. There is one set of rules and you do not make them; the committee makes them. The minister to answer.

Mr ROBINSON — I am sorry, Chair, but I could not actually hear the question!

The CHAIR — All right. Can we have the question again, Mr Noonan?

Mr NOONAN — I had a bit of trouble asking it! Minister, budget paper 3, page 156, under the heading 'Regulating gaming and racing', lists a range of outputs and deliverables. I wonder whether you can detail for the committee's benefit what the government is doing to reduce problem gambling in Victoria, including the ad campaign that you mentioned in your slides and which you referenced in your last answer.

Mr ROBINSON — For a number of years TV ads have been the centrepiece of our awareness campaign. That is because TV is the most effective medium obviously, but this commitment continues and it grows stronger. I will outline some of the measures we have undertaken in the last 12 months. All of these measures and new initiatives are based on research that we undertake so that we can hit our targets very accurately.

In July last year we launched the Significant Others TV campaign. This was around the slogan 'Talk to us before you talk to them'. People might remember the ad with the woman sitting at the table rehearsing a speech to her partner who is yet to arrive home. Significant others are an important component in the world of

responsible gambling and they are an important audience. If we can engage them more readily, it is a good pathway through to getting people into effective treatments. It is the first time we have targeted families and friends of problem gamblers, and the ad did hit its market. It saw a rise of 132 per cent in calls from that group to the helpline compared to a year earlier. We are very pleased with that result.

In September we followed up with a new campaign that targeted another group, and this is the at-risk group. In the gambling research world you have people who are identified as problem gamblers, then you have another cohort, a larger cohort, that are at risk. The at-risk group campaign had a different slogan, and that was 'Is gambling getting in the way of your social life?'. That was principally aimed at the 18-to-24-year-old males. You remember that fellow dragging the poker machine with him, trying to get into a nightclub. That resulted in 13 500 people visiting the 'Take the quiz' website and undertaking a little bit of work for their own benefit. We think that hit its mark. Early this year we refreshed the male problem gambling campaign. That is the two ads — the fellow at the footy with his mates, and the dad on the pier with his son.

That saw 48 per cent increase to the helpline through calls. That was great. The newest ad is the one that was just launched last week, and that has the woman in the park digging the holes. I have the cut-out here. That is aimed at men and women in the 35-to-49-year-old age group, who are low-risk or in fact not even gamblers at the moment, but it is encouraging people to visit the website, to gamble responsibly and to do the budget calculator exercise.

These ads are very thoroughly researched. They flow from the epidemiological study and other research we do. I think this year we plan to do another \$1 million of research into how we can refine the ads going forward. They are very well targeted. We think they are delivering excellent results. I am not aware of anyone else in the country targeting them as well as we target. Certainly I am aware that these ads are of a style and are reasonably confronting in a way. You could not run them in most other jurisdictions in the world. You certainly could not run these ads in the United States. They would have them off air in a flash because they do not like people having to convey the risk element. They say that is all individual choice. We think they are making an impact, and we will continue doing that.

Mr DALLA-RIVA — Minister, I want to go to budget paper 4, page 49. Budget paper 4, page 45 from last year showed aggregate gambling tax revenue of \$6.9 billion over the forward estimates. The budget paper which I referred to today at page 49 has that aggregate gambling taxation revenue at \$7.4 billion over the forward estimates. What I am trying to find out is the difference of half a billion dollars in extra gambling tax revenue that will come from gaming machines when you compare the two different forward estimates. It is in light of the Premier's pledge to Parliament on 10 April 2008 where he said with the changes to the gaming machine ownership arrangements:

... the total amount of tax taken by the government will be around the same in real terms ...

Given that the government has signalled that it is cutting tax rates for wagering in 2012, we know that, given all of Intralot's problems, revenues from lotteries have been unspectacular. We know the extra revenue from the Crown deal was factored into last year's budget. Is it not correct that the only source for the bulk of this increased gambling revenue when you compare the two forward estimates is from gaming machines? Don't these budget papers, these latest ones, tell us that the Premier's pledge to Parliament back in 2008 on gaming machine taxation is just yet another broken Labor promise?

Mr ROBINSON — I am not really sure where to start with the question. There are so many things you have got wrong, with respect, in the question. Let me see if I can go through them.

Mr WELLS — So you are disputing what the Premier said?

The CHAIR — Without assistance.

Mr DALLA-RIVA — No, he does not —

The CHAIR — Without assistance.

Mr WELLS — No, we need to clarify.

The CHAIR — Without assistance.

Mr WELLS — Are you disputing what the Premier said?

The CHAIR — Mr Wells, without assistance. Can we hear the answer?

Mr WELLS — Hang on. No. The minister made a claim.

The CHAIR — Mr Wells, stop interrupting. You are a serial offender when it comes to interrupting. Can we have an answer from the minister in silence, please?

Mr ROBINSON — There are a number of questions within that question. At page 206 in the same volume, if you look at the estimates going forward, you mentioned lotteries taxes. Lotteries taxes grew by just under 3 per cent last year. They are forecast to grow by 4 per cent next year, so that part of the question is wrong.

Electronic gaming machine taxes actually declined — 2009–10 revised compared to 2008–09 actuals declined. That mirrors what has been going on in the real world for the last few months. If you look at gaming machine net expenditure for this financial year, for the year to date it is down 3.6 per cent compared to where it was last year. The last six months straight, and seven of the last nine months, have seen a decline compared to the year before. The greatest of those was in March this year where it was 6.45 per cent down on last year. That is just in raw numbers. By rights, just to keep pace with inflation it should be growing at 3 per cent or 4 per cent. It is down 6 per cent. We are seeing now in Victoria the most sustained correction ever on EGM expenditure. This has been going on for some time. I have not been out there talking about it because we have had the market there trying to make an assessment as to what entitlements are worth, but the information has been available for everyone. That is the second point.

The third point is in comparing forward estimates, you have compared last year's, which of course include 2009–10 but did not include 2013–14, with this year's that do not include 2009–10 and do include 2013–14, so it is an apples-and-lemons comparison. You cannot compare one lot of four years with another lot of years where two of the years are different; you just cannot do it. I do not understand that that makes any sense.

Mr WELLS — We are talking about a four-year period.

Members interjecting.

The CHAIR — Thank you. Minister, the question asked for an explanation for the difference of \$500 million. Do you have further information to give us?

Mr ROBINSON — The gambling tax figures going forward incorporate all sorts of things. The casino tax, which started to increase from 1 January, I think was updated. The estimate of that was updated compared to what was put into the budget figures last year. In the budget last year the agreement had not been finalised. It was not finalised until late last year. I think it is about \$500 000 EGM taxes each month this year, but of course that will increase and accelerate next year as the rate increases again. On top of that there is also the estimate as to how quickly or slowly Crown rolls out the new tables and the activity on those tables, which of course attracts a different tax.

We have also seen since the budget papers last year the first phase of the entitlements going out. I have no doubt Treasury has updated its figures based on that. As I say, we have also seen that the EGM figures are down, the lottery figures are doing quite well, and the racing figures I think are doing better than anticipated. All those things go into the mix. As to how all that adds up going forward, I think if you want more detailed information, you will have to ask the Treasurer.

The CHAIR — Can you get us some further information on notice, please, Minister — —

Mr DALLA-RIVA — So you do not agree with the pledge from the Premier? The Premier said it would be around the same in real terms, and you have just admitted it will be half a billion dollars more.

The CHAIR — In order to give the committee more information on that increase.

Mr DALLA-RIVA — Do you disagree with the Premier?

The CHAIR — Ms Pennicuik.

Mr WELLS — Hang on, no, the main part of the question.

Mr DALLA-RIVA — I said, how does this sit with the Premier's pledge that with the changes to gaming machine ownership the total tax taken by the government will be around the same in real terms? Minister, you have just said it is half a billion dollars more.

Mr ROBINSON — I agree with the Premier.

Mr DALLA-RIVA — You agree?

Mr WELLS — You agree?

Mr ROBINSON — I agree with the Premier's view going forward.

Mr DALLA-RIVA — But you are out half a billion dollars.

Mr WELLS — There is half a billion dollars difference in what you are saying.

The CHAIR — Ms Pennicuik has the call, please.

Mr DALLA-RIVA — The myki minister.

The CHAIR — Without assistance. Ms Pennicuik, you have the call, if your fellow members allow.

Ms PENNICUIK — Minister, you mentioned a couple of things in your presentation, including fostering responsible gambling and ongoing license investigation and compliance, and in your last answer you talked about individual choice. We know that problem gambling is not just a function of individual choice, it is very much a function of the structure of the gambling system, including the location and intensity of machines and the operation of the machines themselves. The Productivity Commission, as I understand it, has recommended a maximum cap of \$1 a spin and of credit of \$20 at a time. My question is: has your department done any studies into how taxation revenue would be affected if those recommendations were taken up? If yes, what are the results? If no, would you be doing that? Does the new regime for EGMs provide an opportunity to do that, especially since the money paid for the machines was less than expected?

Mr ROBINSON — Thanks, Ms Pennicuik. With respect to the Productivity Commission's recommendations, they certainly put a lot of recommendations out there. We made a submission to that inquiry, and they acknowledged Victoria's leadership in a number of respects. They did not go so far as to recommend that ATMs be pulled out everywhere, but said they would monitor what happens in Victoria, particularly with respect to the impact on turnover.

There was an element of the PC report that we disagreed with, and it was the means by which they came to a conclusion about the maximum loss rate per hour. They came out with a figure of \$1200. This was actually predicated on a \$10-bet limit, so straightaway in Victoria we are at \$5. As I understand it — as it is been explained to me — you could only lose \$1200 per hour if you left your finger on the button continuously and did not take it off for a full hour and you did not achieve a single credit in that time. That is a hypothetical figure; I do not think it bears a relationship to what happens commonly. It might happen once or twice a year, but I am just not aware of too many people who sit there for an hour — you would get a very sore finger. We have actually done some calculations, and the VCGA estimated in 2008–09 the average net expenditure or player loss per gaming machine per hour in Victoria was \$13.85. That is a long way short of the \$1200.

However, what we would anticipate going forward with the federal government when it releases its response to the PC's final report is that the opportunity will again emerge for us to sit down and have discussions with them. I have to say, though, the preliminary discussions we have had do not fill me with a great sense of confidence that we will be able to easily achieve national standards. The problem is not Victoria — we have been very willing to modify policy — it is largely New South Wales. Last year we had a ministerial meeting where New South Wales put the view that they were all for national standards but they just were not signing up to any that had been proposed that day. It is a strange position. We would anticipate the opportunity to discuss the further refinement of policy with the federal government, but it is not clear at this stage in what shape or form that will emerge in the next few months.

Ms PENNICUIK — Yes, but given that Victoria has taken the lead on many measures, this would be a good one to take the lead on. Would you be looking at that?

Mr ROBINSON — I am sure that and other things will continue to be discussed, but we would legitimately put our detailed view to the federal government and the Productivity Commission that some of the conclusions they have drawn are not accurate, based on the work that we have done.

Mr SCOTT — In relation to research conducted within the gaming and racing management and regulation activity specified in budget paper 3, page 156, can the minister comment on the recently completed Hare report into Victorian gambling behaviour and the impact it will have over the estimates period?

Mr ROBINSON — This is the Hare report, *A Study of Gambling in Victoria — Problem Gambling from a Public Health Perspective*. It is an epidemiological study that was released in September last year. It is a landmark report. It is the most extensive of its kind ever undertaken in this state and I think in Australia. It is a study that involved some 15 000 Victorian adults, and it utilises a public health approach to problem gambling. The intention of the study is not just to analyse gambling but to tease out a whole range of factors — socio-demographic factors, life events, substance abuse, psychological wellbeing factors — that characterise those who have a problem with their gambling from those who do not. It is a really hard read; for laypeople it is pretty difficult to wade through it. But it has turned up some interesting results.

The first is that it found that approximately 0.7 per cent of the Victorian adult population are classified as problem gamblers, with a further 2.36 per cent classified as moderate-risk gamblers. It is useful for us to again get a good snapshot as to the different cohorts within the population and their relative exposure or risk of developing problem gambling behaviours. We know with the 0.7 that certain ads, for example, and certain approaches will work. We know there is another group, the moderate-risks, and we need to target messages at them.

What I found the most surprising, I guess, of all the findings here was this connection with mental health. Amongst the other findings — and there are a lot of findings in this — Hare found that problem gamblers have almost 12 times the rate of depression and 11 times the rate of anxiety disorders as non-problem gamblers. Hare found that problem gamblers are nearly 22 times more likely to have a severe mental disorder than non-problem gamblers and problem gamblers are 23 times more likely to report high levels of clinical alcohol abuse than non-problem gamblers.

Some time ago, in a relatively short space of time, I bumped into John McGrath, a former member for Warrnambool, and Neil Cole, a former member for Melbourne. Both of them in their own way raised issues about mental health. They said that the more work we did the more we would find the linkages. It is not a linkage that always works one way. Some people develop a mental health condition because of problem gambling, but others develop the problem gambling behaviours because of an underlying mental health condition. I remember Neil Cole saying to me that for some people a problem would result in them getting a credit card and wandering around shopping centres and buying up things that they could not afford because they like the bright lights of shopping centres and they like the warmth and the comfort, but for the other person, who might live next door, they would go into a gaming venue — again, bright lights, warm, comfortable. They just found the release some other way.

Trying to unpick why some people do this or try to find better ways to identify early someone who has an underlying depressive condition or a mental health condition that might make them more likely to develop problem gambling is really the challenge before us. That is great work. It is already informing the way in which we put ads together and go forward, but I think it is going to trigger a lot more research in years to come.

Dr SYKES — Minister, I refer to the estimates for gambling taxation revenue on page 49 of budget paper 4, that includes revenue from casinos. It is a matter public record that the Brumby government has received a proposal for a second casino located in Mildura. Given the exhaustive process that applied at the time the first casino licence was issued, what are the terms and conditions that will be applied to any further casino licence or licences issued by your government, and what impact will any subsequent casino licence have on revenue?

Mr ROBINSON — There is only one term or condition that we, or the Premier, have laid down in respect of this and that until such time as he, and the government, was of the view that there was bipartisan support and strong community support in Mildura for this proposal — and it is only a proposal that has been floated; there

are lots of proposals on casinos that are floated, and quite often they come from National party electorates, let me say, but nevertheless — until such time as that is achieved, we really have nothing more to say. I have to say it is not a proposal I have seen; it is not one that is on my desk, but noting the clippings that are going around, I do not think that precondition has been met. I am not even sure what the National party's view is, or what the National party member for Mildura's view is. It is a very live issue, and I know that the council has different opinions, and I know the community has opinions on this. The Premier said that, should it get to a position of it having bipartisan political support and strong community support, he would be prepared to contemplate it further, but that was some months ago. I have seen no evidence to date that it has even got to that first hurdle.

Dr SYKES — Can I clarify, Chair?

The CHAIR — You can ask the question next time. Ms Graley.

Dr SYKES — Chair, on a point of order — —

The CHAIR — A point of order — if you think he has not answered the question, that is fine by me, but in terms of supplementaries, we do not have them. You have a point of order?

Dr SYKES — Yes, Chair. I refer to your ruling at the start of proceedings today when you said there will be no points of clarification and no supplementary questions. I understand the need for you to chair the meetings firmly, but in making this ruling I feel that you have put at risk the integrity of this PAEC interview process.

Ms GRALEY — Are you reading that out? Somebody has written that for you.

Dr SYKES — Over the past two years ministers have been able to make wide-ranging responses, often in response to Dorothy Dixers from government members of the committee.

Mr NOONAN — Do you want to just table it, Bill?

Ms GRALEY — Yes, just table it — or has Richard got a copy, too?

Mr NOONAN — Who wrote this for you?

Dr SYKES — When non-government members of the committee have sought to get specific answers to specific questions, you have often instructed the minister to confine his or her reply to as it relates to the forward estimates and to limit points of clarification when the minister has provided an answer which the questioner considers unclear, misleading or evasive. This approach has certainly frustrated and disappointed me as I have endeavoured to fulfil my role as a member of PAEC to ensure that the government of the day is fully accountable for the spending of over \$45 billion of Victorian taxpayers money, so I request that you direct the minister to answer the questions as asked and to ensure that he does so.

The CHAIR — Thank you for the point of order. I do remind members, and I mentioned this before, that this is an estimates hearing. Under section 14(ii) of the Parliamentary Committees Act, we are dealing with the annual estimates or receipts and payments and other budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council. That is the process of what we are dealing with here.

It is always my intention, Dr Sykes, to ensure that the ministers answer the questions that are asked and are relevant to the questions that are asked. It is always my intention that this is the case. I do endeavour to ensure that, and I often do ask the ministers for clarification. But we also are dealing with the estimates, and in that case I have on some occasions ruled that the questions asked do not relate to the estimates, or that some parts of questions do not relate to the estimates. That is because we are conducting the inquiry into the estimates, not into other matters. That is a consistent ruling that I have made. I do that in order to confine the hearings to what the purpose of the hearings is. I strive to be consistent in that. I also strive to make sure that the ministers answer the questions. It is not a general discussion around the table; it is a process of question and answer. I strive to ask members to respect that and to follow that.

Mr WELLS — On a point of order, Chair, I think you are turning these public hearings into a sham. The reason I say that is because it may be sufficiently answered in your view, being of the same political party as the minister, but in some cases where we have had pathetic answers from ministers, you may find that acceptable

but when it comes to the opposition, who are trying to scrutinise the ministers, we are not getting satisfactory answers. So your response to Dr Sykes is totally unacceptable.

The CHAIR — What is your point of order?

Mr WELLS — That you ensure that the minister answers the question to a satisfactory way that Dr Sykes has suggested.

Ms GRALEY — I am ready to ask the question.

Mr WELLS — Dr Sykes has asked a question.

The CHAIR — Have you finished your point of order?

Mr WELLS — I would ask you, Chair, in fairness to direct the witness to answer the question in the satisfactory way that Dr Sykes is expecting.

The CHAIR — Have you finished? The point of order that you have made is that you are asking me to ensure that the ministers respond to the questions that are asked. That is my job as chair.

Mr WELLS — To the satisfaction of the person who has asked them.

The CHAIR — Thank you very much. I have asked you a number of times not to interrupt when other people are talking. I ask you to continue to respect that. You asked that I ensure that the minister answers the question. That is my role, to ensure that there is an answer given to the question and that the answer is relevant to the question. It is not my role to direct the minister as to how the minister should answer a question. It is my role as chair to ensure that the minister is relevant to the question. That is the role of the minister, to ensure the relevance. It is also my role to ensure that the questions asked are relevant to the estimates and the answers are relevant to the estimates as well and that we try to avoid political argy-bargy in this regard.

In respect of my role as chair, my role is as chair of the committee. Your imputations in regard to my role that you have mentioned in terms of political matters, I firmly reject. I chair this in order to make sure that proceedings are followed — that is, in terms of questions and answers that are given, ensuring that relevant questions are asked and that relevant answers are given. It is not my role to ensure that the answers that are given are actually satisfactory to everybody who may ask them. My role is to ensure that they are relevant. It is not my role to direct the minister in any way in terms of the way that the minister answers them or the comprehensiveness of the minister who answers them. It is my role to ensure that they are relevant and that they are related to the question as asked.

Ms GRALEY — May ask my question now?

Mr DALLA-RIVA — On a point of order, Chair, specifically related to the process that we are undertaking, you correctly point out, an estimates committee. I give you the one example previously where I asked a specific question about the additional half a billion dollars discrepancy between the previous forward estimates and these forward estimates. We did not get a satisfactory answer as to where the extra half billion dollars in taxation is coming from. You then said we go to the next question. We as an estimates committee have no idea where the extra half billion dollars is coming from, so we are left without any understanding because your ruling is saying we cannot seek clarification or undertake a further examination of a particular issue. Half a billion dollars of extra taxation, and you are prohibiting us from asking additional questions specifically on that issue in the forward estimates.

That is why I raise that point of order, that we need clarification. If the minister cannot answer it because he does not know and you are protecting him because he does not know, that is fine, put it on the record, but do not go through this sham right now that we appear to be going through. We have had eight days of these types of hearings, and today, for some unknown reason, we are going through this sham.

The CHAIR — Have you finished?

Mr DALLA-RIVA — I have, Chair. Thank you.

Ms GRALEY — Can I ask my question?

The CHAIR — No. Mr Noonan, did you wish to speak on the point of order?

Mr NOONAN — On that point of order — —

Mr WELLS — Are you going to ask for us to be — —

The CHAIR — Without assistance, please.

Mr WELLS — Hang on, when we asked on a point of order, these guys were constantly interrupting us and you did not say a word.

The CHAIR — Without assistance.

Mr WELLS — You did not say one word.

Mr NOONAN — On this point of order, I would suggest to Mr Dalla-Riva that he checks the record because I think he will find that the Chair did seek some clarity and put it to the minister that there did need to be some clarity on this issue. I would invite him to check the record, because my recollection is that the Chair did intervene.

Mr WELLS — But we did not get an answer. The point is we did not get an answer.

The CHAIR — Thank you, Mr Wells. Once again your behaviour is inappropriate. If you wish to comment on the point of order, seek that.

Mr WELLS — Why do you not pull them into order?

The CHAIR — If they do, I do — if you check the record — in fact. I will rule on the point of order. I thank you for the point of order. Mr Dalla-Riva has commented on a specific case which happened earlier today. I draw his attention to the Hansard when it comes out, but I think the Hansard will show, from my recollection, that at the end of the answer that the minister gave, I directed him back to asking for a specific explanation for the \$500 million gap and he then provided some additional information on that. At the end of that, I further clarified and asked him could he provide on notice some further information in regard to that. So Mr Dalla-Riva, in regard to the example you have given, I disagree with you and I reject the imputation you have made and I reject the point of order.

Mr DALLA-RIVA — I accept the ruling, he does not know half a billion dollars — —

Mr WELLS — So he cannot explain half a billion dollars.

Members interjecting.

The CHAIR — Ms Graley has the call. You are out of order, Mr Wells.

Members interjecting.

Mr WELLS — There is half a billion dollars and he cannot explain it.

Ms GRALEY — Minister, I would like to go back to the budget papers and page 156, where we were talking about regulating the gaming and racing industry. I would like to ask you about the future plans for integrating gaming regulatory functions with liquor.

Mr DALLA-RIVA — On a point of order, Chair, I note that the schedule which has been set down and publicised on the Public Accounts and Estimates Committee website, of which notification has been given to the relevant ministers and to the various witnesses present, that the gaming portfolio concludes at 3.00 p.m. It is now 3.00 p.m. and I move that we now move to consumer affairs for the due 45-minute session.

The CHAIR — Thank you for that. There is no point of order because we have not quite reached 3 o'clock by my watch. We have another half a minute. So, Minister, quickly, please.

Ms GRALEY — He has been using his watch all along.

Mr DALLA-RIVA — I've got 3 o'clock.

Mr ROBINSON — Thanks, Chair.

Mr DALLA-RIVA — Everyone has got 3 o'clock. Excuse me. On a point of order, it is 3 o'clock, Chair.

Mr NOONAN — If you keep talking, Richard, it will be 3 o'clock.

Mr DALLA-RIVA — It is 3 o'clock and I move — —

The CHAIR — Minister, do you have any brief — —

Members interjecting.

Dr SYKES — The big hand is on 12 and the little hand is on 3. It is 3 o'clock.

Mr DALLA-RIVA — You might remember it from your kindergarten days.

The CHAIR — Thank you very much for that. Minister, you have 10 seconds to respond now.

Mr DALLA-RIVA — It is now 3.01. You are making a mockery, Chair — —

The CHAIR — No, I think you are making the mockery, Mr Dalla-Riva.

Mr DALLA-RIVA — No. You are following the rules precisely.

The CHAIR — I am following the rules precisely. It is now — —

Mr DALLA-RIVA — It is now 3 o'clock — 3.01 — and I move that we go to consumer affairs.

Ms GRALEY — I would like to hear the answer to my question, please.

The CHAIR — All right, thank you. Minister, you will need to take that answer on notice because it is now 3 o'clock.

Members interjecting.

The CHAIR — I thank Mr Kennedy for his attendance.

Witnesses withdrew.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 19 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Hulls, Minister for Racing,
Ms P. Armytage, Secretary, and
Mr R. Kennedy, Executive Director, Gaming and Racing, Department of Justice.

The CHAIR — I now welcome Mr Ross Kennedy, executive director, gaming and racing, Department of Justice. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information in the budget estimates for the racing portfolio.

Overheads shown.

Mr HULLS — I have just two slides. Once again, the Victorian government has ensured that our racing industry is, I think, lengths ahead of the nation — excuse the pun. There is no question that we remain the national leader and the Brumby government has consolidated its position. Racing continues to deliver significant economic and social benefits to the state. It contributes in excess of \$2 billion of economic activity annually. Around half of that is in regional areas. The industry is responsible for the employment of over 70 000 people; two-thirds of those are located outside the metropolitan area.

The allocation for the racing portfolio in 2010–11 is \$40 million, which will continue to allow the delivery of key priorities such as implementation of the racing integrity review recommendations. We continue to take decisive action to ensure that our world-class industry leads the field and we will work closely with the racing industry in implementing the recommendations contained in the report by Judge Gordon Lewis to ensure that the integrity assurance within Victorian racing is of the highest standard and also the implementation of the RRIF, the Regional Racing Infrastructure Fund. I think most people who have been to a racetrack recently will see the improvements as a result of that fund. We are committed to funding in excess of \$20 million for a range of capital works projects worth almost \$34 million at thoroughbred, harness and greyhound tracks around the state. This is part of the partnership — \$45 million, government; \$41 million, industry — for this fund.

Included in this funding is a project to install plastic running rails at 25 country racecourses. Rarely has the value of government involvement in racing been more evident than at Flemington on Saturday, 8 May, when the plastic running rails passed their first serious test with flying colours. This only takes 10 seconds; if you just want to have a look at this video you will see how well it works.

Video shown.

Mr HULLS — Those rails were invented by a bloke by the name of Dan Mawby, who is a Mordialloc plumber. The view he took was the current rails that we have are steel or aluminium uprights, the horse hits them, the spike of the rail goes into the horse or the jockey, they have the potential to maim or kill horse or jockey. These rails, as you can see from the video, have give in them. They are much higher than normal rails, so they are respected better by the horses. A horse hits the rail and is pushed back onto the track, and the rail itself then collapses in its upright. In speaking to jockeys like Craig Williams and others, they say that these rails will save lives. There is interest in them in Dubai and from other parts of Australia. It is a fantastic Victorian story, a fantastic Victorian invention; they are manufactured here in Victoria. It is only because of the government's Regional Racing Infrastructure Fund that we have been able to fund these. The government has put something like \$2.1 million into these plastic running rails, so you can see how well they work.

The other priorities of course are finalising the wagering licence, driving a federal response to prevent unauthorised betting on Victorian racing product and the continued rollout of funding to country race courses. The fact that we remain committed to a strong and growing racing industry will oversee the implementation of strategic plans for RVL, Greyhound Racing Victoria and Harness Racing Victoria to ensure that Victoria continues to have a world-class racing product.

Mr NOONAN — Minister, you talked about the plastic rails and the innovation there, and you mentioned that that funding comes from the Regional Racing Infrastructure Fund. Obviously it is a big fund, so I wonder whether you can provide some greater detail for the committee in regard to the benefits that that fund will bring more broadly to the rural and regional racing circuit.

Mr HULLS — You are right; it is a big fund. It is \$86 million and we are contributing as a state \$45 million and the industry \$41 million. The benefits of the fund are clear to see. There are capital works worth almost \$34 million at thoroughbred, harness and greyhound tracks right across the state. This financial year alone I have announced 29 regional racing infrastructure projects. As I mentioned, \$2.3 million has been spent on the plastic running rails, and \$2.1 million of that comes out of the fund. That will be rolled out over the next year to 25 tracks throughout the state and that will improve the safety of horse and also jockey.

Other major works undertaken as a result of this fund include the redevelopment of the Warragul greyhound track; that is \$1.8 million, of which the government contributed \$1.3 million. I was at the opening of that. It is quite an astounding state-of-the-art greyhound track. Harness racing has returned to Hamilton. Harness racing stopped at Hamilton for a couple of years. It returned to Hamilton in February thanks to a \$1 million upgrade of the track and the state government part of that was \$419 000. Anyone who has been to Ballarat recently will have seen enormous works going on there for an uphill training track thanks to a \$2.4 million upgrade. The state's contribution to that is \$2.16 million.

The impact of the fund — and I will not go through all the programs that have been supported — means there is significant improvement of regional and rural infrastructure leading to improved racing and increased participation, which in turn creates improved employment opportunities; drought-proofing projects to reduce the reliance on town water supplies; better and safer facilities for all participants in the industry; and much better quality of racing — that is, increased race fields and the like. This funding will also support the value of the Victorian wagering licence to ensure that the supply of quality Victorian racing continues. That is an integral part obviously of the industry.

We think this fund is an enormous boost for regional and rural Victoria, because race tracks, as I have said, are community assets. Most of them are on Crown land, they are owned by the community, they are there for the community and it is important that they be enhanced for the community, so they can be used not just on race days. They can be used for a whole range of other community functions on non-race days as well.

Mr DALLA-RIVA — Minister, my question is in regard to revenue and the revenue base. I understand that it is not absolutely clear that VenueNet terminals are allowed to operate in Victoria and in Victorian hotels, and that is having a big impact on the revenue to the state, revenue for Victorian racing and issues for the Victorian wagering licence. I wonder if you can perhaps explain to the committee the impact of not allowing VenueNet terminals to operate in Victoria and in Victorian hotels.

Mr HULLS — You say it is having an impact. The fact is that the Gambling Regulation Act is the primary source of statutory regulation of gambling in Victoria. It creates a number of gambling offences and provides for authorisation and licensing of persons to carry out lawful gambling activities in Victoria. So that is a framework under which we operate. There is also the offence of unauthorised betting under the Liquor Control Reform Act.

Currently Tabcorp is the only entity in Victoria allowed to operate wagering facilities in hotels and clubs and is authorised to offer wagering services via the telephone and the internet. That is what the exclusivity is all about. The fact is that the presence of what you have described and what can be described as an interactive touch screen internet kiosk, I think it was at the Rising Sun Hotel, came to the attention of the Victorian Commission for Gambling Regulation and the director of liquor licensing. The VCGR confirmed that hotel patrons who held an account with interstate bookmaker, Sportsbet, were able to place bets on racing and sporting events using this terminal.

Obviously Tabcorp was of the view that that was impacting on its exclusivity. The VCGR and the director of liquor licensing are each independently investigating the matter, with a view to determining whether the operation of this terminal breaches any of the legislation — that is, the Gambling Regulation Act and the Liquor Control Reform Act. As a result of the investigation — and I am sure you have read about this — a court-issued warrant was obtained and the terminal was seized by VCGR inspectors in August of last year. I have received a briefing on the matter and will be further advised on the result of the examination of the terminal. The investigation is continuing and it is very likely that this matter will ultimately be determined by a court, so I do not think it is appropriate to make any further comment in relation to the matter. The fact is that whether or not it is impacting on fees government would get from racing is yet to be determined. Taxes from racing advised in 2009–10 were \$132.1 million; and in 2010–11, \$139.3 million. This particular matter will end up before the court — sorry, may well be decided by a court — so I do not want to say too much more, except that the government is well aware of the exclusivity arrangements that exist with the current licence.

The CHAIR — Does not Sportsbet now have its office in Melbourne?

Mr HULLS — The fact is that there is nothing stopping other organisations taking bets from being here. There are a lot of corporate bookmakers in Darwin that have head offices in Melbourne, but whether or not

VenueNet is infringing upon the legislation that makes it quite clear that Tabcorp is the only entity in Victoria allowed to operate wagering facilities in hotels and clubs, and whether or not this particular interactive touch-screen device is infringing upon the legislation is something that is currently being argued.

Mr DALLA-RIVA — Is it a touch-on, touch-off system?

The CHAIR — We will ignore that one.

Mr SCOTT — My question is regarding racing integrity. Minister, I refer you to your presentation, in which you mentioned the Lewis report. I ask: what other recommendations from the report has the government implemented, and what do they mean for integrity in the racing industry?

Mr HULLS — You do not have a racing industry unless integrity can be assured. It is as simple as that. People will not bet on the product if they think the product does not have appropriate integrity controls in place, and our racing industry is widely regarded as the best in Australia, both commercially and in relation to integrity. This is certainly an enviable position we are in, but you have to keep striving to ensure you maintain your position or improve your position.

To this end, in February this year the government was delighted, I might say, to secure the appointment of Mr Sal Perna as Victoria's inaugural racing integrity commissioner. As a point of background, the establishment of the racing integrity commissioner was a key, if not the key, recommendation of Judge Gordon Lewis's report, and the adoption of this recommendation received unanimous support from representatives of the industry. In his role as racing integrity commissioner Mr Perna will work with the racing industry and other bodies to ensure that the integrity assurance policies and practices of our three racing controlling bodies are transparent and they reflect best practice. He will also work to facilitate the appropriate exchange of information between racing industry regulators and other regulatory and law enforcement agencies to safeguard our world-class industry. He will have to submit an annual report to Parliament and also any relevant integrity issues to Parliament.

As far as his background is concerned, he comes to this role with an extensive history in law enforcement and corporate security. He spent 20 years with the Victoria Police; he rose to the rank of detective inspector. He has extensive experience as the head of corporate security in both Australia Post and Telstra. He more recently was managing director of Calibre International, a business consultancy specialising in leadership training, business planning, integrity, professional standards and corporate investigation. His appointment commenced from 1 March this year and he is initially full time for two years, at which time a decision will be made as to whether or not a full-time commissioner is to be ongoing or will be part time. He is funded entirely from the Department of Justice appropriations. About \$1 million was set aside in 2009–10 to support the establishment of the office.

You asked about Gordon Lewis's other recommendations. By way of finalising his recommendations, responsibility for the hearing of appeals against decisions of a racing appeals and disciplinary board has been transferred to VCAT, and I have just appointed former County Court judges Roland Williams and Frank Dyett and current acting County Court Judge John Nixon as members of VCAT to hear racing appeals. They bring enormous expertise with them. Finally, the racing appeals and disciplinary boards for both greyhound racing and harness racing have been formed and appointed. Former greyhound board member John Wardle has been appointed as chair, and Terry O'Connor as deputy chair; and Brian Collis, QC, has been appointed as chairman and Anthony Burns as deputy chairman of Harness Racing Victoria's RAD board. I think these appointments and the implementation of the Lewis recommendations brings the highest calibre of integrity to our three codes of racing, which is crucial.

The CHAIR — Thank you. I was sorry to hear that Jan Wilson has passed away.

Mr HULLS — I should not let this opportunity go by without commenting. Jan was a Labor member of Parliament for many years, but I think she received bipartisan support for her role as chair of Greyhound Racing Victoria. I know the shadow racing minister was at her funeral. She was just a giant in the industry, and it was her love. Politics was probably her second love. Greyhound racing was her first love, and she did a fantastic job as chair of Greyhound Racing Victoria.

I have spoken about some of that stuff here in the past. The Prison Pet Partnership and the Great Chase series, where you link greyhound racing into community organisations, have improved greyhound racing and its

connection with the community in ways that would never have been envisaged before Jan was there. She did a great job, and she will be sadly missed.

The CHAIR — She also looked after them after they had finished their racing rather than their just ending up — —

Mr HULLS — That is right. The adoption program was fantastic.

The CHAIR — It was something which this committee looked into several years ago.

Dr SYKES — Minister, my question relates to country racing and your claims that you support country racing. Is it a fact that since the Labor government was re-elected in November 2006, 1 country racetrack has been forced to close, 66 race meetings have been taken away from country clubs, and 19 country training centres have either been earmarked for closure or denied access to any capital funding, a decision which is already driving trainers and jobs to relocate away from country training centres which are doomed under Labor's racing policies?

Mr HULLS — The premise of your question is incorrect. I am a passionate supporter of country racing. I love country racing and will continue to support country racing, because if you do not have strong country racing, you do not have strong metropolitan racing. So it is absolutely crucial, and 2009–10 has seen significant changes to the country racing scene. Racing Victoria released its five-year racing and training infrastructure plan to provide certainty for all country clubs including picnic racing clubs.

Harness Racing Victoria has returned racing to Hamilton and established, as you know, a metropolitan home for harness racing at Melton. Greyhound Racing Victoria has rebuilt the track at Warragul and has plans to transform Beckley Park in Geelong into a world-class centre of greyhound racing excellence. For its part the government has continued its very strong partnership with the racing industry by renegotiating the wagering tax rate to ensure that the racing industry will be no worse off under the new wagering licence arrangements. I have already spoken about the Regional Racing Infrastructure Fund, the biggest government spend on racing infrastructure in Victoria's history in combination with the racing industry.

The fact is that RVL has taken industry consultation in relation to its race program and its infrastructure needs to new levels and provided all country clubs, even the smallest picnic clubs, with absolute certainty for at least the next five years. This is in stark contrast to previously, when a particular person said if country racetracks continue to be a drag on the industry, you have to question whether or not they can survive or should survive: Denis Napthine said that.

The fact is that we as a government have done more through infrastructure funds and infrastructure expenditure to promote country racing than any previous government in Victoria's history. But it has to be remembered that RVL is an independent body set up under Corporations Law to make decisions for and on behalf of the industry. I do not appoint RVL members. They are there to make decisions on behalf of the industry.

You spoke about programming, about some country towns losing a meeting or a number of meetings. That has occurred in consultation with CRV; Country Racing Victoria, the body set up by country racetracks to represent country interests, has been consulted. RVL has also consulted right around the state, and it has made decisions based on the overall interests of the industry.

You have to remember that racing is competing for that discretionary dollar out there. If someone goes out and buys a DVD, they are not having a bet at the races. If someone goes out to the pictures, they are not going to the Moe races. It is a tough, competitive world out there for that discretionary dollar, and RVL and CRV know that, HRV know it and GRV know it, and that is why they are continually trying to innovate.

I have said to them that unless they continue to do that and come up, if you like, with a Twenty20 cricket version of harness racing or form new partnerships with the community, they will remain stagnant; if you remain stagnant in this industry, you go backwards.

So, yes, decisions are made for and on behalf of the industry by the governing bodies, not by me. I do not set race dates, for goodness sake! Do you really want the minister to be setting race dates? Do you really want the minister to be setting prize money? Do you really want the minister to be saying how many race meetings will

be held at Moe or Wangaratta or wherever? That is not the minister's role. Once the minister starts getting into that, the whole show will fall apart because of the politics attached to it. Industry governance bodies are set up to make decisions on behalf of the entire industry, and that is the way it should be.

Dr SYKES — Sorry, can I just summarise that or make sure I have understood or clarify it?

The CHAIR — Other people wish to ask questions too.

Dr SYKES — Thanks, Minister, for that response. My summary of it is that the closing of racetracks and reducing of numbers, you accept no responsibility for, but for the good news stories you take full credit. Is that how it works out?

The CHAIR — That is a statement rather than a question. We will move on. We have time for two more very quick questions. Ms Graley, please?

Ms GRALEY — I will take up on Dr Sykes's interest in picnic racing clubs; I think he mentioned it. I would like to refer to budget paper 3, page 137, with regard to the output for regulating gaming and racing. It is great to hear the fantastic amount that has been given to the Regional Racing Infrastructure Fund. I am interested in picnic racing, because I know a lot of people like going there for a family day out, and I wonder if you would like to talk about that in a little bit more detail and about the future.

The CHAIR — Not too much detail.

Mr HULLS — The Regional Racing Infrastructure Fund is — you are right — for large projects in regional Victoria, but — —

Dr SYKES — Back on a good news story.

Mr HULLS — No, it gets back to Bill Sykes' question. The fact is that we do not leave out small clubs either, and that includes picnic clubs. We have another fund, which is the Living Country Racing program, which ensures that smaller grants can be made to country and picnic clubs that need assistance on a smaller scale, and that includes ensuring that they meet occupational health and safety demands. A lot of these clubs run on the smell of an oily rag and volunteers, and the fact is that in 2009–10 the Living Country Racing program provided \$400 000 to 29 country and picnic racing clubs.

It may not sound a lot, but it is to some of these clubs like Alexandra Race Club — \$30 000 to build a new entertainment centre for local community at the racetrack; \$10 000 to the Traralgon Greyhound Racing Club to upgrade toilets. It is important that you have toilets at these tracks; it is important that they be upgraded. These clubs cannot find this dough. There is \$14 500 to the Ararat Harness Racing Club to seal and fence the float parking area; \$9450 to the Dederang Picnic Race Club to install underground water tanks. These are small amounts, but they make a huge difference to these clubs. Also there is funding for stewards' and judges' towers at picnic racecourses. This program also helps these small race clubs meet their occupational health and safety obligations.

Anyone who looks at this government's commitment to country racing, large metropolitan clubs, large country clubs but also small country and picnic clubs will see that there has been a much greater commitment by this government — a passionate commitment — to regional racing than any other previous government in Victoria's history.

The CHAIR — We are running out of time, Minister. Ms Pennicuik has a question on notice: how much of the Regional Racing Infrastructure Fund has been provided in grants to Racing Victoria, Australian Jumps Racing Association or Country Racing Victoria to assist the continuation of jumps racing in Victoria either through advertising, building or refurbishment of grounds and jumps? You can answer that straight off, can you?

Mr HULLS — Look, I will take it on notice. There is none that I am aware of. I understand your view in relation to jumps racing, and I understand the view of many people in relation to both sides of the argument on jumps racing. Can I just say, and I have said this to you before, that it is not my decision; it is the decision of RVL. They have put in place some KPIs, key performance indicators, in relation to jumps racing. I do note that

with the current rate of jumps deaths and falls, if it was transposed over the flat racing, so far this season there would be something like two deaths at every race meeting. People would be outraged at that.

RVL is independent. It has set KPIs. Standards have been set for falls at 3 per cent of starters, fatalities at 0.6 per cent of starters, including increased number of starters. I can tell you this: whilst the jumps racing season has only just begun really with Warrnambool and a couple of other meetings, so far the key performance indicators have nowhere near been met by the jumps industry. Of course this is a matter for RVL. They have said that they will assess the jumps season at the end of the season pursuant to the KPIs and it will be a matter for them. Those KPIs are stringent; they are strict. The season has only just begun, but so far they are nowhere near meeting those KPIs.

Ms PENNICUIK — Minister, are you saying that you do not have the power as the minister to stop jumps racing or to stop any dangerous activity on racecourses?

Mr HULLS — What I am saying is you either agree with an independent body being set up to run the industry or you do not. It is a bit like saying the minister should intervene in relation to a decision about programming and the like. We have an independent body set up under Corporations Law that consults widely and that makes decisions in this area. They have said that jumps racing only has a future if stringent KPIs are met, and that will be assessed at the end of the season. That will be done, but to date — I am just giving you an update, because I ask for it on a regular basis — those KPIs have not been met. But we are only just into the start of the season.

The CHAIR — Thank you for that. That concludes the consideration of the budget estimates for the portfolios of Attorney-General and racing. I thank the minister and departmental officers for their attendance to day. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days. Thank you very much, Attorney-General.

Witnesses withdrew.

6 Department of Planning and Community Development

Portfolios

6.1 Aboriginal Affairs

Pages J1–7

6.2 Community Development

Pages K1–18

6.3 Local Government

Pages L1–7

6.4 Planning

Pages M1–30

6.5 Respect Agenda

Pages N1–8

6.6 Senior Victorians

Pages O1–7

6.7 Sport, Recreation and Youth Affairs

Pages P1–18

6.8 Veterans' Affairs

The hearing for this portfolio took place in week one of the budget estimates hearings and the transcript of proceedings appears in Part One of this series of reports.

6.9 Women's Affairs

Pages Q1–7

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 19 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Wynne, Minister for Aboriginal Affairs,
Mr Y. Blacher, Secretary,
Mr I. Hamm, Executive Director, Aboriginal Affairs, and
Mr S. Gregory, Chief Finance Officer, Department of Planning and Community Development.

The CHAIR — On behalf of the committee I welcome Mr Yehudi Blacher, secretary; Mr Ian Hamm, executive director, Aboriginal Affairs; and Mr Stephen Gregory, chief finance officer, Department of Planning and Community Development. I ask the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the Aboriginal affairs portfolio.

Mr WYNNE — Thank you very much, Chair. I am pleased to be joined by the secretary of my department, Yehudi Blacher, as well as the executive director of Aboriginal Affairs, and you have introduced my colleague who is with us, replacing Terry. I will make a brief presentation.

The first thing to say is that the fundamental objective of the government — and again I say this is on a bipartisan basis — is that we deal with the fundamental issue of closing the gap. We had I thought a very important ceremony in August 2008 where on a bipartisan basis both sides of politics signed on and said, ‘Yes, this is an outcome that this Parliament thinks is quite fundamental’.

Ms PENNICUIK — There are more than two sides of politics, Minister.

The CHAIR — Minister, to continue without assistance.

Mr WYNNE — Ms Pennicuik, it depends on how you frame these issues, I guess.

The CHAIR — Just ignore it, please, Minister; it is unparliamentary.

Mr WYNNE — The life expectancy rate for Aboriginal people in the state of Victoria is 12 years less for males and 10 years less for females, and that is just not acceptable in a civilised community. The year 12 completion rate for Aboriginal young people is 50.9 per cent against that for the non-indigenous at 80 per cent. Youth unemployment is 2.3 times that of non-indigenous people. These are stark figures, but it is always worth reminding ourselves of them and what some of our challenges are going forward.

We operate in a broad framework which is national, state and very much community. Our national responsibilities are to the COAG agenda, which has been articulated very well by the government. At a state level we operate within a framework which is the Victorian indigenous affairs framework, which has set 5, 10 and 15-year targets. We are the only state in Australia that publishes every year in the Parliament its outcomes for Aboriginal people, warts and all. We think that is important in terms of accountability and transparency.

We have a ministerial task force which brings together, often in this room, all of the ministers who have a direct responsibility for dealing with outcomes for Aboriginal people, and that committee is chaired by the Deputy Premier, Rob Hulls. We also have a secretaries group, which Mr Blacher is obviously on on our behalf, which deals at a departmental level to address the issues that come through the VIAF targets and also through the ministerial task force.

I want to briefly touch upon some of the VIAF outcomes. We must remember that these targets are 5, 10 and 15-year targets, but already we have had some quite important improvements: increased participation by Aboriginal three and four-year old children, a 10 per cent increase for four-year-olds in 2009 and a 130 per cent increase for three-year-olds in the first year of operation. This is really important work. One of the crucial things you can do for young people is keep them engaged in school, whether they are Aboriginal or non-Aboriginal, but we know that for Aboriginal children it is a specific challenge. The Wannik strategy, which Minister Pike has put in place, is, I think, a really fantastic initiative, because it goes to tailoring individual learning outcomes for every Aboriginal child going through school and is also supported by homework and tutorial schemes as well.

Rob Hulls, I suspect, would have spoken to you earlier in his presentation about outcomes for indigenous adults in remand and custody and the work that he has done in rolling out alternative justice outcomes through the Koori courts that have now been established at the magistrates level and also the Koori County Court. We know there is an extreme overrepresentation of Aboriginal people in the criminal justice system, and quite simply we have to do better. I do not need to remind any of you of the enormous zeal with which the Deputy Premier has worked on these issues, particularly around alternative outcomes in the justice system for Aboriginal people.

The CHAIR — You probably need to move on to the last page, I think, in terms of the budget outcomes.

Mr WYNNE — I will, but I have to roll out my bit of paper here, because this is actually important. I just want to indicate to the committee, which obviously cannot be done on the Hansard transcript, that 56 per cent of the state is now represented by Aboriginal — —

Dr SYKES — It is upside down.

Mr WYNNE — No, it is not.

The CHAIR — Change your perspective, Bill.

Dr SYKES — I will, on about 27 November.

The CHAIR — We need to get on to questions.

Mr WYNNE — Fifty-six per cent the state is represented by registered Aboriginal parties. Of course from the point of view of the government it is quite fundamental that we want to make sure that we have the right people speaking for country across the state, and the Heritage Council is grappling with the remainder of the state to put in place to put in place registered Aboriginal parties going forward. But it is a great outcome to have 56 per cent of the state covered by the Aboriginal community.

Quickly, on the last slide, if I can perhaps go into a bit more detail as we go forward, Chair. Cultural heritage management plans will receive \$3.5 million. There will be infrastructure upgrades for new indigenous organisations. This has become a significant challenge for us, particularly around the co-ops. Some of them are really getting very run-down, if you look at them in Dandenong and in regional Victoria. We are hoping to get a better partnership with the commonwealth around getting some capital funding into some of the co-ops. It is a modest amount, but it is a start in terms of dealing with some of the crucial issues that the co-ops have. We will continue the support for Lake Tyers and Framlingham, two of our crucial Aboriginal communities.

Leadership and capacity building is, in our view, the best investment you can make in Aboriginal people, because you have to be in the space where you are supporting the vast range of Aboriginal organisations by ensuring that we get new leaders. Some of the leaders are of course getting older, and we are looking to get the younger people coming through, trained in governance, trained in leadership, trained in mentoring, so they can come and fill those spaces of some of the very well-established and known names in Aboriginal communities, who of course are getting older and tired. They are moving on in their lives. There is support for stolen generations. Can I indicate that the government will be making a significant statement in relation to economic development for Aboriginal people — —

Mr HAMM — Next Wednesday.

Mr WYNNE — Next Wednesday, I think, here in the Parliament.

Mr HAMM — Here in Queen's Hall.

Mr WYNNE — We will make a significant statement around economic development as well. I will stop there, Chair.

The CHAIR — Thank you, Minister. As I have asked you already in another portfolio, what are your plans and strategies? You have actually mentioned some of them in the presentation.

Mr WYNNE — Yes, I have.

The CHAIR — Are there any changes since last year? Obviously there is a statement next week as well, but is there anything more you wish to add to that in terms of plans and strategies?

Mr WYNNE — I would. The fundamental thing to say is the indigenous affairs framework is the fundamental strategy that guides the work of not only Aboriginal Affairs Victoria, but the government more generally. Whether it is through the strategic targets that we have put in place over the next 15 years or through the secretaries group or through the ministerial group or through the work of the task force itself or Aboriginal Affairs Victoria itself under the leadership of Ian Hamm, these are the guiding principles and these are the guiding targets that the government seeks to achieve.

Could I just briefly touch on what are some of the outcomes that we have achieved through the strategy? I will just snapshot half a dozen, if I can, Chair. VIAF indicated the percentage of indigenous babies with birth rates below 2500 grams — improving; increased school attendance in primary and secondary schools for indigenous students — improving; increased reading and numeracy levels at years 3, 5, 7 and 9 national testing through the Wannik strategy — improving; decreased proportion of indigenous people who are convicted within two years of their previous conviction — again, improving. I can go on and on with those.

You will say, ‘You are only talking about the upside’, and there are downsides — of course there are. There was a decrease in the school transition rate of year 10 for indigenous students going forward. That remains an area of concern. Young people who are dropping out at year 9, year 10, how do you keep those young people engaged? Because we know that if we can get those people through to year 12 successfully, get them into a training program, get them into another pathway, their life chances exponentially increase. That is a self-evident point, but this is an area still of concern. There was a slight increase in the proportion of indigenous adult offenders sentenced to prison — 34 per cent in 2007–08. It has gone up marginally — 34.5 in 2008–09. Again, that whole alternative justice outcome still remains an increasing challenge for us.

Areas where we have to get better data availability are indigenous perinatal mortality rates, transition of indigenous young people to further education, and the police response to indigenous family violence. They are still areas that a lot more work has to go into.

More broadly I would have to say that the indicators are strong. I do reiterate: we do publish every year a warts-and-all report on how we are going. I am proud of that. It does not say we do everything well, because if you look at this and you look at the dislocation of Aboriginal people in the state of Victoria and successive policies of governments to dislocate Aboriginal people from country and from their associations with country, this outcome that we have achieved here, I think, is starting to make a difference. If we look back, perhaps in 10 or 15 years time, to how those measures longitudinally have progressed out, you would hope there would be not only steady improvement but in fact dramatic improvement in the lives of Aboriginal people in this state.

The CHAIR — Is the Auditor-General happy with the performance framework? Maybe just take it on notice for something for the department to follow up with the Auditor-General.

Mr WYNNE — We have had no commentary from the Auditor-General of an adverse nature at all.

Mr DALLA-RIVA — Minister, in your presentation you mentioned, and the map of Victoria there, about the —

Mr WYNNE — Registered Aboriginal parties.

Mr DALLA-RIVA — That is it; the RAPs. I note the highlights. You say RAPs are represented in over 56 per cent of Victoria known to date. On page 30 of budget paper 3 there is mention there of ‘strengthening indigenous communities’, \$3.6 million over four years in terms of building the skills of RAPs to fulfil their obligations under the Aboriginal Heritage Act. What I am try to do is just flesh out a bit more that particular issue. I am trying to work out in the forward estimates how many you are expecting to establish, how many regions do not have RAPs, what you see as some of the issues that has about causing lengthy delays and blow-outs in developmental costs, and also the division between Aboriginal communities where there may be some overlap. Basically I am just trying to get a bit more of an idea of, from the forward estimates, some of the issues and concerns that might fall out from that.

Mr WYNNE — That is a good question. This morning I was in fact meeting with the chair of the heritage council, Eleanor Bourke, where some of these issues were canvassed, because you actually have competing claims over sites here. It was a most interesting conversation I had with her, because some of these go to the question of both boundaries — where are the boundaries of particular claims — or where you have got overlapping claimants, and how does that then intersect with the aspirations of traditional owners around native title claims.

As you know, we, through Professor Dodson, seek to put in place a different conversation between the Aboriginal community and governments around what are in many instances incredibly modest claims that Aboriginal people have got for native title. We have an alternative native title framework, which the commonwealth has been actively involved in by way of observing the process that is being established. We

think with a commitment of \$50 million by the state and \$50 million by the commonwealth over a period of 10 years we could settle every native title claim in Victoria, non-litigated! That is a fantastic thing. We are still awaiting a final proposition from the commonwealth government as to their preparedness to sign onto a partnership with us in this, but I certainly think the work that Professor Dodson has done with traditional owners and indeed with the federal courts and native title aspirants more generally has been quite groundbreaking and is going to make a huge difference.

Mr Dalla-Riva, in relation to how many RAPs we might end up with, I cannot be prescriptive about that because ultimately it will depend upon the heritage council's consideration. These are quite challenging issues for them because they go to questions about people establishing their connectedness to land. As you know, the successive strategies of governments to move people and to dispossess people has meant, self-evidently from a native title point of view, if you cannot establish connection to land, you cannot even get into the game of native title, given the high bar that has been established through determinations of the Federal Court for establishing your native title, for want of a better word, credentials. This is a really significant problem.

I think that the heritage council has quite some challenges around competing and overlapping claims, which they are systematically working through. Of course what they are seeking from claimants is that they come to the conversation, and come to the council, with well-articulated and well-researched documentation as to the veracity of their claims. I think in that context Native Title Services Victoria has played a very important role, particularly with traditional owners. I think there is an interesting question about how we can better bring together the work that Native Title Services Victoria is doing around establishing native title claims versus the claims that people seek to also enjoin in relation to registered Aboriginal parties, and that is a challenge that the council has put before me. It is impossible for me to be prescriptive about what the final make-up will look like at this stage.

Ms GRALEY — Minister, I would like to refer to budget paper 3, page 167, with the indigenous community and cultural development major outputs. I am particularly interested, as I think many people are, in representative arrangements and governance training for indigenous people. I would like you to advise the committee on what the government is doing to establish local indigenous representation groups and what moves we are making. The government's issues, I think, are important as well.

Mr WYNNE — This actually fleshes out how we want to go about really heeding the voice of people who may for a whole range of structural reasons have been shut out of the conversation with government about what their aspirations are. You have got very sophisticated, highly articulate, groups that are pursuing native title outcomes, you have got very well established co-ops that are working in the area and you have got a very significantly resourced Aboriginal housing association, which is managing a very large number of Aboriginal houses.

The development of local indigenous networks is not my initiative; it is the initiative of my predecessor Gavin Jennings. He understood, as a person with a very long history in working with the Aboriginal community, that often the voice of local Aboriginal people has not been adequately heard. The 2007–08 budget allocated \$10.8 million over four years for the development of what we call local indigenous networks. We have 38 of these now that are across the state and they are really focused on trying to garner at a very localised level what the issues are of concern to local communities and to then bring them up through a regional indigenous council. The localised conversation will come up into a regional setting and then form the basis of an opportunity for community to come together, as we have done on a number of occasions in a cross-portfolio way, to come and talk to government in bigger forums. You will get people who come who have never been here, never been to this place, never had an opportunity to talk to members of Parliament and never had an opportunity to really have their voice heard, and it is fantastic and it is very empowering.

We have also some other structures in place, including the Premier's Aboriginal Advisory Council, where the Premier meets on a regular basis with members of the Aboriginal community; and separately the deputy leader, Rob Hulls, and I meet with the PAAC group as well at the alternate cycle. We think it is absolutely crucial that the voice of Aboriginal people is heard at the highest level of government, with the Premier of the state — or alternatively the Deputy Premier — and obviously myself, representing the voice of the Aboriginal people within the cabinet, and that that voice is informed through the local indigenous networks because that is absolutely crucial to really hearing what is happening on the ground.

The work that people like my cabinet colleague Lily D'Ambrosio did in relation to family violence and the work that she did at a local level — now Ben Hardman has taken over that responsibility — has been absolutely fantastic, and I think it is making a huge difference at a localised level, and I think it is making a real difference in local communities.

Ms PENNICUIK — Minister, on the last of your slides, 'Budget outcomes and focus 2010–2011', you have a dot point 'Support members of the stolen generations', which does not have a budgetary allocation next to it.

Mr WYNNE — It is \$6.2 million.

Ms PENNICUIK — Could you outline what the details of what that actually means?

Mr WYNNE — It means that, if you are going to question what has happened to Stolen Generations Victoria, the government allocated \$6.2 million over four years for Stolen Generations Victoria. As I am sure you are aware, Ms Pennicuik, Stolen Generations Victoria undertook itself some auditing last year, which indicated that there was an amount of money that could not be properly accounted for. Subsequently the director of Aboriginal Affairs Victoria instigated a forensic audit, which established some further questions around funds and also some governance questions as well. The amount of money involved — and this is all on the public record — was in the order of \$97 000. Stolen Generations Victoria itself resolved to not continue. It was a stand-alone company of its own, but its sole funding source obviously was the state government of Victoria. It did, I think, get some philanthropic funds.

Mr HAMM — A very small amount.

Mr WYNNE — It was a small amount. A new organisation called Connecting Home Ltd, which is again a stand-alone company, was established with a seamless transition of services from Stolen Generations Victoria to this newly established organisation. The government has put in an interim board, of which Mr Hamm is one of the directors, until such time as we can establish, through, again, consultation, not only with the stolen generations community but more broadly with the Aboriginal community, what a suitable structure and advisory process ought to be for this new organisation. We were very concerned to ensure that the services that were provided by Stolen Generations Victoria were maintained in a seamless way and that the existing staff were seamlessly transitioned to the new organisation, and that has occurred.

Mr DALLA-RIVA — The \$97 000 from the forensic examination, which, from my fraud squad days, would be reviewing where the money went, has that been referred to the fraud squad?

Mr WYNNE — Yes, it has.

Mr DALLA-RIVA — It has?

Mr WYNNE — It has been referred to Victoria Police.

Ms PENNICUIK — Chair, just on clarification — —

The CHAIR — We are trying to get on to local government actually.

Ms PENNICUIK — My question was about what supporting members of the stolen generation means; I did not really get an answer to that.

The CHAIR — If you can take some additional matters on notice and provide that to the committee, that would be the best way to handle it.

Ms PENNICUIK — Yes, that would be fine.

Mr WYNNE — I will give you three short quickies: improving access to records by stolen generation members through the public records office — the public records office has been fantastic in this space and works really well; improving access to government-funded services, including counselling and family reunion, which is absolutely fundamental for members of the stolen generation; and resources to the Koori Family History Service managed by the Koori Heritage Trust. There are three. Education and awareness of stolen generation issues, including representations to a whole range of — —

Ms PENNICUIK — And this is through this new organisation?

Mr WYNNE — They are new and old.

The CHAIR — If there is anything more to add to that, Minister, you can provide that on notice. The committee would appreciate that.

The CHAIR — I thank Mr Hamm for his attendance.

Witnesses withdrew.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 18 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms L. D'Ambrosio, Minister for Community Development,
Mr Y. Blacher, Secretary,
Mr S. Gregory, Chief Financial Officer,
Mr D. Ferrie, Executive Director, Community Programs, and
Ms M. Knapp, Manager, Community Development Strategy, Department of Planning and
Community Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolio of community development. On behalf of the committee I welcome Ms Lily D’Ambrosio, MP, Minister for Community Development; Mr Yehudi Blacher, secretary, Department of Planning and Community Development; Mr Damien Ferrie, executive director, community programs, Department of Planning and Community Development; Mr Stephen Gregory, chief financial officer; and Ms Melinda Knapp, manager, community development strategy, Department of Planning and Community Development. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee’s proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or her chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council Committee Room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee’s website.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of not more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of community development.

Ms D’AMBROSIO — Chair, thank you for the opportunity to do a short presentation here. I certainly look forward to elaborating further on budget estimates and accounts in the portfolio. I believe members have in front of them a copy of the slide presentation, so I will simply walk through that with you.

Overhead shown.

Ms D’AMBROSIO — To start off with there are some key areas that I wish to focus on; the first one being A Fairer Victoria and the investment in that area now for a number of years. Members will know that A Fairer Victoria 2010 was recently launched by the Premier, in early May, and this program, this strategy, is very much a whole-of-government approach to social policy. A Fairer Victoria 2010 commits \$1.35 billion to protect the vulnerable and address social disadvantage across a range of initiatives. It certainly builds on funding that has been provided since 2005. This investment has all been directed to addressing disadvantage and increasing opportunities right throughout Victoria — metropolitan and rural and regional Victoria. Some of the initiatives that are included are to help those in the community who are most vulnerable: homeless people, families on low incomes and those with a disability or mental illness. These are some of the key themes in A Fairer Victoria 2010. It is also being directed to ensuring our universal services in early childhood education and health remains strong and accessible to all in the community.

So we come from a very clear premise — that is, with robust and sustained investment over a period of time we can start to see, and work towards, great improvements in those areas of vulnerability and disadvantage across our communities in Victoria. The results so far are very pleasing in that we have seen a number of improvements that focus on early childhood development. Getting the best start of course is a very important priority area for the government because when we invest in the early years of a person’s life, we know that there is a greater opportunity to militate against disadvantage in the longer term. So that is a very strategic focus of A Fairer Victoria 2010, and one that we will continue to deliver with a \$1.35 billion investment. As you can see, this slide tells us about the additional investment that will be delivered over the forward estimates period, and again that builds on a lot of solid work in that area to date.

Priority area 2 is about improving education and helping people into work, so again we look at key transitional areas in people’s lives. It is about mitigating disadvantage, dealing with vulnerability and giving people the best

opportunity they can have to make a good go of it for themselves and their family later in life. Of course education is important in helping people into work and we can see that through some of those strategic, specific areas of funding from 2010 A Fairer Victoria, we will continue to grow investment in strategic programs in areas of greatest need, and at local community level.

Let us move on to the next priority area, which is improving health and wellbeing. We continue to provide significant amounts of money in areas such as mental health reform. That was an area that was identified very early on by government as an area needing greater investment and a greater strategic approach to tackling disadvantage — disadvantage that comes to people who have mental illnesses. Unless you are able to cope with matters to do with mental illness — that is a risk factor that needs to be taken into account and you can start dealing with that — some of the other social problems that arise in a person's life can be tackled more readily. Again, it is about mitigating disadvantage and vulnerability into the future. You can see that there is a very healthy investment in some of those areas where mental health reform is a priority for us. Disability reform is a very important area to ensure that all those in the community are able to get the best start for themselves, no matter how vulnerable or disadvantaged they may be.

Priority area 4 is about delivering livable communities. Livable communities are about having healthier communities or about having more socially inclusive communities — having communities and individuals who are better able to participate in the social and economic life of their community. When you have that you certainly have healthier communities, you certainly have greater educational outcomes and you have better employment outcomes. As you can see, the specific areas of funding in priority area 4 look at some of those key areas of Transport Connections; that again is about that social inclusion element. We continue to roll out significant amounts of money in areas such as rural and regional Victoria supporting community facilities and infrastructure. That too is a very important element in being able to bring communities together for socialisation, for growing economic prosperity and for good educational outcomes.

I would now like to move outside of the 2010 framework of A Fairer Victoria. Transport Connections is a very important theme for us in government. We have been very much committed to growing transport options right across Victoria. Transport options in rural and regional communities is a matter that often leads to a lot of social exclusion. It leads to social isolation and it often causes a disconnect, if you like, from opportunities for people to be able to access. Whether it is opportunities to access internet space at a public area, a community facility, a TAFE college or visiting a general practice for health needs, all those issues and access to those issues are really important in being able to grow a community, strengthen a community and give a community an opportunity to have a fuller social and economic engagement right across all the people involved in the community. In relation to Transport Connections, there is continued funding. As you know, in this budget there has been an allocation of additional funds — I believe it is \$22 million — to continue to target 32 Transport Connections locations in rural and regional Victoria. That is strategically important because it is about growing the gains that have been identified to date in those communities. Transport Connections is about local communities driving change, owning change and owning solutions. This will extend that. It will also extend to an additional group of locations after the 2013 period.

I will move on to the Office for the Community Sector. This is an instrument through which we will continue to work very closely with the not-for-profit sector. This sector is facing some significant challenges into the future, one of which is the need to retain and train volunteers but also its work force and having opportunities to cut red tape in terms of moving from spending too much resources and time dealing with bureaucracy and administration to freeing them up to spend more time on delivering services, as they are designed to do.

The Office for the Community Sector is continuing to work closely with the not-for-profit sector to assist in increasing efficiencies and growing opportunities for that sector to be able to prosper into the future and do the fine work that those in that sector do, a lot of which is concentrated on delivering a lot of services to the most needy in our community on behalf of government.

The CHAIR — Are you finished, Minister?

Ms D'AMBROSIO — Yes, I am almost finished.

Volunteering is a very important element of our budget, and we are looking forward in terms of growing the number of volunteers and assisting the not-for-profit sector to be able to retain and train volunteers in a very changing climate of volunteering. I will not labour it any more on that because I know time is of the essence.

The Community Support Fund is about strategic focus. It is about problem gambling risk factors but it is also about building stronger communities. We have been doing quite significant work, and will continue to, in terms of high transparency and more strategic funding as we move forward to support those two broad objectives.

In terms of the expenditure items on the next group of slides, the allocation of funding from the CSF, the estimated expenditure for 2009–10, is around \$110 million. That is made up of the \$108 million that we focus on each year but it also includes \$2 million for capital expenditure for a particular sporting precinct in Knox which remains the property of the government — it is an asset which remains with government.

Just quickly, the emerging issues of population growth and demographic change, whether it is in metropolitan Melbourne or rural and regional Victoria, volunteering, and stronger community organisations are the three broad focuses I have in my portfolio into the future.

The CHAIR — Thank you for that, Minister. I have asked all of the other ministers and the Premier to outline the plans and strategies underpinning the budget for their portfolios over the next year and the coming years in terms of government priorities and outcomes to be achieved. Could you tell the committee what are the medium and long-term planning strategies you have and whether there has been any change from last year?

Ms D'AMBROSIO — It is very clear that evidence is emerging that shows a very strong correlation between communities with very strong networks and those with better health outcomes, success at school, lower levels of contact with the criminal justice system and high levels of economic participation. Those two correlated issues are very important in terms of the focus for me and my portfolio into the future. The focus of the portfolio for the next few years will be on strengthening our communities through development of very strong social networks and place-based approaches.

Place-based approaches is critically important. We need to look at individuals and cohorts of people who are falling behind or perhaps do not have the opportunities to become fully involved and participate in the community. Places is also very much an area where you can have very entrenched disadvantage; so you will see that the community development portfolio will focus very squarely on those two elements into the future.

The release of A Fairer Victoria lays the foundation for continuing reform to prevent and reduce disadvantage. It is very important that the focus there is also on place-based approaches. Placed-based approaches is about members of communities being able to identify problems as they exist in their community, look at solutions, work through solutions and own solutions.

What is very important in all of that is that we need to have an integrated government approach to assist in that process. It is about all three levels of government. It can also be about agencies that exist in the local community. It can be about school communities, higher education institutions, local businesses or philanthropists who may exist in a place and all of those coming together to identify needs and problems, articulating solutions and working on ways of leveraging resources, whether it be funds or in-kind support, to bring about some of those solutions to grow and strengthen that local place.

They are very important and you will see that we will continue to develop new approaches to address place-based disadvantage. It is also about growth and change. In some areas of Victoria where we are seeing rapid population growth the challenges are not just about providing the infrastructure in terms of community spaces and buildings but providing the services early on so that you mitigate against possible disadvantage becoming a problem into the future.

That is an important focus for us. You will see from this budget we are continuing to identify those areas of need and investing in those areas into the future. We are looking at strengthening the innovative capability of the not-for-profit sector. This budget continues to deliver funds and resources for us to continue working in strong partnership with the not-for-profit sector to improve their capability and resilience to be able to continue to provide the services to the most needy in our community.

We will continue to address the demand for community facilities in areas experiencing growth, as I said, but it is also about other areas that are not experiencing growth but nevertheless need assistance, and an opportunity to leverage funds that we provide to them, whether it is in rural Victoria, so that they are able to leverage funds from their own local means; whether it is local government, to be able to build the facilities that provide the social interaction and the community strengthening that they need. That is the broad thrust of where we will be moving into the future.

We are also taking a long-term approach to disadvantage. Disadvantage can sometimes — not always — build up over many years. The other side of the coin is that it can take sometimes quite a significant period of time to be able to address it fully and to make significant change in certain areas. We are starting to see some investment going towards that, hence our continuation of funds for community renewal to extend those programs where they are located. The Corio-Norlane regeneration project is there, and there is first stage funding money there. They are just two examples of our longer-term investment to bring about core significant shift in disadvantage in communities.

The CHAIR — Thank you for that.

Mr RICH-PHILLIPS — Minister, can I take you back to your slide presentation and the four priorities areas that you went through before. I am keen for the committee to get an understanding of which of these programs you are actually responsible for in community development.

Ms D'AMBROSIO — Sure.

Mr RICH-PHILLIPS — Could you just run through them quickly? Is kindergarten demand community development?

Ms D'AMBROSIO — No, it is not, but A Fairer Victoria is a strategy that has been coordinated by a coordinating minister now since its inception, and I continue in that role as coordinating minister.

Mr RICH-PHILLIPS — The capital program, is that community development?

Ms D'AMBROSIO — Are you looking at the Best Start?

Mr RICH-PHILLIPS — I am looking at your second dot point — Victorian children's capital program, \$14 million.

Ms D'AMBROSIO — Yes, I think I have already given you the answer to that. I think you know the answer to that.

Mr RICH-PHILLIPS — Do you acquit that? Are you responsible — —

Ms D'AMBROSIO — No, another minister does that.

Mr RICH-PHILLIPS — Okay. The sustaining out-of-home care, is that your acquittal?

Ms D'AMBROSIO — If you are going to go down this list in the way that I suspect you are, then I think you know the answers to that. I have made it clear to you I am the coordinating minister of A Fairer Victoria.

Mr RICH-PHILLIPS — I am just keen to get a handle on which of these particular programs are your responsibility.

Ms D'AMBROSIO — You should know. I have explained it to you. With Best Start we have a minister responsible for early childhood.

Mr RICH-PHILLIPS — Okay, so the disabilities reform is not one of yours?

The CHAIR — What you are asking, Mr Rich-Phillips, is: which part of A Fairer Victoria and its elements is for you; you are coordinating minister — we have that explanation; and in charge of specific programs — can you just tell us which part of them, please, rather than go through the whole thing?

Mr RICH-PHILLIPS — Of the ones that are listed on the slides, which are the ones — —

The CHAIR — I understand what you are saying, but the minister is indicating her — —

Ms D'AMBROSIO — You will see that in priority area no. 4 there are two areas there — supporting community facilities and infrastructure, and Transport Connections.

Mr RICH-PHILLIPS — So the legal aid or the court — —

The CHAIR — No, we do not — —

Ms D'AMBROSIO — I think you know the answer.

Mr RICH-PHILLIPS — The mental health — —

Mr WELLS — This is not a guessing game; we need the answers.

Ms D'AMBROSIO — You have got the answer.

The CHAIR — No, the minister has given the answer. Ms Graley, we will move on to the next question in that case.

Mr DALLA-RIVA — What a cover-up!

Ms GRALEY — Minister, I would like to ask a question about A Fairer Victoria. I notice especially the progress on the social wellbeing measures. I have got a Hampton Park renewal project happening in my area, and I am very interested in the issues. I know Yehudi has been out there recently, so thank you.

Budget paper 3 on page 158 refers to a little bit about what is happening in A Fairer Victoria. I wonder if you as minister could outline how Victoria is progressing in the priority areas of A Fairer Victoria through this budget and into the forward estimates period?

Ms D'AMBROSIO — You have mentioned one particular area that has received quite significant funds and assistance under the banner of A Fairer Victoria. Through this budget and into the forward estimates we are delivering sustained funding, which equates to robust investment.

Ms GRALEY — That is very important.

Ms D'AMBROSIO — That is about continuing to show the improvements and continuing to grow the improvements, especially in some very critical areas. We have got four priority areas and, as I mentioned earlier, I am happy to go them again: early childhood, educational work, health and wellbeing, and livable communities.

I would like to elaborate that when you focus on the earlier years, for example, you start to see that it becomes a far easier task to mitigate against disadvantage becoming entrenched in the longer term, hence our major investments going forward in those critical areas — that is, building on previous targeted investment but understanding that without the sustainability of investment and robust investment into the future, the gains that we make can necessarily become dissipated over time if you pull out too early.

You will see that through this \$1.35 billion investment under A Fairer Victoria 2010 we continue to provide, and will continue to provide, robust investment in those sustained priority areas.

An important indicator of where the future growth of funds and resources need to go is that last year the first report of the Australian Early Development Index was published. This was obviously a very important report which measures children's development across five areas. That showed that Victoria has the lowest proportion of all states and territories of children classed as developmentally vulnerable or developmentally at risk. That is important for us to understand.

In education, national literacy and numeracy testing in 2009 showed that Victoria exceeds the national average in all year levels. Of course there are areas that we need to continue focusing on to maintain those gains as our population grows. We also need to look at some key areas where we need to have greater improvement, and you can see that funds that we have provided from not just previous budgets but this budget will continue in that work.

I will just talk about volunteering, for example, from my own portfolio. Our volunteering strategy addresses some of the challenges that are experienced by organisations in the not-for-profit sector, for example, that actually deliver a lot of services to vulnerable communities. If we are going to talk about a fairer Victoria and achieving sustained and robust change and improvement in social disadvantage, we need to look at not just what governments can provide but what the not-for-profit sector provides in terms of services and assistance for communities to be able to help themselves. When we start thinking about it in those terms and through that prism, we start to understand that the volunteering strategy is about growing and retaining and training up the volunteers that our not-for-profit sector so heavily relies on to deliver those important services. We know volunteering is changing. It is changing quite significantly and there are a lot of challenges that are posed by those changes. Part of our objective of course is to make sure that we equip the not-for-profit sector to be able to continue on with the terrific work that they do provide.

We have got a very strong service system. These are just some of the things that I think have demonstrated where our investment has gone and what it is producing, which is important in confirming where our future funding needs to go, which is what we are delivering through A Fairer Victoria 2010. We have a very strong service system. An example is the proportion of people with a mental illness who received care. The proportion of people eligible for HACC services who received them is much higher than the national average. We also had a national study last year that the Melbourne Institute prepared for the Brotherhood of St Laurence that found that Victoria had the lowest level of social exclusion than any other state. This provides us with independent evidence that our approach to social inclusion through A Fairer Victoria is working; therefore maintaining and growing that investment in those strategic priority areas becomes all the more important and that is why we are continuing to do that.

We have very high levels of kinder participation — in the 90s. That is a very good figure to have and that has increased over time. We have significantly improved year 12 attainment and have achieved a higher proportion young people in full-time work or full-time study of all the Australian states. Importantly, in terms of health and wellbeing, we have reduced smoking by 4 percentage points. So strategic funding starts to pay off in terms of results, but again that is why you can see that A Fairer Victoria 2010 continues to grow funds in those key strategic areas. Of course when you have healthier communities and more inclusive communities, you have greater chances of better outcomes in terms of education, employment and health. The sound policy framework combined with a large investment and sustained effort over time is making Victoria certainly a fairer, healthier and safer place to be.

The CHAIR — Thank you, Minister.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the Grovedale Community Centre, to which your department has been providing funding. Can I ask you on what basis did the department intervene and purport to convene a meeting of the Grovedale Community Centre when the rules of that association provide that a meeting can only be convened by the board or 5 per cent of the management? Will you investigate the intervention by your department in that centre as requested by members of that centre and can you provide an assurance that the department's intervention is not simply about orchestrating a change in the committee and management that is more favourable to the ALP ahead of the election?

The CHAIR — Minister, insofar as it relates to the estimates. I am having great difficulty in relating it to the estimates.

Mr RICH-PHILLIPS — It is getting ongoing funding into the estimates.

Ms D'AMBROSIO — I am happy to answer it.

The CHAIR — I do not know whether you are actually — —

Mr RICH-PHILLIPS — It is in the budget papers.

The CHAIR — Excuse me. I am not sure it actually relates to the budget in terms of funding. I do not know whether you are funding it, but in terms of how it relates to the estimates and the ongoing programs.

Ms D'AMBROSIO — I am happy to answer it. It is not a matter that falls within my portfolio. Yes, I received some correspondence from the organisation and I am in the process of providing a response, but it is not a matter that falls within my portfolio responsibilities.

Mr RICH-PHILLIPS — You do not take responsibility?

Ms D'AMBROSIO — It is not my portfolio.

Mr RICH-PHILLIPS — It is not your grant?

Ms D'AMBROSIO — Sorry?

Mr RICH-PHILLIPS — It is not your grant, to the extent — —

Ms D'AMBROSIO — It is not my portfolio.

Mr RICH-PHILLIPS — Because the grant is not yours?

Ms D'AMBROSIO — What are you saying?

Mr RICH-PHILLIPS — Because the grant is not yours, you are saying it is not your portfolio.

Ms D'AMBROSIO — I have explained that to you. That is what I have said. It is another minister's domain. That is my understanding of the situation.

Mr RICH-PHILLIPS — Are you going to investigate the matters that have been raised with you?

Ms D'AMBROSIO — As I said to you, it is not a matter that falls within my domain as a minister. I am providing a response to the organisation accordingly.

Mr NOONAN — Minister, I want to ask you about the Transport Connections program, which featured in your handout. This might be a program which is of interest to Dr Sykes, because in reading budget paper 3, page 32, which references this program, it looks like that program will support extension into 32 local projects in rural and regional Victoria. I wonder whether you can tell us more about the Transport Connections programs and how the program is likely to use local resources to enable more people to participate in the community activities and access services that they need.

Ms D'AMBROSIO — I am very pleased to be able to talk at length about Transport Connections.

The CHAIR — Four minutes will be enough.

Ms D'AMBROSIO — Fair enough. I am very happy to talk for 4 minutes about Transport Connections. It has been an exceptionally successful program since its inception in 2006, when we invested the initial \$18.3 million. Of course since the Victorian transport plan in 2009 we have decided to commit an additional \$80 million over 10 years to continue the growth of Transport Connections.

Transport Connections is about identifying locations across rural and regional Victoria, which, as you would know, are transport poor in some ways and getting local communities to map out the transport modes that are available to them in their local community and work through their community with service providers and schools, wherever these transport options are located or whomever they are controlled by, to come up with new and innovative ways of better utilising the transport options that are available to them in their location.

That has been a very positive outcome, because what it has done in a number of locations, once the mapping exercise has been done by the local community, is identify the underutilisation of some modes of transport, which has meant that communities have been able to negotiate with service providers, schools and bus companies to increase the utilisation, if you like, by having those modes of transport available in different and innovative ways. Because that has been very successful we are continuing our funds in the forward estimates to extend the 32 projects that exist at the moment into the future. Also after 2013 I think we are looking at choosing another six locations to extend the program to.

What this will do is allow the new and innovative ideas and pilot projects — because some of these things have been trialled — to be tested more, to perhaps be varied and streamlined and to become more embedded in the way the community functions, operates and relies on the various modes of transport. That is a very positive process for us to move towards.

We are also looking at changing the strategy somewhat into the future by having a more regional approach to these locations so that the areas that get captured within the location of the Transport Connections project become broadened out. That will maximise and increase the options that are available to communities.

I think it is important to reflect on just a couple of examples of some tangible outcomes of the innovative solutions that have been identified and driven by local communities — for example, a local bus company and two taxi operators working together to trial a new route service connecting the Timboon and Cobden communities to Camperdown to access V/Line services. It is about getting to places that are important in the lives of people: accessing a V/Line train so they can get to employment, a place of study or a health service.

We need to understand what the purposes of these types of programs are. A local bus company has provided a bus and driver during off-peak times so that residents can travel between Castlemaine and Maldon on weekends. They are a couple of examples of the types of innovative solutions that communities come up with, so I am very pleased that we are rolling out further funds to be able to extend these 32 projects but also to grow them to other areas of rural and regional Victoria.

Mr RICH-PHILLIPS — Minister, I would like to ask you about grants, but before I do can I just get clarification on the Grovedale matter: which minister is responsible, if it is not you?

Ms D'AMBROSIO — Do you want to articulate what you think the problem is?

Mr RICH-PHILLIPS — The Grovedale community — you said it is not yours.

The CHAIR — You said it is not yours; which minister, do you know?

Ms D'AMBROSIO — Local government, I believe, but it is certainly not mine.

Mr RICH-PHILLIPS — The matter I want to ask you about is: since you became minister in January you have announced 40 grants worth \$10.7 million. Given that only 27 per cent of Victoria's population lives in marginal seats — that is, margins less than 6 per cent — why have you allocated 45 per cent of the grants to marginal constituencies?

The CHAIR — I think you need to relate this to the estimates. This is something which is happening this year, so do you want to reframe the question?

Mr DALLA-RIVA — What are the criteria for marginal seats?

The CHAIR — You want to talk about the criteria for allocations or in terms of the — —

Mr RICH-PHILLIPS — No, the minister has spoken about what the government has delivered in the past year, and it is appropriate to ask questions about what has been delivered.

The CHAIR — What the minister speaks about and what we are actually inquiring into is something which I will determine — —

Mr RICH-PHILLIPS — If you allow the minister to talk about — —

The CHAIR — If the minister can talk in terms of the estimates and in terms of the allocation process which she uses in terms of — what program — —

Mr NOONAN — Which grants program?

The CHAIR — The Community Support Fund grants?

Mr RICH-PHILLIPS — No, all the grants that have been announced by the minister since she became minister.

Mr NOONAN — From which programs?

Mr WELLS — That is a fair question.

The CHAIR — In terms of the grants that you have announced, what are your allocation processes going forward?

Mr NOONAN — From which programs?

Mr RICH-PHILLIPS — Everything the minister has announced.

Mr WELLS — Why is everyone so defensive? We just need some answers.

Members interjecting.

Mr RICH-PHILLIPS — There were 40 grants of \$10.7 million, 25 per cent of them into marginal seats.

Mr DALLA-RIVA — It is in the presentation; there it is there. She presented it.

Mr WELLS — We just want to know whether it is a slush fund or not and whether you use a whiteboard.

The CHAIR — Mr Wells! Ignore interjections. They are unparliamentary and —

Ms GRALEY — Unbecoming.

Mr NOONAN — Unhelpful.

The CHAIR — That is unhelpful as well. Minister, in regard to the process you use for allocation of grants?

Ms D'AMBROSIO — I am pleased to answer this question, as I am all questions. I am not sure exactly which ones are the 40-odd that the member is referring to, but —

Mr RICH-PHILLIPS — The ones you put out press releases on.

Ms D'AMBROSIO — I am very happy to answer the question.

Mr DALLA-RIVA — You do not remember the press releases you put out on them?

The CHAIR — Thank you, Mr Dalla-Riva; without assistance.

Ms D'AMBROSIO — There are a number of different grants programs for which I am responsible. A significant one is the Victorian Community Support Grants. That is a grants program that comes out of the Community Support Fund. The Victorian Community Support Grants program is one that is very much focused on some key areas that are guided by the principles of the CSF trust fund. As people know, it is a trust fund, and it has very general parameters, if you like, or objectives. You have a clear strategy on how funds are to be spent from that. It includes funds that need to go towards problem gambling, which has the first call on CSF.

There are also moneys that go towards Building Stronger Communities, which is one area from where some of the programs that I am responsible for emanate. The Victorian Community Support Grants program is one that has had a great level of transparency around it. I rely as a minister on the fact that allocation of the program's funds are assisted by a community advisory council which peruses applications and provides advice on them.

The funds that I am responsible for very much fit or align with the strategies that I have identified in terms of the priorities of the CSF and the programs which align therefore that I am responsible for with the broad guidelines of the CSF.

The CHAIR — Are there any other community programs, your grant programs, that Mr Rich-Phillips is alluding to, beside the CSF? Transport Connections was one, was it not?

Mr RICH-PHILLIPS — The majority of them are community support grants.

The CHAIR — Are there any other program ones you need to explain?

Ms D'AMBROSIO — For example, I was in Bunyip in February to officially open the Bunyip auditorium. Moneys also went to Korumburra for the Victorian community support grant funding for the recreation centre upgrade in Korumburra district guide and scout hall. In Rosebud West I was very happy to have attended the opening facilities at Vern Wright Reserve hall — —

The CHAIR — I think we are not dealing with the estimates any more here. Did you wish to seek — —

Ms D'AMBROSIO — I think the member was very keen to know where I have been and the funds that have been announced in the term of my — —

Mr RICH-PHILLIPS — But the majority of them are in marginal seats.

Ms D'AMBROSIO — That is your observation. I do not observe my funding program through the prism of marginal seats.

Mr RICH-PHILLIPS — It is just a coincidence.

Mr DALLA-RIVA — It is amazing.

Ms D'AMBROSIO — We are very clear — —

Mr DALLA-RIVA — That whiteboard, blackboard!

The CHAIR — Without assistance. The minister is answering.

Ms D'AMBROSIO — We have very clear guidelines that are transparent.

Mr RICH-PHILLIPS — That is not what the Auditor-General said.

Ms D'AMBROSIO — The funds and guidelines are all available on the website. The CSF and the various programs that arise from funding from the CSF are all available on the website, and they were all acquitted as per the purposes of the grant applications. Moneys are allocated where there is a demonstrable need and that fit the guidelines that accompany the grants program. It is as simple as that.

Mr RICH-PHILLIPS — Are all your grants supported by recommendations from the advisory committee?

The CHAIR — I think she has mentioned that already.

Mr RICH-PHILLIPS — She mentioned as a committee. She did not mention if all the decisions, all the grants you give — —

Ms D'AMBROSIO — All the decisions I make about funding applications are based on advice from the department and the community advisory council, which in turn is based on very clear guidelines that are set by government and strategies that are set by government. All of those funded applications align with those strategies.

Mr RICH-PHILLIPS — Do you accept the recommendations?

Ms HUPPERT — Minister, I just wanted to follow on from Mr Rich-Phillips's question, because of course the Community Support Fund plays a very important role in supporting vulnerable communities in our state. I am glad he has raised it, because it is really a thing that we need to discuss.

Mr NOONAN — Thanks for your interest, Gordon.

Ms HUPPERT — Absolutely. I understand there has been some change in the management of how the fund is managed within the department. I wonder if you could perhaps explain a bit further how that will affect the way in which funds are distributed during the forward estimates period.

Ms D'AMBROSIO — Yes, I will just take a minute to get my notes on that. The question, if I may just ask you to — —

Ms HUPPERT — Yes, it was about changes to the management of the department and the fund.

Ms D'AMBROSIO — In terms of the Community Support Fund, as you know, it has been an important fund in terms of achieving public policy goals to support and strengthen communities across the state. That has been very important to us and to myself, and certainly I am very keen to ensure that it becomes a much more accessible into the future. We have managed through a series of reforms to increase the accessibility of the grants that come out of the Victorian Community Support Fund, for example. Grants reform and grants management are very important not just for the investment that is made available but for how they are accessed and by whom they are accessed right across Victoria. Accessibility is very important for us.

We have undertaken a range of initiatives to improve the grant management practice. For example, to make the application process easier for the community we have come up with a common format for publicised program guidelines and forms. We have a simple electronic entry point via the website. The DPCD website provides a single electronic public entry point for all the grants under the department. That has actually led to an increase in the number of online applications that have been made. That is a very pleasing outcome. We also have the grants telephone information line, which is operated through Information Victoria, which provides another way of the community being able to access applications or information about applications. All of the grants are very well publicised.

We also of course are very keen as a department to ensure the way our regional teams operate. You will know and appreciate that we have regional teams that are located right across Victoria. They are very much equipped and conduct themselves in ways that can facilitate and provide more strategic advice to the community at large to be able to access grants and think about more flexible ways of accessing and combining grants and investments that they may require or identify a need for in their local community.

We are also very keen to have a flexible way of combining or joining up grants so that the bulk of an investment can actually leverage greater outcomes for a community. I will, by way of example, talk about a particular group in four communities. Actually it was community cinemas that decided to come together to apply for the volunteer small grants, which is up to \$5000 that can be used to train or recruit new volunteers. The way that this unfolded, if you like, is that four community organisations, community cinemas, actually came together to decide to combine their funding applications so that they could leverage better training opportunities for them to be able to recruit and train volunteers to run their community cinemas. Those community cinemas are very important community assets. I was pleased to travel to Bendigo about a month or two ago to announce that combined grouping of grants. Those grants affected not just Eaglehawk but I think there was one for Ouyen and Robinvale, and there was one other one which will not come to mind just yet, but there was a fourth one.

We also recently announced a new single funding agreement for local governments, and I was pleased to have announced that at the recent annual local government ministerial forum. This makes it easier for councils to manage grants that they receive from the Department of Planning and Community Development. We cannot overstate the importance of the single funding agreement for local governments. Councils will have one agreement that sets out the terms and conditions of funding, and underneath that will sit single funding agreements that will be, if you like, templates for individual grant moneys that are received by them.

That will actually cut back a lot of the red tape and a lot of administrative and legal costs associated with having to check every new grant application or grant proposal and agreement for funding that comes before them. This has been very well received. The MAV has signed off on that. I am very keen to see that that will start to roll out to some individual councils first and then move on to all of the others. That was certainly very well received at the time of the announcement. They are just some of the reforms that we have introduced, and we will continue to roll out reforms to make all of these grants programs accessible to all of the community, and certainly to make them easier to navigate, if you like.

Ms PENNICUIK — Minister, I note that strong community organisations is one of your priorities. Neighbourhood houses get their funding from the DPCD, and that funding is meant to serve as a base, as I understand it, and funding can be sought from a range of different programs, such as adult community education and home community care et cetera. The Neighbourhood Renewal projects are about department of housing funding and staff for disadvantaged suburbs to create community development projects and upgrade infrastructure, but neighbourhood houses often become the centre for those projects, even though they are not included in the neighbourhood renewal funding.

From our conversations with people in the sector, there is a concern that, despite some positive outcomes in the neighbourhood renewal projects, the funding for a lot of them is going to end this year and there is not much in terms of transitional arrangements, especially resourcing for those arrangements. There is a patchy relationship between neighbourhood houses and neighbourhood renewal.

My question is: how is the department handling this transition? The other concern is about the community governance model, where for the neighbourhood houses that is a criterion for their funding. I want to know how the department is supporting that in terms of the neighbourhood house organisations where people are struggling to necessarily maintain that community governance model. I hope you understand where I am coming from?

The CHAIR — There seems to be a number of questions there.

Ms PENNICUIK — They are all related.

Ms D'AMBROSIO — If I may just describe the question, if you do not mind, I think it is really about how my portfolio area, including the Office for the Community Sector, can assist the not-for-profit sector, including neighbourhood houses, to be able to really remain resilient and be able to be sustained into the future.

Ms PENNICUIK — That is right. Another thing that has been raised with us, Minister, is that there was an increase in funding last year, and there was a bit of confusion about the criteria. I think Mr Rich-Phillips was maybe touching on that in his question. It was about some groups being sort of surprised that they got funding and others thought they were doing good work and could not get any.

Ms D'AMBROSIO — You would appreciate that I really cannot comment on that area because it is the realm of another minister. But in terms of providing — —

Mr RICH-PHILLIPS — Like most of your presentation.

Ms D'AMBROSIO — Sorry?

Mr RICH-PHILLIPS — Like most of your presentation.

Ms D'AMBROSIO — Incredible.

Ms PENNICUIK — Minister, I think because there is a meshing between the projects, it does make it difficult.

Ms D'AMBROSIO — I suppose if you look at it in terms of a holistic way of being able to respond to some of the challenges and needs that particular neighbourhood houses, as in the case that you have mentioned, may identify in terms of issues for themselves, our regional teams — our local teams through the department — are very adept at being able to have the conversations with the not-for-profit sector, in this case, to identify ways of being able to perhaps access funds that could assist them, either, for example, in training opportunities or being able to leverage funds from a variety of different sources.

Our local teams can often act as brokers and have been very good at being able to do that and are a very important localised entry point for conversations with government and across governments. Our local teams are quite adept at doing that and will continue to do that.

Ms PENNICUIK — I suppose what I am getting at, too, is that with the neighbourhood renewal project funding disappearing and that sort of holding up some of the neighbourhood houses, how is your department addressing that?

Ms D'AMBROSIO — I suppose my quick observation is that I am not sure that neighbourhood renewal funds prop up neighbourhood houses. It is very much a collaborative arrangement. Community renewal, which is the program in my portfolio, is about drawing collaborative arrangements and relationships across various agencies and localities, so one is not really supposed to be about propping up the other. I go back to my earlier point of the local teams being very adept at being able to draw links into the rest of government and across governments for any opportunities for ongoing support or assistance.

Ms PENNICUIK — So therefore neighbourhood houses can be referred to those local teams if they are struggling?

Ms D'AMBROSIO — Yes, absolutely, and I encourage them to do that.

Mr SCOTT — Budget paper 3 on page 338 refers to the Corio-Norlane project. What is the government doing to support disadvantaged communities in urban location initiatives like this?

The CHAIR — Insofar as it relates to the estimates please, Minister.

Ms D'AMBROSIO — Thank you for your question, Robin. You referred to an item on page 338 about the Geelong-Corio-Norlane urban regeneration project. I am very pleased to talk about this because it really does accentuate the comments I made earlier about entrenched disadvantage needing sustained and robust investment over a period of time to actually make significant change.

Corio-Norlane is one community that the government has decided to take a fairly long-term strategic approach to, to address a number of issues, including education, health and employment opportunities through general principles of social inclusion and how we can change, if you like, the problems of disadvantage that exist in that particular area. This arises out of a neighbourhood renewal project that was run in that area for some time. This regeneration policy is to grow from the learnings of that program, but also to grow it in a much more holistic and longer term way.

What is very important in terms of that is, again as I said, to take a long-term vision and to rebuild the community in terms of its opportunities and to enhance transport infrastructure. In this instance, in terms of this budget item going forward, it is really a first stage of that broader 15-year vision. It is one stage which will, in this case, deal specifically with issues to do with transport infrastructure, enhancing that, addressing public safety and improving access to employment and housing and improving lifestyle for families and the community. Again, it is about having a staged approach, a long-term strategy to deal with a lot of the charges that are in this particular area of Geelong.

The funding is about \$2.2 million over four years. It will certainly provide us with an opportunity to plan for the further stages of regeneration of this very important but very much disadvantaged part of Victoria.

Mr RICH-PHILLIPS — Minister, I would like to take you to the guidelines for the Community Support Fund. The Auditor-General in his report on the CSF last November highlighted the need for updated guidelines, and indicated:

The guidelines need to provide clarity for administering agencies in such areas as whether:

it is appropriate to direct CSF moneys to programs traditionally funded from the Consolidated Fund, and under what circumstances given that gambling revenues are directed to the CSF for a specific purpose.

This is a matter that the Select Committee on Gaming Licensing commented on unfavourably as well, the direction of CSF funds to traditionally Consolidated Fund programs. Can you explain to the committee what the guidelines now say with respect to directing CSF moneys to areas that were traditionally funded by the Consolidated Fund?

Ms D'AMBROSIO — You are talking about the Community Support Fund, or the Victorian Community Support Grants?

Mr RICH-PHILLIPS — The Community Support Fund.

Ms D'AMBROSIO — I am very clear in the view that the Community Support Fund is not about substituting matters that would otherwise be funded from appropriations. That is what it is.

Mr RICH-PHILLIPS — Is that now spelt out in guidelines? Is that actually in written guidelines now?

Ms D'AMBROSIO — I will have to have a look at the guidelines. I do not have them right in front of me.

Mr RICH-PHILLIPS — It was not when the report was done.

Ms D'AMBROSIO — I do not have them in front of me, but what I can say to you is that in the government review of 2008 in terms of the CSF, we have moved very strategically and in a timely way. A sound grants management framework is very much in place and we allocate funding in accordance with relevant program guidelines, the Gambling Regulation Act of 2003 and good practice. We are very keen, and we have always been very keen, to ensure that the CSF is managed according to very clear guidelines. It is not about duplicating core ongoing service delivery activity of government; that is something it is not about. What it is not about, of course, is propping up commercial activities or indeed religious or political organisations, unless the particular funding proposal is not of that kind. We are very confident in that.

The Auditor-General's report, as I think you referred to earlier, made a number of recommendations and also found that all the applications that were funded were funded and have been spent according to the purposes of the funding application that they were intended for in the first place. So I am very confident that the guidelines are very sound and align with the broad parameters of the CSF and the government's priority areas.

Mr RICH-PHILLIPS — Can I just clarify? Have new guidelines been put in place since the Auditor-General's report?

Ms D'AMBROSIO — Yes, they have.

Ms GRALEY — Minister, on Friday night I spent my time at the Casey volunteer awards. It was a fantastic occasion where local people were recognised for their incredible contribution to the local community. The amount of time and effort that some people put in to their local community is really quite extraordinary, and the winners certainly deserve their awards.

I would like to refer you to DPCD's output statement appearing in budget paper 3 at page 173, which refers to the implementation of Victoria's volunteering strategy. I would like you if you could to outline to the committee the purpose of this strategy?

Ms D'AMBROSIO — Thank you very much, Judith. The volunteering strategy, as you know, was announced last year. It is a direct response to a lot of the challenges that are facing community organisations across Victoria in terms of not just retaining the volunteers they rely on but also training them and recruiting new volunteers. We did a study that looked at the nature of volunteering. It showed us that volunteering has actually changed. Attitudes towards it are still very much set in an earlier period and younger people especially think volunteering is for somebody else or is associated with the more traditional forms of volunteering.

Certainly the fact is that a number of community organisations out there are struggling because people are very time poor. That is really forcing community organisations to address the challenges that that presents to them, including needing to have a training regime in place. If people have only been able to come into volunteering for sporadic periods of time or very finite periods of time, then the question of training is a constant one, and recruitment is a constant one. We are very keen to make sure that we can equip the not-for-profit sector, the community organisations, to help them meet those challenges. Part of our strategy of course is to build on top of the volunteer small grants programs that we have been running now for some time with a more robust strategy. There is \$9.3 million, which we are now rolling out. We have a major awareness and recruitment campaign which is really just to starting to get off the ground in terms of advertising through print, TV and cinemas, and it is targeted of course to younger people. We also have an online single-entry access point for volunteering through a website which has just gone live. That provides a matching service for people to be able to come in and look at where they can actually volunteer their time.

The establishment of the Premier's community volunteering awards is a really important public recognition of the terrific work that our volunteers do in the community. That is really about not just thanking them — that it is important as it is — but also using that as an opportunity to promote volunteering in the community. I know that the Premier's recent volunteering awards presentation was met very well by local communities, as evidenced through local newspapers promoting the winners of those awards.

We also have a series of grants programs that will be announced as part of that strategy as we go on through this year. I think I mentioned the 'I can do that' awareness-raising campaign that is being rolled out. There will be a second stage of that awareness-raising campaign later in the year; and there will be a second stage of the website, the single-entry point for volunteering, which will provide a more interactive experience for not just people seeking to volunteer but also the community organisations which are wanting to share their experience

of volunteering, training and resource management, if you like. That will be a first in Australia in terms of that interactive facet of the website.

The CHAIR — Thank you for that.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the financial reporting of the Community Support Fund. Firstly, I ask what you expect the closing balance of the CSF to be at the end of this financial year. Secondly, with respect to the table on page 12 of the Auditor-General's report, the summary table of inflows and outflows, which is the best summary of the CSF we have had, are you able to provide — obviously on notice — an update of that table for the 2008–09 and 2009–10 financial years, laid out the same as the Auditor-General has in his report?

Ms D'AMBROSIO — I do not have the Auditor-General's report in front of me. You asked the question, I think, what the closing balance will be for this coming financial year.

Mr RICH-PHILLIPS — Yes, for this year.

Ms D'AMBROSIO — I will just have a look at my notes and see what I can tell you on that front. The closing balance is estimated to be just over \$57 million — \$57.3 million.

The CHAIR — That carries forward into the estimates period.

Ms D'AMBROSIO — Yes.

Mr RICH-PHILLIPS — That is substantially higher than previously estimated. Is that due to extra revenue or lower allocations?

Ms D'AMBROSIO — I do not think it is the case at all. It is less than the previous financial year's closing balance.

Mr RICH-PHILLIPS — Based on the figures the Auditor-General got from you, you were looking at a closing balance of \$46.2 million.

Ms D'AMBROSIO — For which year?

Mr RICH-PHILLIPS — For 2009–10 — 30 June 2010.

Ms D'AMBROSIO — Sorry, the figure you are referring to — what is the figure, and what is the financial year?

Mr RICH-PHILLIPS — The figure is \$46.2 million and the year is 2009–10.

Ms D'AMBROSIO — It is for 2009–10?

The CHAIR — That was some time ago; we will take the up-to-date figures.

Ms D'AMBROSIO — These are up-to-date, revised figures, so I am saying to you that it is \$57.3 million for the end of June 2010.

Mr RICH-PHILLIPS — Perhaps on notice the department can reconcile the difference between the audit figures and the department figures.

The CHAIR — I am not sure that is appropriate. If you wish to put that on notice — —

Mr WELLS — Yes, it is. The department gave the Auditor-General those figures.

Ms D'AMBROSIO — I am happy to — —

The CHAIR — I do not think that is relevant to our particular inquiry, but you are welcome to put that on notice in the Council.

Mr WELLS — It is the opening balance for the forward estimates.

Mr RICH-PHILLIPS — The other part of the question was whether you could take on notice an update of this table with the flows in and out of the CSF for the current year and the missing year.

Ms D'AMBROSIO — You want an update of that table?

Mr RICH-PHILLIPS — An update of table B2 on page 12. You can do that on notice.

Ms D'AMBROSIO — We will have a look at that. The Community Support Fund and its expenditure is all on the website. If you want to have a look at the website — —

Mr RICH-PHILLIPS — Some data is on the website.

Ms D'AMBROSIO — My understanding is that there is sufficient information on the website.

Mr DALLA-RIVA — Maybe with your busy schedule you can actually do some.

The CHAIR — Insofar as the last request, insofar as you can provide the information on notice, we would appreciate that.

Ms D'AMBROSIO — We will have a look at that, yes.

The CHAIR — But the previous one I do not think is relevant.

Mr DALLA-RIVA — Very busy!

The CHAIR — You can put it on notice in the upper house.

Mr NOONAN — Minister, can I pose a question about bushfire recovery?

Ms D'AMBROSIO — Yes.

Mr NOONAN — There is a fairly extensive table on page 281 of budget paper 3, which refers to the government's overall plan for bushfire reconstruction and recovery. I just wonder as part of the forward estimates whether you can explain how the community development portfolio is helping those bushfire-affected communities to recover.

Ms D'AMBROSIO — As you know, the bushfires of early last year certainly tested the whole of the community, and certainly the whole of the community did its best to try to deal with the immediate aftermath of it, and the community, including the government, is working to maintain a level of support and assistance in the recovery phase and sustaining a measure of growing the self-reliance of those affected communities so they are able to support themselves into the future.

The community development portfolio, in terms of our ongoing support, was the secretariat for the Community Recovery Fund, which was a fund that provided investment in community facilities, and continued activities by regional teams is very important. That fund of \$10 million was a combined state and federal fund. The moneys were spent essentially according to the following: about \$3 million was spent for community sport and recreation clubs to assist with reconstruction and replacing facilities that were destroyed; \$2.5 million was to create community memorials and hold commemorative events; \$1.75 million for community development officers; and \$2.75 million for community grants and local community projects.

Further to that, in April this year in terms of my portfolio I approved, if you like, \$800 000 for the community development officers and extension of the availability of those officers to the communities that were most affected by the bushfires. That was very much in direct response to the local governments that basically said, 'Look, we desperately need the community development officers to continue functioning to assist our communities in the longer sustained effort of recovering from the bushfires'. I was pleased that the Premier was able to announce that. So we will see over the next 12 months a continuation of the community development officers.

We were also provided additional funds. For example, it was a very big issue for the Marysville community, where the Premier also announced some funds out of some money for which I was responsible for much-needed drainage work in the town centre of Marysville. Without that a lot of other infrastructure

initiatives and capital investment was very much at risk because of, believe it or not, the problems to do with drainage and flood-prone areas of that activity centre. They were very important strategic funds, which will be rolled out and implemented as soon as possible.

The CHAIR — Thank you, Minister. That concludes the consideration of the budget estimates for the portfolio of community development. I thank the minister and departmental officers for their attendance. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days.

Witnesses withdrew.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 19 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Wynne, Minister for Local Government,
Mr Y. Blacher, Secretary,
Ms P. Digby, Deputy Secretary, Planning and Local Government,
Mr S. Gregory, Chief Financial Officer, and
Mr J. Watson, Executive Director, Local Government Victoria, Department of Planning and Community Development.

The CHAIR — I welcome to the table Ms Prue Digby, deputy secretary, planning and local government, and Mr John Watson, executive director, Local Government Victoria, Department of Planning and Community Development. I will be calling on the minister to give a brief presentation of no more than 5 minutes of the more complex financial and performance information relating to the budget estimates for the local government portfolio. Minister, please give your presentation.

Mr WYNNE — The key objective that we have in relation to local government is obviously ensuring that we have a strong, accountable and transparent local government sector. As members of the committee will be aware, we have made changes to the Local Government Act, particularly in relation to conflict of interest. I make no apologies for that. As you know, some of this arose out of commentary provided by the Ombudsman in relation to some local government matters.

Dr SYKES — You can say the B word.

Mr WYNNE — No doubt you will ask me about that. There were some significant recommendations that were made by the Ombudsman that required the government to act upon them, and it acted upon them all.

I can indicate to the committee, as I indicated to the shadow minister, that we were also proposing to further change the Local Government Act in relation to conflicts of interest and electoral representation reviews. We have undertaken extensive work in that area, and I will be happy to talk further about that, although we do anticipate having a bill in the Parliament in July or August of this year.

We have provided an extensive amount of funding for the training of councillors coming into this new council cycle of four years, \$600 000, and we partnered with the MAV and the VLGA in the development of training packages, and all the feedback we have been provided with has been very well received. I think from the point of view of new councillors and indeed older councillors, it was an opportunity for them to refresh themselves, particularly on the amendments to the act and their requirements as sworn officials.

The Essential Services Commission is a new initiative of the government. It was commissioned by myself and the minister for finance, again to ensure — and I think we all agree — that we have an open and transparent process of reporting in local government around key performance indicators. It was commissioned in August of 2009. The final report is expected to be tabled with myself and the minister for finance by 30 June, and we hope to have some prototype performance reporting in place by January of next year.

Further on that theme, we have established a local government investigations and compliance inspectorate. It is an administrative office created in September of last year. The recruitment profile is now complete. We have seven investigators and four compliance auditors out in the field. The 2010-11 priorities include, obviously, rolling out the audit program, really trying to encourage best practice in local government and dealing with complaints that come to the inspectorate in a timely fashion.

Councils reforming business still remains a big ticket item for this government; \$4.7 million over two years in the 2007-08 budget. I have talked in the past about procurement, which we think has huge opportunities for benefits to the bottom line of local government, EasyBiz, best practice local laws, and harmonising the regulatory environment for the building and construction industry. They do not sound particularly exciting, but I can tell you from the point of view of local government they make a profound difference to people who are interacting with local government.

We have also got a terrific \$4.9 million over two years for further reducing the regulatory burden in local government, particularly reduction in regulatory burden on business, and I can talk to that a bit more as we go on.

The sustainability of regional and rural councils still remains an issue and I know it is an issue for some members here. The Auditor-General identified eight councils to be at medium risk, and this still is a conversation that is unfinished business for us with the federal government because it goes fundamentally to the financial assistance grants and the relationship between the federal government and local government. I do not waste an opportunity to canvass these issues very strongly with the federal minister at every ministerial forum that I attend.

Asset and financial management is also a key priority area for local government, and we did get some good funding of \$2.4 million from the commonwealth to specifically address these issues, and there is \$1.5 million over two years from the state budget also directed to this space, so that is nearly \$4 million.

I will briefly touch on this matter. The bushfires are self-evident to everybody here. There is \$9.1 million to 21 affected councils from the appeal funds. Murrindindi has got its section 86 committee in place and working well. There is an assistance package to Murrindindi of \$9.7 million; the neighbourhood safer places, \$500 000, to assist council with that, and a further \$500 000 from the government to get those implemented. It has been a tough job for local government to get those neighbourhood safer places in situ because of the very tight criteria that was established by the relevant authorities.

Neighbourhood houses is the untold success story of this government yet again. It is just a fantastic network of neighbourhood houses with recurrent funding of \$21 million, and the modernising neighbourhood houses program has produced 241 projects to date in the life of this government. We have another \$900 000 to do specific work around supporting access issues in some of our neighbourhood houses.

There is library recurrent funding of over \$33 million. There are 124 projects in our Living Libraries program and an additional \$3 million in 2010-11 in the budget, so it is a pretty good budget for local government. I am happy to take questions.

The CHAIR — Once again, what are your medium and long-term plans and strategies for this particular portfolio and have there been any changes to them since last year?

Mr WYNNE — I think one of the really fundamental challenges for local government is population and how local government manages population. It is demography. It is population growth and an ageing population and particularly maintaining the social infrastructure.

If you think about a municipality like Wyndham, there are 13 new households per day are settling in Wyndham. It is an extraordinary number. There are 53 babies born per week. That is a child-care facility every week. They are unbelievable numbers. It equates to two additional kindergartens or prep classes a week. It is an amazing number. There are 60 multipurpose community centres and 30 ovals required over the next 10 years. That is the scale that local government is trying to deal with. I could not believe there were 53 babies born per week. That is just an unbelievable number. Think of what the resource challenges there are for these councils — accommodating an increased population, responding to climate change, the national reform agenda including maximising commonwealth funding opportunities, ensuring that councils operate in an accountable, strong and effective way and big issues around long-term sustainability of our regional councils. I am happy to touch upon that by way of questions today.

As I indicated, we have eight councils identified still that are at medium risk. They are small councils, as we know, but there is nothing to be achieved by putting two small councils together; you just get one larger small council. It is not an agenda of this government to be amalgamating, but I think there are some opportunities around resource sharing.

There is a big agenda for us there which I am happy to elaborate on and draw out by way of questions. But if you think about it, you have got this counterpoint: you have the Wyndhams of this world which just have huge issues that they are trying to deal with around population, families, demography and age. Then on the other side of the coin you have got very small councils where up to 50 per cent of their income and more is coming from commonwealth and state government grants where their capacity to raise revenue is absolutely limited and where they have gone through a decade of drought. You just cannot squeeze out of these communities much more than what they are doing now. I personally think the Henry review was a missed opportunity in addressing some of those issues that are absolutely fundamental to the way local government operates in this state.

More generally, I have to say we have a very strong relationship with local government. I think I have a good relationship with local government. It is a respectful one, and it is one that we are trying, as much as we can, to really deal with the core issues that affect communities on a day-to-day basis. I can indicate the government will be announcing its regional blueprint in June, I think, which will deal with many of the issues that I know have been of ongoing concern for many of our regional councils. But I will leave it at that.

Dr SYKES — Can I just clarify, Chair, will there be another question after this one?

The CHAIR — Okay.

Mr WYNNE — I am happy to push on, Bill.

Dr SYKES — That is fine. I am just clarifying the rules of the game. My question relates to neighbourhood safer places that you have touched on. But just to refresh everyone, on Black Saturday, 7 Saturday 2009, 173 lives were lost. The bushfire royal commission interim report recommended that the state identify, establish and advertise designated neighbourhood safer places giving priority to areas where the bushfire risk is high. The Brumby government passed this responsibility on to local councils. On page 280 of budget paper 3, \$500 000 has been allocated to assist local councils in meeting their statutory obligation to identify and establish neighbourhood safer places. The MAV estimates that councils will need a total of \$12 million over two years. Given this significant underfunding and the issues of sustainability that you have touched on in your previous answer, what is the Brumby government providing in the form of assistance to local government to meet the ongoing cost of maintaining designated neighbourhood safer places and assisting councils in emergency management capacity in this budget year and subsequent years?

Mr WYNNE — The answer to the question is that in the 2010–11 state budget \$136 million is being provided to boost fire preparation and emergency response. As you rightly say, it includes an additional \$500 000 on top of the earlier \$500 000 to support local government to develop neighbourhood safer places. It is important, as you know very well, that the community understands that the neighbourhood safer places are a place of last resort. If you are caught out and you find yourself in a circumstance where your fire preparation plan, whatever it is, has not been able to come to fruition, the neighbourhood safer place is the place of last resort and not the place of first resort.

Yes, it would be fair to say it has taken some time I think. I thank the MAV, as I have publicly, for the work it has put into this because in the past, as you know very well, there have been places designated in communities where this is — and I think they had already been labelled — a refuge area. They are actually labelled as such. It has been quite a task for people and communities through the communication strategy to understand that there is no such a place as a refuge in a fire storm that we saw was tragically experienced in this state just a year and a little bit ago. There is no such a place. That has been an important message that the government has sought to reiterate and local government has sought to reiterate as well — that is, there is no refuge. In people's general understanding, a refuge is a safe place. The very designation of a neighbourhood safer place must be a place of absolute last resort. My latest advice is that 77 neighbourhood safer places have been designated across the state in 52 high-risk areas.

This has been a task, there is no question about that, and I do understand. This concern has been expressed to me through the MAV and the VLGA as well in relation to how neighbourhood safer places are being implemented, but it is, in the view of the government, a responsibility of local government to have these facilities in place.

Mr NOONAN — Minister, I am really pleased to ask you a question about the Living Libraries program and you will well appreciate, having visited my own electorate a couple of times to turn the first sod and then open the Altona North library, just how valuable that has been in my local community. Turning to budget paper 3, pages 173 and 174, under the Living Libraries grants program, there is now obviously funding under the forward estimates to continue the work of that program. I just wonder whether you can comment on the support that will be provided to Victorian public libraries?

Mr WYNNE — I think that the library program is an extraordinarily successful program for this state. Almost half the Victorian population is a member of a library. I reckon everybody has a library card in their wallet. It is amazing. I hope you have a library card in your wallet?

Mr DALLA-RIVA — I use the internet.

The CHAIR — Mine is at home.

Mr DALLA-RIVA — I use the internet when I research now.

Mr WYNNE — Well, you have got to get to the library. The library is a different place now. Libraries now are really community hubs. In the past you may have thought about a library being sort of a quiet place where

the chief librarian would keep you in line if you were mucking up, the library now is a fair dinkum community facility.

Ms PENNICUIK — He is obviously speaking from experience.

Mr WYNNE — You will now find that many council services are actually located in a library hub. It is very common now to see either a renovated or newly built library where you will have the community information centre for the council, where you can go and pay your rates, pay your various bills, lodge your planning applications and get some basic core information. You will often see the Maternal and Child Health Service will be there. You will often see attached to it a child-care facility. You will often see — —

Mr NOONAN — Meeting rooms.

Mr WYNNE — Meeting rooms, community facilities, access to high-speed internet, wireless internet, areas for young people, areas for children. I mean, they are just quite extraordinary places now. They are truly community hubs in the great sense of the words ‘community hubs’. The investments that the government has put into these are more than matched by local authorities, and in your case, Mr Noonan, the contribution made by the council there I think was three or four times what the state government had contributed.

Mr NOONAN — It was about \$4 million, I think.

Mr WYNNE — Yes. That is just a wonderful partnership in my view. I think it actually demonstrates really well how partnerships can work to the enduring benefit of our community. If you think about a place like Broadmeadows, it is hard to believe that in 2003 Broadmeadows did not have a library. It is extraordinary. There was not a public library in Broadmeadows until the Hume Global Learning Centre was opened, the first permanent library in that community ever. These are the sorts of things that governments ought to do. I know this program is really supported across governments, because any time we open these things everyone loves to be there because they are truly a celebration of these places as community hubs.

I just think that this is a fantastic program and in 2010–11 we have a further \$3 million to extend the Living Libraries program and, as I indicated, the investment of \$31.5 million by the government right across the state — from way up in Mildura where I opened a library through to 124 projects right across the state.

These are part of what I call the social glue that keeps communities together. So when you go to these facilities you will see elderly people there, you will see young parents with their children, and reading programs. After school there will be 10 or 15 internet terminals and they will all be full of schoolkids who are coming home or doing their homework. There are great community meeting rooms. So I think local government has understood absolutely that these investments are fantastic in being able to provide a really broad range of services to their communities. I just think it is a fantastic program and making a big difference in the lives of people who have not often had access to these types of programs and facilities.

The CHAIR — Thank you, Minister. I am sure we would all like some of the funding for our local area.

Mr WYNNE — There are 124 projects across the state — they are everywhere.

The CHAIR — We will have one in Ashburton, in my case.

Dr SYKES — Minister, I would like to again deal with the issue of financial health of our many small rural councils. In implementing recent government directives or policies, many small rural councils experienced significant cost increases. Kevin Hannagan, who is the CEO of Strathbogie shire, was quoted on ABC radio yesterday, and to make sure that I did not misconstrue what he said, I asked him to email me the key points that he made. I will read to you from the email. Re:

... my discussion on ABC radio this morning regarding state legislation affecting councils budget:

EPA —

lifted its landfill levies by threefold in the rural area —

... mandatory compliance from 1 July with designating new —

neighbourhood safer places —

will cost \$24 000 to establish and ongoing maintenance.

And then:

... new performance benchmarking legislation will require \$30 000 in new staff to get the data and they are talking about \$40 000 for the —

Auditor-General to audit it. ‘All up’ this will result in ‘well over a 1 per cent rate rise for us’.

Now, that is new costs. That is not about them grappling with lack of economy of scale. These are new costs that they are wearing, and they are coming from the state government.

Mr WYNNE — Yes. I am aware of this, Dr Sykes, and I have had representations made to me from the MAV. I met with the board of management of the MAV only a couple of weeks ago where they raised some of these in a broader sense cost-shifting-type of issues. I would like to deal with a couple of them. The first is the waste levy. There is a substantial amount of funding in that waste levy proposition which will go directly to local government, particularly rewarding innovation in local government around better waste management practices. The minister, Gavin Jennings, has had and will continue to have conversations with local government, because they are absolutely crucial players in that space.

I think, in that context, that one of the key areas is obviously to ensure that you do not create further burdens upon local government. I note that you talk about within the Essential Services Commission proposition around transparency there is a suggestion that this is going to be a further impost of \$40 000 on councils. I frankly reject that; that is just not right. What we have said and what the Essential Services Commission has said is that we want to use data that already exists. We do not want to recreate some new reporting regime.

The second thing that both the Minister for Finance and I want to ensure is that in establishing a new set of performance indicators you take some of the burden off local government, because they report across a whole plethora of areas, as you know. Our goal is to decrease the reporting requirements by 25 per cent for local government by putting in place a set of performance indicators that they already collect. There is still a conversation to be had around getting an agreement about what is this key set of criteria. As you know, Dr Sykes, it is quite complex, because what Benalla does in terms of its local government key service delivery performance indicators will obviously be different to the City of Melbourne. They are different scale, different size.

Dr SYKES — So are you assuring — —

Mr WYNNE — What I am saying to you is that we are very cognisant of the question of not creating more burden upon local government. I can say specifically in the area that I am responsible for, with the Minister for Finance — this new initiative around the Essential Services Commission — we want to ensure that we measure data that is already collected by local government, and that we get to a situation where there is a decrease in the amount of reporting that they are required to do across government, of 25 per cent.

Dr SYKES — Can you assure the Strathbogie council and the ratepayers of Strathbogie that with that ESC reporting requirement, for example, there will be no cost increased to Strathbogie Shire and the ratepayers — on that particular one, because you have made a point on that particular one.

Mr WYNNE — I had made a point about that, and I simply stand by what I have said. I said straight up in this answer to you that I do not agree with the figure that has been put forward, that there is an impost to local government of somewhere between 30 and — I do not agree with that figure, and I challenged that figure in my conversation with the MAV a couple of weeks ago. We do want to use existing data that is already available and already reported by local government, but bringing it together. We are still in the conversation about what that set of performance indicators is going to look like, and there is no point doing this work unless it is going to be of benefit to local government and the communities that they serve.

Dr SYKES — Through you, Chair, just a point of clarification on that.

The CHAIR — We are over time, actually.

Dr SYKES — The minister is happy is to stay.

The CHAIR — I do not think the committee is.

Dr SYKES — I am staying down here all night; I am happy to stay, too.

Members interjecting.

Dr SYKES — Can I just clarify one more time that the minister disputes the figures that the Strathbogie Shire Council has put up?

Mr WYNNE — No, I dispute the figures of the MAV.

Dr SYKES — Okay. So it comes back to: will you assure Strathbogie council that they will not incur that additional cost? You even went to the next step of saying that there will be a 25 per cent reduction in red tape. Will you assure the Strathbogie Shire Council that overall they will have a 25 per cent reduction in red tape, which will be reflected in lower costs, not the increased costs that Kevin Hannagan found the need to go on regional radio this morning and say, ‘It is hurting like hell, and we cannot sustain this pain’?

Mr WYNNE — Dr Sykes, I stand by the answer to the question I provided to you in full, and we are continuing our conversation through the Essential Services Commission with local government to implement a performance indicators regime that can be readily adopted and supported by local government.

The CHAIR — That concludes the consideration of the budget estimates for the portfolios of housing, Aboriginal affairs and local government. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days.

Committee adjourned.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 18 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Madden, Minister for Planning,
Mr Y. Blacher, Secretary,
Mr S. Gregory, Chief Financial Officer,
Ms P. Digby, Deputy Secretary, Planning and Local Government,
Mr J. Gilmore, Executive Director, Planning, Policy and Reform, and
Ms M. Ferrie, Assistant Director, Business Support and Strategy, Department of Planning and Community Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolio of planning. On behalf of the committee I welcome Mr Justin Madden, Minister for Planning; Mr Yehudi Blacher, secretary; Mr Stephen Gregory, chief financial officer; Ms Prue Digby, deputy secretary, planning and local government; Mr Jeff Gilmore, executive director, planning, policy and reform; and Monica Ferrie, assistant director, business support and strategy, Department of Planning and Community Development. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers as requested by the minister or his chief of staff can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council Committee Room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website. Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of planning.

Mr MADDEN — It is a pleasure to be here this afternoon. I just want to start with a short presentation, particularly with a brief overview of the department and a focus on the planning portfolio. I am happy to take any questions after that.

Overheads shown.

Mr MADDEN — Livability is one of the state's major assets. It represents a major part of our economic advantage as a state. That is relevant not only internationally but nationally as well. The Department of Planning and Community Development's goal is to assist in creating more livable communities that are sustainable, well connected and inclusive. Planning communities for growth and change is one of the major challenges in the portfolio. It has been a continuing theme over the last three years.

The 2010–11 overall budget priorities of the DPCD focus on creating jobs by building tomorrow's infrastructure and helping Victorian families by delivering better services. In terms of the last three years, we have delivered on a range of reforms that go to the heart of managing Melbourne's growth to provide for housing choice and respond to the challenges of climate change and transport by providing an efficient planning system to cut the costs of the development, bring forward housing supply to support a resilient economy and supporting rural and regional development.

In particular over the last three years we have delivered a comprehensive response to the challenges facing Victoria through Melbourne @ 5 Million, Melbourne 2030 and in the Victorian Transport Plan. These relate more specifically to a faster growing housing market, bringing more land supply into the market and helping to provide a diversity of housing stock in established areas. In relation to that, the urban growth zone has been applied within the urban growth boundary and Growth Areas Authority are on track to have more than 40-precinct structure plans completed by 2012. The government has legislation before Parliament to introduce the GAIC to support the provision of essential infrastructure in new suburbs. Appreciating that it is set to pass the upper house, we would expect on the basis that if it does, we would make adjustments to the urban growth boundary.

We are continuing to invest in activity centres and working with metropolitan councils on housing growth requirements and freeing up surplus government land for more housing are also key priorities. In terms of improving the efficiency of the planning system, the activity centre zone is a new one. We also have development assessment committees that are established or are being established. We are introducing new urban development zones to promote the redevelopment of urban brownfield sites. Subject to parliamentary

approval, we will streamline the assessment process for low-risk permit applications through amendments to the Planning and Environment Act.

Rural and regional development of course are critical. We have funded councils to develop coastal settlement plans and future coast programs. A Future Farming rural planning group has been working on plans for Future Farming and we have funded programs to conserve and restore heritage places.

As well as that, planning policies and their implementation are working. Victoria has recorded the highest number of dwelling approvals of any state or territory in the last 23 consecutive months. There were over 52 000 dwelling approvals for the year ending March 2010; there was a 28.2 per cent increase on the previous 12 months. For the December 2009 quarter Victoria recorded the highest value of building work of all states and territories in Australia. It was somewhere in the order of \$5.42 billion seasonally adjusted.

In terms of booming construction in Melbourne, there are large projects throughout the city. There is a steady increase in developments in other areas, the CBD and suburbs like Coburg, Camberwell and St Kilda. These have been reported in the *Australian Financial Review*. I refer to an article in the *Australian Financial Review* which talked about these in greater detail and which was reported by BIS Shrapnel.

The Project Home price index for Melbourne, based on the cost of constructing a dwelling on an existing block, remained the lowest of all Australian capital cities. Melbourne land costs make up about 7 per cent of costs of developing infill dwellings. The national average is about 10 to 15 per cent.

In all of those indicators we are travelling well. We have created an enormous number of jobs — close to 100 000 jobs over the past year. That also contributes to opportunity and further population growth. This year's budget builds on those strong foundations — \$72.1 million to manage growth, protect lifestyle and build for the future. Managing population growth, we see \$10.4 million over four years for central activity districts and employment corridors, and \$9.5 million over five years for renewable projects, particularly in and around Footscray. We see \$10.4 million over the next three years to bring Armstrong Creek to life, and \$25 million over four years for the new environmentally sustainable government services building in central Geelong as part of promoting development in those activity centres. We have allocated \$2.6 million for programs and community grants to preserve heritage. There is \$5.9 million over four years for housing and employment data to plan for the future, and \$8.4 million over four years for the Expert Assistance Program.

This funding continues the successful initiative commenced in 2006 to provide ongoing support for the planning system through a range of initiatives. As well as that we announced that there would be \$500 000 this financial year to assist the Melbourne City Council to expand the 1200 Buildings program, which delivers environmental retrofits to commercial buildings in the city. Then there is \$5 million to provide assistance to encourage Victoria's registered building practitioners to upgrade the environmental sustainability of related buildings.

Our program of work for 2010–11 will advance planning for the long-term sustainability and livability of Victorian communities. The specific initiatives will meet Victoria's needs arising from a growing population and demand for jobs, services and infrastructure, in particular where people live and work. The year 2010–11 is an important year for consolidating the work commenced to accommodate the challenges of continuing population growth and facilitating sustainable growth, particularly in established areas.

The CHAIR — Thank you very much, Minister, for that presentation. The budget provides funds in 2010–11 and the subsequent out years for government priorities against performance outcomes which are set down to be achieved. The committee is interested in what medium and long-term strategies and plans that you have underpinning your portfolio. Could you tell the committee about those and also whether there has been any change from the previous year?

Mr MADDEN — I have touched on some of those in the presentation, but to give you a bit more of a detailed brief, the budget for planning output for 2010–11 is \$152.6 million. It is focused on delivering the output aims of implementing government strategies for sustainable development, delivering associated urban design and development systems, streamlining planning and regulation systems, administering the planning system and my statutory responsibilities in protecting and managing Victoria's cultural and natural heritage. It delivers the government's objectives stated in Growing Victoria Together, creating a thriving economy by growing and linking all of Victoria. This agenda does not change in the medium or long term.

As the presentation demonstrated, the past three years have delivered a range of achievements in key focus areas — managing Melbourne’s growth to provide for housing choice and to respond to the changes and challenges of climate and transport, providing an efficient planning system to cut costs of development and bring forward housing supply to support a resilient economy, and supporting rural and regional development. Over the last three years we have developed a comprehensive response to the challenges facing Victoria through Melbourne @ 5 Million, building on Melbourne 2030, and integrated with the Victorian Transport Plan. The medium and longer term is about building and continuing to build on those reforms, consolidating what is an excellent position in relative terms with the rest of the country and across the world. Our planning strategy and our budget certainly reflect that.

Mr WELLS — Minister, I refer you to the need for integrity in the planning system and the report in the *Age* this morning about branch stacking in the Labor Party and the fraudulent activities with membership and funds operating out of electorate offices. Can you confirm that when this morning’s *Age* refers to other people conducting these activities, it was referring to your former staff member, Hakki Suleyman, and is this not exactly the same situation that we spoke to you about last year with regard to Brimbank — that a person was working in your office to stack out branches?

Mr NOONAN — On a point of order, Chair. I question the relevance of that question. We are looking at the budget estimates as it relates to the planning portfolio.

The CHAIR — Thank you for that. I will deal with this. I appreciate the assistance. The estimates hearing deals with the estimates and so, Mr Wells, you may wish to rephrase your question in order to have a question about the estimates.

Mr WELLS — Chair, I refer you to budget paper 3, page 161, under the heading ‘Planning communities for growth and change’, where it states:

... administration of the planning system and statutory responsibilities of the Minister for Planning ...

The CHAIR — This is the fourth dot point, is it?

Mr WELLS — Yes. This is about the integrity of the minister, and this point is most relevant with regard to the forward estimates that this minister’s integrity is now under scrutiny when it comes to people that have worked in his office to stack out Labor Party branches.

The CHAIR — Insofar as the minister wishes to talk about the administration of the planning system, I am happy to hear him in terms of going forward. Insofar as the other aspects of the question which related to material in the *Age* this morning are concerned, it is actually nothing to do with the hearing today. So, Minister, in respect of what Mr Wells has asked about the administration of the planning system — —

Mr WELLS — No, with respect, Chair, this is about — —

The CHAIR — If you wish to — —

Mr WELLS — This is about the integrity of the minister. He has had someone working in his office who has been named in an Ombudsman’s report. We are asking the minister to clarify the position of Hakki Suleyman. Was he in his office to stack out Labor Party branches? It is a pretty straightforward question.

The CHAIR — It is just not related to the estimates. So, Minister, insofar as Mr Wells has asked you about the administration of the planning system and your statutory responsibilities going forward, that is fine; you can answer in regard to that. Ignore the other parts of the question relating to the political activities.

Mr WELLS — So are you saying as Chair — —

The CHAIR — I am saying, as Chair, I am making a ruling — —

Mr WELLS — I am seeking clarification of your ruling that we cannot ask the minister any questions about his integrity. Are you saying that?

The CHAIR — I am saying that you need to ask questions about the estimates. They are the terms of reference of this particular committee hearing. It is absolutely nothing to do with some of the issues that you have raised. Minister?

Mr WELLS — Hang on, we need to seek clarification — —

The CHAIR — Minister to answer please, Mr Wells!

Mr WELLS — We need to seek clarification on this point.

The CHAIR — I have given you the clarification; I have clarified the point of order — —

Mr WELLS — Are we able to ask the questions about his integrity?

The CHAIR — You are able to ask questions about the budget estimates.

Mr WELLS — But not his integrity?

The CHAIR — The minister is to answer, Mr Wells, without assistance.

Mr WELLS — I would have thought the minister's integrity — —

The CHAIR — I would have thought that you would like to keep quiet while the answer is being given!

Mr WELLS — Okay, so we are going to exclude integrity from the forward estimates.

Mr MADDEN — We have a planning system in this state of the highest integrity, and we have made significant reforms in these areas over recent years. I bring to Mr Wells' attention the changes that we have made in terms of the planning system over the last decade, in particular the reporting to Parliament of where and why any interventions were made by the minister. They are tabled annually, reasons are given and any justification that is necessary for those interventions is provided to Parliament.

It is also worth recalling the contrast with prior to those changes being introduced by this government over a number of years. The contrast with prior to that is that interventions by previous planning ministers in previous governments averaged almost one in every business day for the term of that government. It was as if previous planning ministers woke up each morning and thought about what they could intervene in on that particular day. This government is not like that — —

The CHAIR — I am not sure that is particularly relevant. I am interested in going forward.

Mr WELLS — My question about integrity — —

The CHAIR — You have had five opportunities to clarify and ask your question. I will move onto the next one; you may well get another question later on.

Ms GRALEY — Minister, I would like to ask you a question about a matter that is of real importance to all Victorians — about getting and keeping a job. I refer you to your presentation where you talk about creating jobs and building tomorrow's infrastructure. Page 12 of budget paper — —

Mr WELLS — Building branches!

The CHAIR — It is very rude and improper for any member of this committee, or a minister or any witness, to interrupt while somebody else is speaking. I would ask everyone to refrain from that, please. Ms Graley, perhaps you should start again.

Ms GRALEY — I am going to start again, thank you. Minister, as I was saying, an issue of real importance to all Victorians is getting and keeping a job. I refer you to your presentation earlier about creating jobs and building tomorrow's infrastructure. Budget paper 3 refers to the Jobs for the Future Economy strategy. If you can, I would like you to tell the committee what your role will be in rolling out the program Jobs for the Future Economy?

Mr MADDEN — I would like to refer to page 12 of chapter 1 of budget paper 3, in relation to the section entitled ‘Jobs for the Future Economy’. We do know that there has been significant change over the last decade in the economy, particularly around a number of technological advances and a number of changes in relation to the environment and sustainability.

The Jobs for the Future Economy statement is the Brumby Labor government’s action plan for green jobs which was released recently by the Premier. This statement includes funding of \$175 million over five years for 18 priority actions which will capitalise on opportunities created by recent reforms, particularly around climate change policy.

The Green Door for renewable energy — renewable energy sits across a number of portfolios — element is particularly relevant to the planning system and is one of the 18 priority actions that planning has a particular interest in. The Green Door will enhance facilitation and community consultation processes for renewable energy projects and help ensure that regional Victoria is well placed to attract \$4 billion of investment over the next decade.

Project proponents will be rewarded with investment facilitation and support from the Victorian government for applying good practice community consultation principles. We have also been working hard in the renewable energy space. I have to say that unlike the opposition, who last week released a wind farm policy that would equal less wind farms and less renewable energy in Victoria — —

Mr WELLS — Minister, where are the forward estimates in that? Where is the coalition policy? Could you point to that?

The CHAIR — Without assistance, please!

Mr WELLS — Chair, why are you not bringing him back into line?

The CHAIR — I am. I do not need your assistance, Mr Wells. The minister is to answer the question, please.

Mr WELLS — Just on the forward estimates, which page is it?

The CHAIR — Without assistance, Mr Wells, thank you.

Mr MADDEN — In fact, councils said they wanted more involvement from state government rather than less; they wanted more involvement and support, particularly in planning wind farms. Of course we want to work in partnership with councils on any projects, but if they seek that in relation to wind farms, we are happy to provide expert guidance while ensuring communities and councils are involved in all areas of wind farm planning and monitoring. In 2009 we released the policy and planning guidelines for the development of wind farms in Victoria, and we will continue working with the Municipal Association of Victoria to update in anticipation of greater benchmarks being set around guidelines, and of improvement to those guidelines.

Currently local councils are the responsible authority for wind farms under 30 megawatts, whereas the Victorian government is the responsible authority for projects above 30 megawatts. It is particularly important to assess the cumulative impact of wind farms, which cannot be done if councils are working in isolation. For exactly that reason, today from VCAT I called in the development of a wind farm at Yaloak South in the Moorabool Shire; I agreed to the request from the Moorabool Shire Council to call in the 29.9 megawatt proposal, to ensure that the cumulative impacts of both this application and another application, the Moorabool wind farm, will be considered in a coordinated manner.

These two proposed wind farms are located 1.3 kilometres apart; the community is concerned about the cumulative impact of these two separate developments. We believe the appropriate way to address those concerns is to have a public forum for both proposals. That is in contrast to alternate policy positions by other parties. We are supportive of real action on climate change, but particularly conscious of the involvement of local government.

The CHAIR — Could whoever has that phone in the audience take it outside and leave it outside.

Dr SYKES — I have a bucket of water here. Drop it in that.

The CHAIR — Take the phone outside, please. Thank you. Sorry, Minister.

Mr MADDEN — That is okay. I am finished now, Chair.

Mr RICH-PHILLIPS — My question also goes to the integrity of the planning scheme and indeed the integrity of the minister's office. I refer to the comments by Costa Socratous in the *Age* this morning in reference to branch stacking activities he was engaged in, in Labor members' offices in the western suburbs and his claim that he was provided with up to \$5500 a year for branch stacking through members of Parliament's offices and via shadowy fundraising events. Can you assure the committee, Minister, that when Hakki Suleyman worked in your office he was not engaged in branch stacking events, and can you assure the committee now that your office has never been used as a giant branch stacking factory?

The CHAIR — The question is out of order. Mr Noonan.

Mr RICH-PHILLIPS — On a point of order, Chair.

Mr NOONAN — Thank you, Chair.

Mr WELLS — Hang on.

The CHAIR — Mr Noonan has the call.

Mr RICH-PHILLIPS — The question relates to the ongoing function of the minister's taxpayer-funded office.

Mr WELLS — Why are you trying to shut this hearing down?

The CHAIR — I am not shutting anything down. Mr Noonan has the call.

Mr WELLS — No. You are trying to shut down the hearing when we have questions.

Mr RICH-PHILLIPS — You are arbitrarily shutting it down, Chair. The question relates — —

The CHAIR — Mr Noonan has the call.

Members interjecting.

Mr RICH-PHILLIPS — On a point order, Chair.

The CHAIR — There is a point of order.

Mr RICH-PHILLIPS — On a point of order — —

The CHAIR — Let me give you the call first. Mr Rich-Phillips has a point of order.

Mr RICH-PHILLIPS — The point of order, Chair, is that the question relates to the activities that take place in the minister's taxpayer-funded office, which is an ongoing forward estimates issue. The question is whether it has ever been used and is being used as a giant branch stacking factory. I cannot see why someone who is the chair of this committee would want to shut down a line of questioning like that.

The CHAIR — I will rule on the point of order. Mr Rich-Phillips, the way you framed the question related to the past. In the way you originally framed the question you did not mention anything into the future. Secondly, we are dealing here with the budget estimates for the planning portfolio; we are not dealing with the estimates of the parliamentary departments, so the question is out of order. Mr Noonan has the call.

Mr RICH-PHILLIPS — I did not draw a distinction between the parliamentary office or the ministerial office.

Mr WELLS — On a further point of order — —

The CHAIR — Okay. Mr Wells.

Mr WELLS — Chair, I am not sure why you are wanting to shut down this hearing.

Members interjecting.

Mr WELLS — It is a preamble to my point of order. The issue that the opposition has — —

The CHAIR — Just a moment, Mr Wells. If you are going to make a point of order, I ask that you make it without seeking to debate the item or to make a statement which is irrelevant to a possible point of order. If you persist in doing that, you will not get the call for points of order. Make your point of order with regard to the way we proceed in terms of the committee.

Mr WELLS — Pages 160 and 161 of budget paper 3 talk about the administration of the planning system and the statutory responsibilities of the Minister for Planning. I would also interpret that as going to the integrity of this particular minister. We have had two opposition questions now which you have been very keen to shut down, I do not know for what reason, but the integrity of the planning system and the minister is under a cloud here. We have a right to ask these questions, and we would expect that you give the minister the opportunity to answer those questions. If you do not do that, then we can only suspect there is something to hide and this is a complete and utter cover-up.

The CHAIR — Thank you for that point of order. I completely reject any implication you might have made in regard to my integrity as chair of this committee. In fact if we were in the house, I would be asking you to withdraw those comments. Leaving that aside, in terms of the point of order in regard to the proceedings of this committee and whether the question asked applies to these hearings, the estimates hearings, I continue to rule that the question is not in order under the terms of reference of this particular hearing. Mr Noonan has the call.

Mr DALLA-RIVA — On a point of order, Chair.

The CHAIR — Yes, Mr Dalla-Riva. You have a point of order.

Mr DALLA-RIVA — I do have a point of order and it relates to pages 160 and 161 of budget paper 3, which is also referred to in the forward estimates. I, like Mr Wells and Mr Rich-Phillips, am pretty confused about the fact that this budget allocates in the forward estimates \$152.6 million of taxpayers money. Part of that planning output of \$152.6 million talks about the administration of the planning system and the responsibilities of the planning minister. There are issues that have been raised in the paper; there are issues that have been ongoing. This is about taxpayers money — \$152.6 million. I think it is incumbent upon you to allow the minister to answer the question that was put forward, to respond to the request that planning communities for growth and change, as outlined in the budget papers, be explained fully, that he detail any involvement with the branch stacking allegations that have been made in the paper today, and that the minister be given an opportunity to respond to the question. To shut it down would paint a bleak picture about what is actually occurring in the minister's office and indeed what is occurring within the ALP, given the allegations today.

The CHAIR — Thank you, Mr Dalla-Riva, for that point of order. My responsibility as chair is to conduct these hearings into the budget estimates.

Mr WELLS — And not look after any of your mates.

The CHAIR — Mr Wells, I think you should withdraw that comment and apologise. Your continued interruptions are not appreciated and are completely out of order. I am trying to rule on Mr Dalla-Riva's point of order. This is a hearing about the budget estimates. I am happy to hear questions relating to the \$152 million plus in regard to the planning portfolio, and that is what I expect members of this committee will ask questions about.

I reject any imputation that there is any shutting down of that. In fact I welcome and indeed encourage questions about the planning portfolio in respect of the forward estimates. However, I have consistently ruled, over a number of years now, that this is an estimates hearing and it deals with questions about the budget estimates in respect to the portfolio which is before us. In fact the question which was asked by Mr Rich-Phillips was in regard to a member of Parliament's office and mainly about something which happened in the past. In that respect it is a different arrangement and should have been asked of the President or the Speaker when they were

here if indeed it had relevance to their responsibilities. I have ruled that this is not a relevant question, and I continue to so rule. Mr Noonan has the call.

Mr DALLA-RIVA — How do you know it is not happening?

Mr WELLS — Can we seek clarification once again?

The CHAIR — No, if you wish to make a point of order, make a point of order.

Mr WELLS — Can we seek clarification on your point of order?

Mr RICH-PHILLIPS — On a further point of order, Chair — —

The CHAIR — No, I have ruled on the point of order. If you wish to make a further point of order — —

Mr RICH-PHILLIPS — On a further point of order — —

The CHAIR — Mr Rich-Phillips, do you have a further point of order?

Mr RICH-PHILLIPS — My further point of order is the subject of the question. You have indicated in your rulings twice now that it relates to a parliamentary office. The question was not restricted to a parliamentary office — it went to all taxpayer-funded offices the minister has, including his ministerial office, which is the subject, obviously, of planning estimates today.

The CHAIR — If the minister wishes to comment on the role of his ministerial office regarding the planning portfolio and the estimates — the \$152 million — I am happy to hear an answer about that. I am not particularly interested in him answering in regard to other aspects which are not part of the planning portfolio.

Mr DALLA-RIVA — Why not?

The CHAIR — The minister.

Mr MADDEN — Thank you, Chair. As I said before, we have a transparent and robust planning system. It is the envy of other jurisdictions around the world, and because of that we have one of the world's most livable cities. As I have said before, we have an open and transparent planning system. It is reported on where the minister is the relevant planning authority, and that is reported to Parliament on regular occasions. That stands in stark contrast to previous governments and previous planning ministers.

The CHAIR — Thank you, Minister. Mr Noonan.

Mr RICH-PHILLIPS — You are not willing to clear the air about your own office.

Mr NOONAN — Thanks, Chair.

Mr WELLS — There is a real smell about this.

The CHAIR — Without assistance, please!

Mr WELLS — We have got the opportunity to clear the air — —

The CHAIR — Mr Wells, without assistance.

Mr WELLS — Are we able to say 'No, it does not happen'?

The CHAIR — Mr Noonan has the call, thank you.

Mr WELLS — When he does not say no — —

The CHAIR — Mr Wells, be quiet, please!

Mr WELLS — It gives a smell about branch stacking.

The CHAIR — Mr Wells, we do not appreciate the comments that you are making.

Mr WELLS — Who is ‘we’?

The CHAIR — The committee, and I am speaking as chair of the committee. This committee is dealing with the budget estimates. Interrupting the process, which is happening, is not parliamentary and is disorderly. Mr Noonan, please.

Mr NOONAN — Thank you, Chair. Minister, can I take you to budget paper 3, page 338, which lists the asset initiatives, and specifically go to the Geelong transit city stage 3. You did mention in your opening slides the initiative to invest in a growing Geelong. I wonder whether you can provide the committee with further details about this particular initiative and how it will progress over the forward estimates period?

Mr MADDEN — Thank you very much, Mr Noonan. As I mentioned in the initial presentation, we are committed as a government to maintaining and enhancing the lifestyle and the livability of Victorian communities, and in particular the lifestyle that Victorian families have, by delivering a planning strategy to complement and manage the population growth as we build for the future. Many people want to live in Victoria because of our enviable lifestyle and the high quality of services and infrastructure. This government is determined to deliver the right planning strategy that supports Victorian families, particularly with jobs — prosperity and opportunity come from jobs — and to complement that with services and transport mix.

Geelong is probably our fastest growing regional city. It has quite rightly been a major focus for investment of this government. Since 2006 the government has committed more than \$30 million for what was the Transit Cities initiative to encourage residential and commercial development in central Geelong. The initiatives have included improving the station precinct with a new road connection and improved security and operational parking at the court and police complex. If you recall the location of the station, it is alongside the court and police complex. We are also preparing the surrounding land and that site for a major mixed-use development. We have been working to facilitate more residential developments in the city through the central Geelong urban living pilot project, facilitating urban development and investment by investigating development opportunities in key sites in the station and arts precincts and upgrading pedestrian links between the Geelong station, the TAC offices, the cultural precinct, the city centre and the waterfront.

The budget delivers and builds on these initiatives with a \$25 million allocation over four years to facilitate the development of a new environmentally sustainable Geelong government services building. The building will be delivered by the private sector, with a total construction value of more than \$90 million. It will be built in the railway station precinct. It will co-locate the departments of Justice, Planning and Community Development, Education and Early Childhood Development as well as the Environmental Protection Authority and Barwon Water. It will create more than 280 direct construction jobs in Geelong and more than 100 indirect jobs to support design, fit-out and associated activities. The development will have flow-on effects and benefit for the local economy by increasing the number of people using local businesses and services. Its anticipated completion date is 2013. This significant investment will build market confidence in Geelong. It will help attract more commercial development, especially in the growing employment sectors of finance, property, education and business services — in a sense many of the white-collar jobs that sometimes people commute long distances for. They will either receive those services or work in those industries. This will provide a lot of those local jobs. It will also allow the reuse and the future reuse of sites currently occupied by government for private sector business and activity. It will free up other sites, and we anticipate there will be development in these sites.

In addition to greater activity in the station precinct, we will also improve the safety and amenity. I am pleased with the significant budget initiative for growing Geelong. Together with other major investments in the Geelong region as part of the state budget, this project will play an important role in delivering on our commitment to manage population growth and build for Victoria’s future.

The CHAIR — Thank you, Minister.

Mr DALLA-RIVA — Minister, I refer you to page 161 of budget paper 3 dealing with ‘Planning communities for growth and change’. I note that there is a need for integrity in the planning system. I contrast that to the report in the *Age* this morning about branch stacking in the Labor Party — the fraudulent activities with membership — and funds operating out of electorate office, and I ask: Minister, will you cooperate fully in

any inquiries by the Ombudsman or the electoral commission into branch stacking and fraud within the Victorian Labor Party, including allowing full access to relevant documents from your electorate office?

Mr NOONAN — On a point of order, Chair.

Mr DALLA-RIVA — You do not need a point of order. This is straightforward. There was a significant report today, Chair.

The CHAIR — Thank you. A point of order has been taken. Mr Noonan has — —

Mr WELLS — Why is everyone so touchy about branch stacking in the Labor Party?

Mr DALLA-RIVA — Because it is endemic in Labor.

The CHAIR — Without assistance.

Mr NOONAN — I want to question the relevance of that question as it relates to the budget estimates. I thought the first part of that question, which relates to planning integrity, was relevant but I thought that everything — —

Mr DALLA-RIVA — It is going to be pretty hard if you have a planning minister who is under a police investigation or an Ombudsman's investigation. Don't you think that is relevant?

The CHAIR — Mr Dalla-Riva, I would like you and other members of the committee to listen to the point of order in silence, then I will rule on it.

Mr NOONAN — I thought that everything that followed that in relation to the matters that Mr Dalla-Riva raised in relation to the *Age* and the nonsense thereafter was irrelevant to these hearings.

Mr DALLA-RIVA — On the point of order, Chair. I think it has very much relevance to the forward estimates. If we have a planning minister who is under investigation for some very serious allegations that have come out of his office, I think that is going to have a huge impact on the planning portfolio into the forward estimates. What is going to happen? Are we going to have a planning minister who is more focused about looking after his back and less about worrying about planning?

The CHAIR — I have heard enough on the point of order.

Mr DALLA-RIVA — Is that what it is about?

The CHAIR — You are now getting into hypotheticals, but I have heard enough on the point of order. I am able to rule on the point of order.

Mr WELLS — Let me guess which way it is going.

The CHAIR — Mr Wells, your continual interruption when I am speaking is not appreciated. I have now reminded you of this many, many times. You are a senior member of this Parliament and you should know how the parliamentary processes work. You may wish to interrupt in order to perhaps grandstand or whatever you wish to do.

Ms GRALEY — Get on the TV.

The CHAIR — Thank you, Ms Graley. But whatever you do, in doing it is actually unparliamentary. I would ask you to reflect on your behaviour and not do it in future. I am ruling on the point of order. I thank you for that. I was going to rule on the question anyway. The question is in order in respect of mentioning the planning arrangements and the planning processes but, Minister, you should ignore any other parts of the question which do not relate to the planning portfolio. The minister, in respect to that part of the question which relates to the planning processes.

Mr MADDEN — Thank you very much, Chair. As I have said before, we have a planning system of the highest integrity.

Mr WELLS — No, it is not.

Mr RICH-PHILLIPS — Yes, we saw the media plan.

The CHAIR — Without assistance!

Ms GRALEY — Show some respect!

The CHAIR — Show some respect for the process.

Mr DALLA-RIVA — How can you say that?

Mr RICH-PHILLIPS — We saw the media plan!

Mr DALLA-RIVA — How can you say that?

Mr WELLS — Look at the Windsor, for example. There was more focus on a media plan.

Mr MADDEN — I repeat, Chair, that we report to the Parliament, we report regularly, we report for the reasons that the relevant planning authority makes decisions if we need to intervene and they are reported to the Parliament. That stands in stark contrast to —

Members interjecting.

The CHAIR — Through the Chair, Mr Wells.

Mr DALLA-RIVA — Are you going to allow full access to the police or to the Ombudsman?

Mr MADDEN — That stands in stark contrast to the Kennett government and their time and their planning system.

Members interjecting.

Mr WELLS — Give me a break! Why don't you pull him into line? You do not allow anyone else to talk in the past, but you are allowing the minister to talk in the past.

The CHAIR — Mr Wells!

Mr WELLS — And you, as Chairman, are saying that is okay. You have double standards: one for the minister; one for the opposition.

The CHAIR — I do not have two standards; I have one standard.

Mr WELLS — Yes, you do. You allowed him to talk about the Kennett government.

Members interjecting.

Ms HUPPERT — Minister, I would like to return to the issue of managing our population growth and creating livable communities, which of course is noted in budget paper 3 on page 158 as one of the significant challenges facing the department in the medium term. In your presentation you mentioned that the Growth Areas Authority was on track to complete 40 precinct structure plans by 2012. Could you tell us a little about this work, which will be carried out during the estimates period, and the benefits it will deliver?

The CHAIR — Talk about the future, please, Minister, not the past.

Mr MADDEN — Thank you very much, Ms Huppert, because this is a period of very high population growth and that is a particularly pertinent question. Maintaining land supply for housing and jobs is central to the work of the Growth Areas Authority, which is involved in a series of important planning reforms, from streamlining the precinct structure planning process to improving biodiversity outcomes in Melbourne's growth areas. We should not underestimate the importance of this work.

The Australian Bureau of Statistics tells us that Melbourne's population grew by more than 100 000 people in the last financial year, with the majority of that growth occurring in our designated growth areas, and that is where the Growth Areas Authority operates: in Wyndham, Casey-Cardinia, Melton, Whittlesea and Hume. The Growth Areas Authority's precinct structure planning program is vital for ensuring that these residents are able to move into suburbs that are well planned, vibrant and innovative, with access to local jobs and community facilities.

For those unfamiliar with the precinct structure planning, PSPs are in a sense big picture plans; they are master plans for designing new suburbs on greenfield sites. They map out where everything from local schools to roads, open space, shopping centres, offices and transport will go. By using this single, consistent process for the planning of Melbourne's newest communities, we provide certainty to councils and developers about what is required, while ensuring that community needs are planned for and met. The Growth Areas Authority is tasked with and on track to deliver 40 precinct structure plans, as you mentioned, by 2012.

So far the Growth Areas Authority has completed 13 precinct structure plans with as many as 9 more expected to be completed by the end of this year. In fact, just last Friday I announced the approval of the Cranbourne East precinct structure plan, which will provide housing, schools, kindergartens, retirement villages, open space and three local town centres to accommodate up to 20 000 people over the next 15 years. Notably, most residents will be within 400 metres of at least two parks, which is no doubt a triumph of good planning.

This particular precinct structure plan also used concurrent land rezoning and subdivision approval processes for the first time, speeding up the subdivision process by at least six months, which will help bring land to market faster. Aligning these processes has been so successful in this case that the Growth Areas Authority will now use this as a template for future precinct structure plans.

Precinct structure planning is about creating diverse, compact, well-connected communities that are affordable and offer local jobs, transport access, open space, services and culture while also protecting Melbourne's valuable natural and historic features and using the land more efficiently. It is not just about building houses, of course; it is about creating real communities that residents can be proud of.

The Growth Areas Authority is doing great work in this space, informed by updated Precinct Structure Planning Guidelines which I released in October last year. Amongst other features, the guidelines are aimed to provide a number of ways of resolving these matters in these growth areas: the structure for all new suburbs to enable walking distance to local centres, transport and shops; creation of one job for every new household by creating businesses close to home with a wider range of jobs nearby; development of a sense of place in the community which will attract a broad range of residents and employers; increasing housing density, with an average of 15 houses per developable hectare; broader housing choice, from large family homes to one-person units and home offices; and sustainable living with a new efficiency check to test developers' plans against key performance measures relating to cost, land and water use.

I am very pleased with the work being done by the Growth Areas Authority, which will help young families into their first homes, create thousands of jobs for homebuilders and increase Victoria's housing supply. It is just another example of how our government is complementing and managing Melbourne's growth and helping families secure their lifestyle.

Dr SYKES — Minister, I refer you to budget paper 3, page 158. Following 'Significant challenges facing the department in the medium term', there are a number of dot points including 'promoting shared approaches'. Can you inform the committee how much your department spends on external communication works or firms, and specifically, have you employed any external firms to assist with the Windsor Hotel fiasco, either in advice or communications strategies or media plans?

The CHAIR — You have referred to the challenges facing the department in the medium term. Minister, can you answer the question in regard to the budget estimates, please, as I have said to other ministers?

Mr MADDEN — In relation to any expenditure in relation to communication of any part of the planning portfolio, I will have to take that on notice, and I am happy to provide the committee with specific information.

The CHAIR — In respect of promoting shared approaches et cetera, do you wish to comment on that?

Mr MADDEN — Certainly in terms of shared approaches more broadly, there are a number of areas where we are working with local government on a lot of matters at the moment. I have just mentioned the Growth Areas Authority. We are working with them and local communities to bring land to market much faster than has been the case and to coordinate the work of relevant authorities in order to bring those services to those new communities. That is particularly important, of course, because traditionally many of the outer suburbs of Melbourne had been developed as dormitory suburbs, and often the infrastructure arrived later rather than sooner. My experience was growing up in one of those dormitory suburbs. It is important to communicate to all those groups and to work through that accordingly.

In relation to the likes of the development assessment committees, again that is another partnering approach with local governments to accommodate in nominated market-ready principal activity centres a partnered approach to determining and decision making around relevant planning applications. Recently we had the announcement with the City of Melbourne. Again we have been keen to partner with them in the assessment of projects over 25 000 square metres, where prior to that I had been the designated authority for those sorts of projects.

In all instances, whether it be in housing or whether it is the likes of the question I answered earlier on in relation to wind farm proposals, we believe that a partnered approach is a much better way to resolve the matters that need to be considered on their merits, of course, but that need to bring into account state and local policy. Of course there will always be a bit of tension in terms of the immediate concerns of the local community and the long-term interests of the broader community, particularly at a state level. Those tensions we believe can be resolved through partnership approaches, particularly when it comes to decision-making approaches, and I have just mentioned a number of those fronts.

Certainly it is an area of work that we have been concentrating on in my time in the portfolio. I believe local communities and local councils are enthusiastic and becoming more enthusiastic about that approach, to share the decision making rather than leave it for what was traditionally one authority or the other. The instance is that if it became bound up at a local government level, for whatever reason, traditionally the only alternative was for the minister to intervene, whereas I am very enthusiastic about having a partnered approach and having in a sense a third way of dealing with these, rather than the minister or the local authority — having a partnership approach to as many of these planning decisions as practically possible, particularly if they are highly complex. Those local governments do not necessarily have the capacity of potentially resourcing or there is a lack of experience at a local level to deal with many of these more complex projects.

The CHAIR — Dr Sykes, you wish clarification?

Dr SYKES — Yes, through you, Chair. I appreciate that the minister has indicated he will take my question on notice, but I have to say I am intrigued, with the resources that are available and the time that the minister has created, with that part of the answer, that he is not able to provide an answer to a very simple question, which was — —

The CHAIR — You have made your comment, which is not normally the case. If you wish to ask for clarification, ask for clarification. As I have mentioned to other members, it is not the time to make statements; you can make them in other places. A clarification, or else we will move on to the next.

Mr WELLS — Hang on. It is a straightforward question.

Dr SYKES — Thank you, Chair. I would rather do it at my pace, thank you.

The CHAIR — I am happy for you to do it at your pace, but I wish you would follow the processes, so clarification, please.

Dr SYKES — Thank you, Chair. The information I am requesting, Minister, is how much your department spends on external communications in the budget period, which often in the budget report goes back to 2008–09, 2009–10, 2010–11 and so forth. How much do you spend, and has any money been spent or is it going to be spent on communication strategies or communications in general in relation to the Windsor Hotel?

Mr MADDEN — Again, I do not have that information directly in front of me, Dr Sykes. I am happy to answer that and account for any resourcing that my department spends in any area. Communications is

obviously a concern of yours. I am happy to provide more detailed information to you through the department, on notice, Chair.

Mr SCOTT — Minister, I refer you to budget paper 3 on page 330, where it makes reference to ‘Victoria’s heritage: strengthening our communities’. Can you please advise the committee how this heritage strategy will continue to evolve over the estimates period?

Mr MADDEN — One of the great pressures in terms of rapid population growth is ensuring that we do preserve our heritage. There are those who believe our heritage is threatened because of population growth, but we do have one of the best heritage systems, I believe, not only in Australia but by contrast around the world in preserving our heritage. Preserving our heritage contributes to the livability and the sustainability of the state. That is why I was delighted to receive \$2.6 million to continue the implementation of priority actions consistent with the government’s heritage strategy and grants program.

Victoria’s Heritage — Strengthening Our Communities is a strategic framework that recognises and protects Victoria’s heritage as a living heritage and is built around six key directions. They are recognising a rich and diverse heritage, using our heritage for a sustainable future, managing for growth, telling Victoria’s story, building strong and inclusive networks and partnerships, and resourcing the community. Heritage aims to improve the coordination of government heritage resources across Victoria and deliver programs that strengthen community involvement in caring for heritage places and objects. Our grants program is directed at realising the objectives of that strategy.

The grants program aids in the repair and conservation of heritage places and objects that are listed on the Victorian Heritage Register or included in the heritage overlay of a local planning scheme. These places and objects must be accessible by the general public in order to apply for funding. The strategy provides new ways of recognising and protecting the state’s precious heritage and increases our understanding of the stories associated with the past.

The state’s heritage comprises many different layers of history and meaning, from areas of natural significance to past and present Aboriginal traditions. Heritage encompasses places created by early and recent settlers and includes customs, celebrations and special characteristics that build community pride and enhance social cohesion. Interpretation grants provide funding for heritage specialists to undertake projects that will improve both the understanding of and the public access to Victoria’s important heritage places, objects and collections.

The range of heritage interpretation projects of course is broad. Projects might include heritage trails, exhibitions, interpretive plaques, artworks, online interpretation or oral histories. Funding is also available to local government authorities to appoint heritage advisers, to commission heritage area studies and to digitise existing heritage studies. I have noticed one of the most important ways of protecting collections is to assist communities and volunteers in particular to digitise their information or their cataloguing so that if at any time items are lost or threatened or damaged, then they do have a record of what existed and some documentation.

Heritage advisers both assist with the effective conservation of places that are subject to heritage controls and promote heritage conservation within a local government area. The purpose of heritage studies is to identify, assess and document all places of heritage significance within the municipality and make recommendations for their future conservation. The community collections category provides funding to preserve and provide access to important community collections. These collections contain a wealth of information about Victoria’s past and the custodians who care for them. These grants provide practical support for the community museums to ensure their collections are better managed, but it also enthuses volunteers so that they are recognised, and maintains that support at a local level through their volunteering.

Victoria’s heritage strategy provides a framework for heritage management in Victoria. Victoria’s heritage acknowledges the diversity of the state’s heritage and presents strategies and actions to ensure Victoria’s heritage will be sustained into the future. The strategy provides for a comprehensive and coordinated approach to managing heritage issues in Victoria and complements other Victorian government policies and strategies.

Victoria’s Heritage — Strengthening Our Communities has relevance to all Victorians. Community and non-government organisations can and will work alongside the Victorian government and local councils in delivering many of the strategy’s actions. It involves partnerships, educators, volunteers, professional organisations.

The 2009–10 heritage strategy grants program funded \$2 million for heritage place and object conservation projects. Heritage interpretation and collection management projects included, just as examples, \$45 000 for the Phillip Island Baptist Church cottage at Cowes; \$60 000 for the Bessiebelle sheep wash restoration project, which I am sure Dr Sykes —

The CHAIR — Bessiebelle.

Mr MADDEN — That is right; did I not say Bessiebelle? The Bessiebelle sheep wash restoration project, and I am sure you would be interested in the great history behind that, too, Dr Sykes, given your former vocation. And there is \$90 000 for the Hamilton botanic garden fence restoration. They are just a few of the local examples of where not only are locals getting great results but it is also enthusing local volunteers and local communities. I can see Ms Huppert is very enthusiastic, too, about these projects.

The CHAIR — I probably climbed the fence at the Hamilton botanic gardens in my youth. Minister, can you ask Monica to put up the last page of the presentation? The top section talks about managing population growth, Melbourne @ 5 Million, and money for the central activities districts. You talked a little bit about them in your presentation. Can you elaborate a little bit more about how you are going to manage population growth in terms of urban renewal, new housing, employment opportunities et cetera through the planning portfolio into the future?

Mr MADDEN — I know these sorts of locations — the activities districts and other locations for additional housing — are of particular interest to you. We have more and more people calling Victoria home, and a lot of that is coming out of the economic prosperity and opportunity that is provided for in Victoria, because if you have got the jobs, it is a great attractor and it also retains people. It is also worth appreciating, as no doubt many of us do, that even without that population pressure and that population growth we would still need more houses, because of the way in which people are forming their houses. One of the great benefits of living in this day and age is on average we live longer, but in living longer we might spend more of our life in a smaller household. Whether it is downsizing from a larger family household or people living longer on their own, it means that more and more people will need a different type of dwelling. In that sense this is where those central activity districts come into their own in many ways.

I have talked about the Growth Areas Authority and the ability to deliver housing in the greenfield locations and those new communities, but given that there is enormous demand for housing in existing suburbs, as I said — because regardless of population growth more people want to remain in their existing suburb but might want to downsize or look for a different opportunity or a different sort of housing stock — then it is important that we provide that opportunity. In terms of doing that, we are planning for new communities, new jobs and new housing opportunities in areas that people want to live. Not everybody wants to live in a new suburb; lots of people want to live in existing suburbs.

We are not leaving that to chance. We have got a plan, and we are working to implement that. That has been identified in Melbourne @ 5 Million. Central to the government's land use and transport planning strategies is the development of the central activity districts, but also importantly the employment corridors. We have seen tens of thousands of jobs developed in central Melbourne in the last decade, and that is a great compliment to the economic activity, but it also puts a lot of pressure on the central activity district of Melbourne.

What we would like to see and what we are investing in is the equivalent type of central activity districts located around Melbourne. There are six designated central activity districts, and some of these are near you, Chair, so I know you are particularly interested in a number of them. They include Ringwood, Frankston, Footscray, Dandenong, Box Hill and Broadmeadows. There might be the potential to add another in the west at some stage in the future.

What this does is give us the opportunity to locate more intense housing and more job opportunities — particularly white collar jobs which are traditionally located in the centre of Melbourne — and deliver those like functions closer to where people live. We would see that as minimising congestion flows in and out of the Melbourne CBD. Also, those employment corridors will offer substantial increases in employment, housing and education, and they will link better, in a sense, to those growing outer areas, so that people are not necessarily having to commute from the outer areas of Melbourne right to central Melbourne; they can commute to some of those central activity districts.

This year's state budget has delivered \$10.4 million over four years to our central activity districts and employment corridors, and that is referred to in budget paper 3, appendix A, pages 329 and 332, for those members of the committee who are particularly interested in where those are located in the budget papers. These funds will be used initially to undertake feasibility studies and stakeholder and community engagement programs, with a view to increasing development activity and housing and employment outcomes in these key areas.

As well as those central activity districts there are also three employment corridors that have been highlighted and given priority in Melbourne @ 5 Million. In some of those corridors there is pre-existing employment, but strategically, because of where they are located, there is an opportunity to build on that.

The Hume-Mitchell corridor — sort of Avalon Airport to Werribee, Melton, Melbourne Airport and Donnybrook. If you imagine that band across the outer edge of Melbourne and the connection between the Hume corridor out to the Geelong Road or Geelong freeway, there is a substantial opportunity to build in all those logistic-type transport and associated industries.

Then there is another corridor from Caulfield out to Dandenong, and you would expect that that would reflect a lot of the activities or services that might be needed in that corridor, particularly down towards the south-east. Then there is the Monash University–Chadstone–Box Hill–Austin Hospital–Bell Street corridor. Chair, I know you are particularly interested in matters around the Box Hill precinct.

Box Hill has a natural capacity to be a central activity district. It is probably a standout for that because it already has a lot of pre-existing development and will continue to attract that. It is well located, and that connection to some of those other surrounding areas — particularly in terms of Monash University and the knowledge-based and associated industries and out to the Austin Hospital and the medical services — also makes good sense strategically.

If we can distribute employment even closer to the growth areas, then there is certainly a well-connected workforce. That is complemented, too, by what you might have seen in the new SmartBus — I think it is the 903, if I remember the figure rightly, which runs right from Altona, down to Mordialloc, through Box Hill and through a lot of that corridor. That means you can commute using public transport in a way that makes these locations particularly attractive. The 2010 budget will deliver on these areas' urban development strategies and urban improvement projects and again secure the lifestyle and opportunities — —

Mr WELLS — Minister, how many pages more do we have to go on this?

Mr MADDEN — I have finished.

The CHAIR — Mr Wells, next question?

Mr WELLS — You have finished? I thought you were trying to talk it out till 4 o'clock.

The CHAIR — Mr Wells!

Mr WELLS — I was just asking you a question. Were you trying to talk it out till 4 o'clock?

The CHAIR — You were not actually, you were butting in. You did that three times then. I remind you and other members and also any witnesses that that is unparliamentary and not appropriate behaviour. I do not wish to tolerate it. You, as Deputy Chair, should understand as well that this is not parliamentary. Mr Wells, you have the call.

Mr WELLS — Minister, in regard to the Hotel Windsor, have you or your department seen or met any external consultants or lobbyists in relation to the Hotel Windsor fiasco and, if so, who are they? Secondly, does your department or private office report and record the lobbyists who come to meet you or your office about planning applications or development proposals; if so, will you release those documents to the committee, please?

The CHAIR — In regard to that question, Mr Wells, we are interested in the budget estimates. In respect of planning applications which have been dealt with in the past it is not actually — —

Mr WELLS — No, this is going — —

The CHAIR — Allow me to speak, thank you. Insofar as you are talking about procedures in your office in terms of the planning portfolio going forward, I have no problem with that part of the question. The minister, to answer.

Mr MADDEN — I am meeting with all sorts of people interested in the planning system. Whether that be community groups, whether it be local government, whether it be prospective proponents in relation to projects, I meet with those sorts of people all the time. In any given day it is likely I will meet with any one or more of those sorts — and have those sorts of meetings. I also meet with industry groups. I meet not only with industry groups but with specific representatives from industry who also might want to put a case either about specific proposals or strategies in relation to development or renewal or any issues that might present themselves about the planning system.

I would expect that at all those meetings I would be accompanied in one form or another not only by an adviser from my office but also accompanied by a member of the department, and where those meetings occur, of course, I would expect those departmental officers to take notes in relation to those meetings. Of course, they are fed into the system in relation to those matters.

In the vast majority of cases, if there are potential proponents, normally they might meet with us to inform us that they are considering a proposal — basically to see what our response might be — but also really to get direction from us as to the support of the department. We might ask the department to follow up an anticipated proposal in a way that allows it to be processed accordingly. In the vast majority of cases we meet with a whole lot of groups in relation to any specific or any particular proposal.

Once a proposal is entered into the system, or somebody makes an application, it would be extremely unusual for us to meet with a proponent, and it would be unusual for the department to meet with a proponent, because once somebody enters their application into the system, then there is a process that the planning system follows in relation to those, and at the end of the day there is a relevant decision or relevant resolution made in relation to that proposal.

Mr WELLS — Just to clarify a point, Chair?

The CHAIR — Yes, Mr Wells.

Mr WELLS — Minister, hand on heart you are saying that you have never met a lobbyist or a proponent about a development without a departmental person being with you?

Mr MADDEN — I believe that is the case.

The CHAIR — Okay. Ms Graley?

Mr WELLS — You believe it to be the case?

Mr MADDEN — I believe it to be the case.

Mr WELLS — And the list of lobbyists you have met — —

Mr MADDEN — Can I just make — —

Mr WELLS — You did say that.

Mr MADDEN — Can I just make this point, Mr Wells? When I meet with proponents — or potential proponents before they put in an application — there is often a roomful of consultants. I do not select or discriminate who those people bring to that meeting. If they are there, in a sense they are consultants or they are experts. Some of them will be architects, some of them will be engineers, some of them may be strategic analysts, some of them may be economists, some may even be a lobbyist. But it is not made clear to me what role those experts play in the proposal that may at some stage come before me. When I meet with potential proponents, then I expect there to be a representative from the department with me.

Can I also point out that people approach me in the street all the time. People have wide-ranging views and opinions about the planning system. On Saturday morning I was at the Melbourne market. I was approached by a number of people in relation to matters, just to say, ‘I hear you have got something before you. I am not keen on it’ or, ‘I am keen on it’. People will always have views, and they will be wide-ranging views on any particular proposal that may either be under consideration or which might be about to come before me.

But the planning system deals with these matters on their merit. There is a proper process, and that advice then comes to me. That proper process and that advice is managed because of that process — whether it is independent panels, whether it is independent advice, whether it is departmental advice or whether it is independent statutory authorities who provide decisions or advice to me, all those matters are dealt with through process; at the end of the day if I sign off on a decision, I sign off on the decision on the basis of that advice and not on the basis of somebody coming up to me at the market and saying, ‘I reckon that is a good thing’ or, ‘I reckon that is a bad thing’, or if I am in a shop and somebody notices my head sticking out of the crowd and saying, ‘I do not like that proposal’.

That will always happen, Mr Wells. I am sure when you walk down the street in your local community people approach you about a whole range of matters and tell you whether they reckon they are a good idea or a bad idea. Those exact same things happen to me, and maybe because I stand a fraction taller I can be seen from a much greater distance, and of course I might attract a few more people from time to time.

The CHAIR — All right. Thank you — —

Mr WELLS — Sorry, Chair, just one further clarification because it is a very important point. Can I take it that no-one from Progressive Business has approached you — —

The CHAIR — I think — —

Mr WELLS — Hang on!

The CHAIR — I think this is a new question.

Mr WELLS — No, it is exactly the same question.

Ms HUPPERT — Then why are you asking it again?

Mr WELLS — Can I take it that no-one from Progressive Business has spoken to you or met with you about a development? You are saying that you have had a person from the department with you every time you have met someone from Progressive Business who specifically wants to talk to you about a development?

Mr MADDEN — Chair, I am happy to answer it.

The CHAIR — I am not sure this is really in order — —

Mr WELLS — He has said he is happy to answer it.

The CHAIR — But if you wish to answer it and add to your previous answer — —

Mr MADDEN — Put it this way, it would not matter who spoke to me on what matters in relation to any particular project: the process provides advice to me and that advice is undiluted in any way when it comes to me.

Mr DALLA-RIVA — That was not the question.

Mr MADDEN — Yes. Can I just say — —

The CHAIR — Okay.

Mr MADDEN — I do not believe people have approached me. Of course, from time to time people will believe they have made an approach to me on a specific matter, but their description of an approach might be the equivalent of them telling me at the market or in a main street — —

Mr DALLA-RIVA — At Progressive Business they pay to see you.

Mr MADDEN — That they reckon something is a good or bad idea. People might believe that, in a sense, they have from time to time ‘approached’ me, but that has no impact on any decision I make, because the decisions I make are made on the advice, the relevant advice that comes to me through the existing processes that are transparent in relation to the planning system.

The CHAIR — I think this is a good time to have a 5-minute break.

Ms GRALEY — Minister, I would like to ask you a question about the Expert Assistance Program, which is mentioned in budget paper 3 on page 329. I would like to ask you whether you could outline to the committee how this program initiative will contribute to direct assistance to local councils in the planning and development of activity centres and certain regional towns?

Mr MADDEN — Thanks, Ms Graley. The 2010–11 budget allocated \$8.3 million over four years to the Expert Assistance Program. I am certainly delighted that we have been able to continue what is, I believe, a very worthwhile program that assists in planning and development of particularly activity centres. The Expert Assistance Program will continue to provide grants directly to councils to help plan for the future of metropolitan activity centres. This program gives councils in Melbourne’s activity centres access to experts who can offer technical advice on a wide range of planning issues. The type of expert help will vary between each centre, depending on its unique circumstances and the level of strategic planning completed.

In March 2010 requests were made from councils to assist with the implementation of the new activity centre zone. In particular projects are being undertaken to translate existing structure plans and associated planning provisions into the new zone. What this means is greater support for local government to update and strengthen local planning schemes so that communities, developers and councils have greater certainty about what they can and cannot do.

The program assists councils that are ready and willing to proceed to translate, finalise and implement structure plans supporting the creation of well-connected vibrant centres and, as we have mentioned previously, attract investment, boost the local economy, generate jobs and provide for housing. The structure plans guide housing growth and changes in the infrastructure and community employment opportunities in activity centres. The Expert Assistance Program assists councils to produce real and effective change that is visible in the physical fabric of the activity centres and the ongoing economic success of the centres. Since the program began, funds have been allocated to assist 87 projects in 19 local government areas.

The Expert Assistance Program complements the Creating Better Places program. The Creating Better Places program is a grant program that supports Melbourne 2030 initiatives by funding urban improvement projects in principle or major activity centres in metropolitan Melbourne and network regional cities and towns. The grants provide opportunities for the state government to work in partnership with councils and communities to create more vital, attractive and safer public places that are economically, environmentally and socially sustainable.

The 2010–11 budget allocation of \$2.2 million provides for the continuation of the program for grants for minor capital works projects in publicly owned and accessible places, as well as assistance to complete structure plans and the employment of place managers. The 98 projects funded in rounds 1 to 5 to 34 councils across Victoria have leveraged also local government and private sector investment in activity centres and helped to influence investment in local employment. Round 6 of the Creating Better Places program is open for applications this month. So if any members here have local communities who are interested, they should recommend that to their local communities and local councils.

Mr RICH-PHILLIPS — I would like to return to the matter raised by Mrs Wells in his previous question, where he asked you, ‘Hand on heart, did you always have a departmental officer with you when you met with lobbyists or proponents in relation to planning matters?’, and you responded, ‘I believe that is correct’. I would like to ask you about the recent Progressive Business function, which I believe was sponsored by Grollos. Did you have a departmental officer with you when you attended that function?

The CHAIR — Minister, regarding the budget estimates and planning portfolio matters.

Mr MADDEN — I am not sure of the event which you make reference to, Mr Rich-Phillips. I do not attend many of those functions.

Mr RICH-PHILLIPS — Do you take departmental officers with you when you do?

Mr MADDEN — If you would like to hear me out. I attend very few of those functions and I do not believe I attended that function. I am happy to check my diary, but I do not believe I did attend that function.

Mr RICH-PHILLIPS — Do you take departmental officers with you when you attend Progressive Business functions?

Mr MADDEN — I have only ever attended a small number of Progressive Business functions and, as I said, whoever approaches me in relation to any planning matters that might come before me, or at some stage might come before me, of course it will not matter what they — —

Mr RICH-PHILLIPS — That was not the question, Minister.

Mr MADDEN — No, let me finish. I am happy — —

The CHAIR — Without assistance.

Mr RICH-PHILLIPS — The question was: do you take departmental staff with you to Progressive Business functions?

Mr MADDEN — What I am saying is, if I am in attendance at a function of that nature or any other function where a proponent might approach me, or if it is at the market or in the main street where somebody approaches me with a view of a project that should or should not happen, then I will listen — —

Mr DALLA-RIVA — This is where people are paying money to come and see you.

The CHAIR — Without assistance.

Mr DALLA-RIVA — They are coming to see you, Minister.

Mr MADDEN — I will, with courtesy, listen to what people have to say.

Mr DALLA-RIVA — They are spending money to come and see you, Minister.

The CHAIR — Without assistance. The minister to continue.

Mr MADDEN — I will listen to what people have to say and of course the planning system will deal with their matters on the merit of their proposals.

Mr RICH-PHILLIPS — So developers can have a word in your ear without there being a departmental officer there?

The CHAIR — We do not need those statements.

Mr WELLS — No, this is an important point.

Mr RICH-PHILLIPS — This is central to the issue that was raised before.

Mr WELLS — He said, hand on heart, that if anyone approaches him about a development — —

The CHAIR — Mr Wells, we do not need your assistance. Thank you very much, Mr Wells.

Mr WELLS — We want to know whether there is a departmental head that goes to Progressive Business with him.

The CHAIR — The minister has answered the question.

Mr WELLS — Do you want him to get back to us then?

Mr RICH-PHILLIPS — As I said, developers can have a word in your ear without there being departmental officers present at these functions?

The CHAIR — Minister, you have finished answering the questions?

Mr MADDEN — I have finished.

Mr WELLS — Are you saying no, Minister?

The CHAIR — Mr Noonan?

Mr RICH-PHILLIPS — So developers can have a word in your ear without there being departmental officers present?

Mr WELLS — Without a departmental person being present.

Mr DALLA-RIVA — Which is contrary to what you said before.

Mr WELLS — You put your hand on your heart before and now you are backtracking —

The CHAIR — Mr Wells, without assistance, thank you.

Mr WELLS — You have misled this committee.

The CHAIR — Without assistance, please.

Mr RICH-PHILLIPS — You sit there grinning, but you have completely misled the committee.

The CHAIR — Mr Noonan has the call.

Mr WELLS — He can rule it out right now by saying he takes departmental officers every time he goes to a Progressive Dinner.

The CHAIR — Mr Wells, I would like you not to interrupt, thank you very much. Mr Noonan has the call.

Mr WELLS — He needs to clarify this point.

The CHAIR — You are doing it again and again and again.

Mr WELLS — No, he needs to clarify this point.

Mr RICH-PHILLIPS — The point has not been clarified.

The CHAIR — No, he does not. The minister has finished his answer. We will now have a question that is coming from Mr Noonan. Mr Noonan has the call.

Mr WELLS — So you do not take departmental people with you to the Progressive Dinner?

The CHAIR — Mr Noonan has the call.

Mr RICH-PHILLIPS — And you are happy to have developers have a word in your ear?

The CHAIR — Mr Noonan has the call.

Mr NOONAN — Minister, in April last year COAG agreed to increase the energy efficiency requirements for new industrial and commercial buildings in the Building Code of Australia. Could you explain to the committee how this government will assist industry with training and preparation for the transition to the new arrangements under the building code?

Mr MADDEN — We as a state continue to lead the nation in encouraging the development of energy efficient new homes as well as commercial buildings. Today Victoria has more six-star buildings than any other state, including the world's first six star convention centre — that is, the Melbourne Convention Centre. When

you consider that our buildings are responsible for 40 per cent of primary energy use, greenhouse gas emissions and waste generation, you can picture the potential opportunities in architectural design, building material and related services.

In July 2009 COAG agreed to move to a six-star minimum standard for new homes and major renovations by May 2011 as well as introducing new efficiency requirements for hot water systems and lighting. I would like to reference page 12, chapter 3 of budget paper 3. I refer to the Brumby Labor government's \$175 million *Jobs for the Future Economy — Victorian's Action Plan for Green Jobs*. The plan includes \$5 million for skills and trades to assist tradespeople to meet the six-star standards. This reaffirms our government's commitment to building sustainable communities and creating sustainable jobs in Victoria. The \$5 million for skills and trades will provide grants to organisations to improve their skills in delivering new energy-efficient building standards.

My department will work closely with the Building Commission, the Plumbing Industry Commission, Sustainability Victoria and Skills Victoria in designing and implementing this program. In 2005 Victoria was the first state in Australia to introduce five-star standards for new homes. In 2008 we expanded the standard to include renovations and extensions. This has not only meant that the 35 000 homes that are built each year are 50 per cent more efficient than their typical two-star predecessors, but that the expansion enabled a further 40 000 homes each year to be upgraded. As part of the rollout of the six-star standards the Victorian government will consult with industry and community through a regulatory impact statement on proposed further efficiency requirements for hot water systems as well as complementary six-star water standards.

The Victorian government has worked together with the building and development industry in implementing energy efficient standards. We are keen to maintain this leadership position. Introducing better standards, working with owners and tenants in supporting the development of a skilled workforce are the best ways of delivering sustainable communities now and into the future.

Mr DALLA-RIVA — Minister, in your role as planning minister have you ever taken a departmental person to a Progressive Business function?

The CHAIR — Progressive Business functions, Mr Dalla-Riva, are actually to do with the Labor Party. They are not actually to do with government business. Do you wish to clarify your question?

Mr WELLS — No, we want an answer.

Mr RICH-PHILLIPS — This arises from his earlier answer.

Mr DALLA-RIVA — This is from the earlier answers and early discussions that were allowed.

The CHAIR — Minister, insofar as it relates to the estimates and your responsibilities as the planning minister and in regard to planning processes.

Mr MADDEN — As I have said before, plenty of people have various views around any project whether that is a proponent or an objector. I will be approached in all sorts of locations about those sorts of matters. People will express their views. I note that Mr Dalla-Riva expressed a view in the Parliament in relation to a project.

Mr DALLA-RIVA — That is on the record. I did not get paid \$5000 to have it here.

The CHAIR — Without assistance.

Mr DALLA-RIVA — Mine is on the record. How many people have personally gone to you and paid \$5000 —

The CHAIR — You have had your chance to ask a question. The minister to respond.

Mr DALLA-RIVA — And 10 minutes of your time for a planning proposal.

The CHAIR — Mr Dalla-Riva, you are out of order.

Mr DALLA-RIVA — There were people from the Windsor Hotel there. Is that why you said —

The CHAIR — You are out of order.

Mr DALLA-RIVA — He is having a go at me. He can have a go at me and I cannot have a go at him.

The CHAIR — I do not want anyone having a go at anybody. Let me deal with you first: you are out of order. The minister is not to provoke any members of the committee.

Mr WELLS — Can we get an answer?

The CHAIR — Without assistance, Mr Wells. You do it every time. I hope you would take some more —

Mr WELLS — No, I do not.

The CHAIR — You just did it again. You might find it amusing. However, it is unparliamentary and it is not proper process. As the Deputy Chair — —

Without assistance from other members.

Mr WELLS — It does not help the Labor — —

The CHAIR — Mr Wells, you are doing it a third time. You are obviously a persistent offender. We are trying to hold an estimates hearing here where the process is you ask a question relating to the budget estimates. Then the minister answers in relation to the budget estimates. He does not actually go around criticising other people or provoking interjections. It is a bit like Parliament itself in terms of question time. One should not actually provoke, nor should one interrupt. Interjections are unparliamentary. I have said this a number of times already, and I have just said it again.

Mr MADDEN — As I have said before, I meet with many, many people in different circumstances. I am approached by many, many people in relation to all sorts of projects — they might be supporters or detractors of those respective projects — at all sorts of functions, in all sorts of locations and in all sorts of places. The planning process is transparent. The planning system is based on advice that is transparent, is public and is made public when decisions are made. As such, the sort of inferences that Mr Dalla-Riva is making and the opposition continue to make are — —

Mr DALLA-RIVA — Minister, you said — —

The CHAIR — Okay — —

Mr DALLA-RIVA — Hand on heart — —

Mr MADDEN — — am sure — —

The CHAIR — Without assistance, Mr Dalla-Riva!

Mr DALLA-RIVA — That you had a departmental person with you.

The CHAIR — As I have just explained before — —

Mr DALLA-RIVA — Answer yes or no.

The CHAIR — Mr Dalla-Riva, without assistance!

Mr MADDEN — As I — —

Mr DALLA-RIVA — Yes or no?

The CHAIR — Minister, to continue. Complete your answer, please.

Mr MADDEN — As I said, Chair, the insinuations that the opposition continue to make and wish to make and I am sure — —

Mr DALLA-RIVA — Progressive Business functions, yes or no?

Mr MADDEN — — will continue to make are just not real, because at the end of the day the planning system deals with projects on their merit and nothing else.

Mr WELLS — To clarify a point — —

The CHAIR — Thank you. Ms Huppert.

Mr WELLS — To clarify a point — —

The CHAIR — I have given the call to Ms Huppert.

Mr WELLS — Yes, but I just need to clarify a point.

The CHAIR — I think we have done enough on this one.

Mr WELLS — Is it different for a Labor mate?

The CHAIR — I have —

Mr WELLS — Is it different for a Labor mate to anyone else in the general community?

The CHAIR — Ms Huppert has the call. Please ignore Mr Wells. Ms Huppert, thank you.

Ms HUPPERT — Minister, I refer you to budget paper 3, page 161.

Mr RICH-PHILLIPS — Answer the question first.

Mr WELLS — Hand on heart one moment — —

The CHAIR — Thank you.

Mr WELLS — And then when we chase up the question — —

Mr RICH-PHILLIPS — Extraordinary.

Mr WELLS — Extraordinary.

Ms HUPPERT — One of the outputs there is ‘Development facilitation priority projects considered’. I note that in your presentation you referred to one of the challenges facing your portfolio was that of maintaining a resilient economy. Could you please advise the committee how this particular output has supported economic development and delivery of jobs to Victorians, and how it will continue to do so during the estimates period?

Mr MADDEN — Of course, Victoria’s economy has certainly survived the global financial crisis better than the economy of any other jurisdiction throughout the country. When you consider that Australia has survived the global financial crisis better than probably any other western developed economy, than that is a great testament not only to Australia but a particular testament to Victoria and the ability of Victoria to withstand the global financial crisis and the leadership provided to ensure that we continue to flourish, develop and grow in the face of those international global financial threats.

Jobs have been critical to our consideration in the face of that in a sense international economic threat. That has been supported through very timely decision making, and the \$3.2 million over four years provided in the 2009–10 budget to the Department of Planning and Community Development for a development facilitation unit has furthered our capacity to assist proponents and councils on a case-by-case basis. It enables a rolling audit of major projects to be conducted, so I am advised of project progress and on any appropriate actions to fast-track the planning process. The development facilitation unit continues to facilitate roadblocked projects, often without the need for my intervention.

It is also worth appreciating that it does not guarantee a project will go ahead. What it does is resolve a decision as quickly as possible and thereby allows people to know if the project will or will not proceed, and of course if

it is not going to proceed it allows those investors in that particular project to seek to invest their money elsewhere. So it does, in a sense, unlock investment in many ways — either investment to allow a project to proceed or unlock that investment when a project has not been resolved. That has been particularly important in the face of the global financial crisis.

Since the Premier's announcement in February 2009 that our government would fast-track decisions in key building projects to secure more jobs to help Victoria through the global financial crisis, I have made decisions on 36 priority projects, representing development of \$5.6 billion for Victoria, with the potential to create over 32 000 jobs. You also need to appreciate that whilst the housing growth and the cottage industry that is the traditional housing industry has gone ahead in leaps and bounds, one of the great threats during the global financial crisis was commercial building or the commercial sector, because the commercial sector is very reliant on finance. Finance options dried up through that time and developers and proponents needed greater financing ability. So the ability to give some fast-tracking to those projects and resolve those matters, as I mentioned before, has been very significant. It had a very significant impact on jobs and provided significant community benefits that we would like to continue to achieve with continued focus on facilitating priority developments across Victoria.

The way our government can continue to assist is by making me the responsible authority for strategically significant sites, as I have done for the Pentridge Prison redevelopment, to call in and potentially call in significant residential apartment development projects from VCAT that might languish in the system for a while and that might contribute to Melbourne's housing supply, and then rezoning significant brownfield sites or what are often known as brownfield sites, former industrial sites, and then rezoning land — for example, the Waurin Ponds shopping centre expansion and similar developments. I then appoint advisory committees to assist in decision making. I have done this with commercial investors, particularly Woolworths hardware concept stores and Aldi supermarket proposals. So all those projects can be considered by one panel and recommendations can be made accordingly.

The funding also enables the Department of Planning and Community Development to facilitate projects funded under the Nation Building commonwealth stimulus package. The streamlined planning process for Building the Education Revolution and the Social Housing Initiative projects are continuing to enable Victoria to meet the commonwealth construction time lines so that Victoria receives its share of the stimulus funding. Remembering that the federal government have locked the funding into having that money spent by close to the end of this year, it is important that those projects proceed as rapidly as possible, if they are to proceed. Since my announcement of the streamlined measures, 439 proposals for school buildings and works have been approved. The BER funding is helping equip Victorian schools with infrastructure and facilities that better meet the needs of current and future generations of students and teachers.

For social housing, 225 planning permits have been approved. To date these approvals represent over 2200 new, affordable and social housing dwellings providing housing to those Victorians most in need. With a target of 4500 new homes in Victoria and the upgrade of another 600 older dwellings, this program can make a real difference to the lives of many families throughout the state. The Brumby government has supported, and will continue to support, a planning system that delivers decisions in a timely, fair and transparent manner. Timely planning decisions, in particular, continue to play a critical role in securing jobs for Victorians in the construction and development industries.

Dr SYKES — Minister, I think my question relating to housing affordability logically follows on from the answer you have just given. You outlined 225 permits for 2200 houses, with a target of 4500 for social housing. Is that synonymous with housing affordability? If you go to budget paper 3, page 447, you have there a line item that relates to a number of departments involved in housing affordability but no key indicators which had occurred in previous budgets. So is your answer on social housing the answer on housing affordability, or is it a different issue? If so, what is the issue?

Mr MADDEN — It is quite pertinent question, thank you, Dr Sykes. There are a number of issues there that I want to touch on. The Victorian integrated housing strategy, which has been announced, relates to affordable, accessible and sustainable home provision. That statement outlines various initiatives across a number of government portfolios, not only mine, to achieve increased housing supply and improve housing affordability, accessibility and sustainability for Victorians. The strategy embodies a collaborative approach across all

government agencies responsible for housing to combine efforts and encourage an efficient and responsive housing industry.

I mentioned earlier in one of my answers the changing nature of household formation and the demand for housing in terms of housing stock; even if we did not have the population growth we would still need more housing because of the changing nature of household establishment. Of course that is a key issue. It is not just about the number of dwellings, although that is particularly important; it is about the diversity of housing stock going forward, and making sure that we have got a responsive housing industry, because whilst the housing industry might be highly enthusiastic about providing a one-size-fits-all dwelling, it is important to have that diversity and that diversity provided relatively in each location. Importantly if somebody relocates to a regional area, which of course you would be interested in, Dr Sykes, and if they want to bring their aged parents, or if their aged parents want to downsize, they can. I have seen instances in Swan Hill where VicUrban has been involved in projects there where it has established a new housing subdivision.

One of the great assets of that in Swan Hill was not only new housing along traditional lines — on what some describe as a quarter-acre block, although it is never really that measure, but it is the equivalent of a traditional family house — but alongside that there was also unit-type development or what might be known as strata units. Then they have got a retirement village and then an aged-care facility. One of the impressive things that was relayed to me, not only by VicUrban but also by the local council, is that that subdivision has been a great fillip for the community, not only in terms of jobs and economic opportunity but where people have relocated they have been able to relocate some of their family members. So they might have been able to get a farming family away from their traditional house on the land, even though they were not that enthusiastic about it, by the whole family relocating to that sort of new subdivision in Swan Hill. They are important components.

But in terms that go more specifically to the housing affordability and dwelling numbers: those dwelling numbers are important. That is why, particularly in metropolitan Melbourne, that is an important issue in terms of housing growth requirements, and we are working with local government to develop housing growth requirements, not only in those outer-suburban areas but also in existing suburbs, and we have a key role to support efficiency and be responsive to the housing market. What is important and one of the best things we can do is provide greater opportunity to provide housing. We have what is known as the state of supply report.

The ABS shows dwelling numbers, and there is a state of supply report. I think the second one found that — I will go into some figures here — for the 600 000 additional households in Melbourne between 2009 and 2029 we are in the general vicinity, but of course I am very enthusiastic that we make sure we improve what they have suggested would be a modest undersupply to make sure that, in a sense, we almost have an oversupply. By comparison to New South Wales and Queensland, that state of supply report suggests that New South Wales will have a significant undersupply by about 2029, in the order of 250 000 dwellings, and in Queensland I believe it is in the order of about 200 000 dwellings, whereas ours is likely to be a modest undersupply of, say, in the order of about 5000 dwellings. We are certainly well ahead of the game, but we have to keep working on that to make sure that we can do what we can to provide more housing, more housing choice and housing options right across metropolitan Melbourne.

Of course one of the issues that we do not have a direct impact in is interest rates and mortgages, but what is important is that if interest rates are going to move — and if people are annoyed or anxious or concerned about the prospect of interest rates moving — the best thing we can do is provide for an economy that allows for job security. That is what our commitment as a government is and has been; if people are confident that their jobs will be there and can remain confident, they are more likely to commit to a mortgage in an affordable way.

Dr SYKES — Just a clarification, Chair. My question related as much as anything to the absence, that I can pick up, of a performance indicator in the budget report. You provided quite detailed information. Why has that line item of performance reporting been deleted from this budget reporting?

The CHAIR — There is a footnote to that. In terms of the response to the budget questionnaire, the department has advised us that the explanations are in the footnote. Are you happy with the footnote? Do you wish to further clarify what is in the footnote? It was footnote (h), from memory.

Dr SYKES — That is okay, thank you.

Mr SCOTT — Minister, I refer you to page 338 of budget paper 3, appendix A, which refers to the Footscray central activities district. Can you explain the upcoming initiatives for this budget allocation?

Mr MADDEN — Over the past few years we have made some significant investments as a government in key activity centres, and I am delighted to say that the tradition of investing in urban renewal around our metropolitan transport hubs is certainly continuing. This year's budget delivers \$9.5 million over five years for the Footscray central activities district. That is on pages 338 to 339 of budget paper 3, appendix A. This money will be directed to planning for a 1.3 hectare site on McNab Avenue near the station, transforming it into a major residential office and commercial development. Funding will be provided for government accommodation, purchase of surplus land and additional project costs. The Victorian government is working with the private sector to develop the McNab Avenue land in accordance with urban consolidation and renewal objectives. The commitment will build on the investment we have already seen to date to transform the area into a vibrant hub where people want to live, work, visit and do business.

I have an article here that I would like to provide to members of the committee. It does not relate to specifically to Footscray but it does relate more broadly. Some would say Footscray is going to move slowly or we will not get the housing development in those locations, but there was a particularly interesting article in the *Australian Financial Review* that I have here and which I would like to distribute to members of the committee.

The CHAIR — Is this the article of 11 May?

Mr MADDEN — Yes. You think you have already got that?

The CHAIR — We have already got it.

Mr MADDEN — That is good to see. If you refer to that article, it highlights that whilst there has been a lot of speculation about unit development or inner suburban housing development happening in the Southbank and Dockland areas alone, it is happening in a lot more locations and in fairly significant numbers by contrast to other city centres. Of course the expectation is that the likes of Coburg, Camberwell, Preston and those sorts of locations, and even Footscray, will see more enhanced development of this type. That complements what I was saying before about different housing types, different housing choice and affordability that comes with a greater supply, particularly in existing suburbs but located around those activity districts, and central Footscray being one of them.

Melbourne @ 5 Million promoted Footscray to be one of six central activities districts and continues our commitment as a government to sustainable planning. Past investment in Footscray has delivered a modern pedestrian access bridge and forecourt to the station. It has also seen better streetscapes and connectivity improvements in the town centre. They are very significant because they not only give the locals confidence but also attract investment. The development facilitation for strategic sites in the station precinct is ongoing and one of the ways we complement that is with a one-stop planning shop which has opened in central Footscray. This year's budget allows for a \$9.5 million investment in Footscray. That is fantastic news for the people of the west.

When you also consider that people living in provincial centres serviced by regional rail — Geelong, Bendigo and Ballarat — travel through those centres as well, there is a unique opportunity in Footscray, and I have talked about this before, to complement that with more housing, more activity in terms of business activity and more employment in that Footscray precinct. This also complements connections to regional Victoria and some of those provincial cities because if a business or an industry were to set up in Footscray they have the ability to attract a skilled workforce within Melbourne but they also have the ability to attract a very skilled, lifestyle workforce who might choose to live in some of those provincial centres. In a sense they are almost located within the Melbourne CBD, but not quite. They are just a bit further out, but also accessible to Melbourne jobs. There is almost a 10-minute saving in terms of their train travel, if not even more. That is a great ability to reduce your train travel by locating yourself in a provincial centre rather than an outer suburb. In a sense your commuting time might be reduced from what it might be if you lived in an outer suburb because you can get the regional rail.

Those elements are all critical components in building up the Footscray central activity district into what will be, I believe, quite a unique complement to the central activity district in inner Melbourne. They will make Footscray a very attractive proposition in years to come for businesses, residents and those who want to have a

lifestyle that is spread between some of those provincial cities, locating themselves at points in time in the city. There might be opportunities for people who downsize from the central city, buy a rural property but have a dwelling or a job in central Footscray as they move later into their life.

The CHAIR — Minister, just following on from what you were saying, talking about regional Victoria and your \$152.6 million, or whatever the exact figure is, what are you doing for regional Victoria?

Mr MADDEN — Certainly regional land use planning is particularly important to us as a government. What is important is that we complement, as I said, the provincial centres and regional Victoria's growth. Whilst I have mentioned the growth in Melbourne a lot today, we have seen enormous growth right across regional Victoria, and over the next 20 years we can expect somewhere in the order of an additional 500 000 people living in regional Victoria as well. So the growth is not isolated to Melbourne; it is spread across many of those provincial centres, and not only the provincial centres but in a sense what might be described as the next tier of regional centres. Wodonga, Shepparton, Warrnambool, those sorts of locations, we will see increased growth there. The government has a regional blueprint, that we anticipate being released at the end of June, that will highlight how the planning system, as well as a number of other initiatives across government, can complement the growth in regional Victoria.

We have basically seen growth everywhere except for probably some of the dryland farming areas in the Wimmera–Mallee-type regions, but that is not to say that some of those centres there are not also expanding, given increasing opportunity in investment by this government in the likes of the Wimmera–Mallee pipeline and other enhancements that provide opportunity in those locations in the future.

The CHAIR — A final short question from Mr Rich-Phillips.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the financial performance of the planning department. Your department is forecasting a deficit of \$2.8 million in 2010–11, on top of a deficit of \$10 million in 2009–10, on top of a deficit of \$2.6 million in 2008–09. My question is: why is your department always in deficit, and what interventions are you taking as minister to return it to surplus and when?

Mr MADDEN — I will ask Stephen from the department to answer.

Mr WELLS — At last!

Members interjecting.

The CHAIR — Without assistance, please; we are trying to finish this quickly.

Mr MADDEN — Can I just make the point in answering the question that if there are any ancillary questions, either take them on notice or through me, rather than interrogate Stephen here.

Mr RICH-PHILLIPS — Because he might answer them?

Mr WELLS — We do not want to embarrass the minister and actually get an answer!

The CHAIR — Mr Gregory, quickly, please!

Mr GREGORY — In relation to the deficit, it usually reflects the fact that the revenue into the CSF and the expenditure from the CSF exceeds the revenue, so we are in deficit, so we have got balances within the fund that we pay these out. To a certain degree we think it is good thing that we are in deficit by spending more of the CSF funds.

Mr RICH-PHILLIPS — Obviously deficits are not sustainable.

The CHAIR — If you need to get some further information on that, can you consider the question?

Mr RICH-PHILLIPS — The other part of the question was when it would be restored to surplus. I take Mr Gregory's point, but you cannot sustain a deficit forever.

The CHAIR — I think you got the answer to that, but I ask the minister and the department to reflect upon their answer and the question and provide further information on notice. I thank Ms Digby and Ms Ferrie for their attendance.

Witnesses withdrew.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 18 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Madden, Minister for the Respect Agenda,
Dr P. Hertan, Deputy Secretary, the Respect Agenda,
Mr Y. Blacher, Secretary,
Mr S. Gregory, Chief Financial Officer, and
Mr N. Oats, Senior Policy Officer, Policy and Strategy, Department of Planning and Community Development.

The CHAIR — I now welcome Mr Justin Madden, MLC, Minister for the Respect Agenda; Mr Peter Hertan, deputy secretary, the Respect Agenda, the Department of Planning and Community Development; and Mr Nicholas Oats, senior policy officer, policy and strategy, Department of Planning and Community Development. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates and the respect agenda portfolio.

Overheads shown.

Mr MADDEN — This is the first time I have had the opportunity to present as the Minister for the Respect Agenda — it is a new portfolio. I have quite a number of slides here, but I do not intend to speak for very long, because the slides are relatively self-evident. One of the reasons I have quite a number of slides is because it is a new portfolio.

It is a new portfolio, and it is an opportunity to share with you what the government is doing in this space. The point is that we have built a reputation as a great livable city and a great livable state, and we want to maintain that. We often think about the changes we need to make to improve what we have got, but sometimes we have to make changes to keep what we have got. In many ways, the respect agenda is about that. As highlighted there, it is about ourselves, it is about others. It is also about our community.

We all have a responsibility. It is about growing that sense of obligation to one another at all sorts of levels. It is about personal responsibility — it is about how we make decisions about our own behaviour. It is about fairness, the way in which we treat each other and in a sense the boundaries we have. As well as that, it is about the smaller things in life and in many ways a lot of common sense.

We are aiming to bring about a cultural change. On cultural change, those things do not happen overnight, but the intention is to make those happen, and I have often referred to them. We promote a recognition of respect that is everybody's responsibility. It is not necessarily one particular age group's responsibility or one particular cohort's; it is something we all need to work on together. We all have a role in creating a society where people respect themselves and others in the community. The government cannot tell people how to live. We cannot drive the change alone, but we are looking to work in partnership with other community groups to build an even better and stronger culture of respect and understanding.

We are focusing on six issues as priority areas of action. You can see there, we are supporting respectful behaviour, but we are also addressing antisocial behaviours. That is a reasonable balance in terms of where we think we need to direct our attention. You can see the six themes there.

In some ways, what a number of people have pointed out to me is that helping parents to build self-respect in children could almost be at the top of the list, because a lot of these things relate to the way individuals see themselves and how others see them. Whilst we do not want to tell people how they should parent, if we can encourage people and assist people — anybody who is a parent knows how challenging it is and if we can do that at a very complex point in time in the way we live today, that can be of great assistance.

In terms of each one of those, I want to quickly relate to those. There are a couple of graphs on each one of these. There are six slides here and there is a graph and I think it is worth all members of the committee having a look at the graphs, because they do tell us something about why we have focused on these six areas. It is not that they have come out of the blue; they are because we have seen an increase in relation to these.

You can see there that alcohol-related violence in public places is an issue. Whilst it has declined in certain locations, and you can see that there, or remained relatively constant, what we can see is in public places there has been a significant increase. So we want to ensure that people in public places feel safe and whilst if they break the law, the law will deal with them, we do not want to be at that point. We want to be well in advance of that, more proactive, and try to get people to appreciate how they should behave in public places before they get to the point of the sort of antisocial activity that might take place.

The other area of interest of course is bullying, including cyber safety, sometimes referred to as cyber bullying. You can see there in that graph at certain year levels in schools there is an increase and that is a very important and relevant component in how we need to educate one another and also, in relation to new technologies, be conscious as parents or people who associate with young people — teachers and the like — that the new

technology gives people different forms in which they can, in a sense, be involved in antisocial behaviour which might include cyber bullying and the like.

Violence against women: you can see in that chart, and it is worth looking at those graphs there, intimate partner violence is a significant contributor to the burden of disease in Victorian women. There are a whole lot of other factors that might undermine women's health, but if you look there you can see that partner violence is a very significant component of women's health in Victoria, and there is a whole lot of government actions already in these areas. But in many ways my role is to make sure that I am coordinating that approach across government portfolios, because some of them are located in various portfolios under the responsibilities of various ministers as well.

Understanding difference and diversity: one of the great things about Victoria is we are generally a very inclusive society. It is one of the things that makes us a great international city, whether it be events, whether it be lifestyle, whether it be livability. But discrimination, whilst it has declined in a number of areas there, as you can see in that graph, it has increased in the area of race relations, in a sense. We need to try to work to respond to that accordingly. There are a number of existing government initiatives already highlighted there.

In terms of helping parents and carers build self-respect in children, as I said, parenting is very challenging. It is even more challenging, and it has come to light in some of the discussions with various groups I have met. The technological difference or literacy between different generations has just an added layer of complexity in terms of what might be a pre-existing generational divide that has always existed. So in order to assist families in getting parenting right and taking off some of that pressure, there is a range of initiatives that we need to work on to assist people to feel more confident about what they are doing in terms of parenting and the interaction with their children.

Then one of the other areas that we are also very conscious of is getting people more involved in the community. There seems to be a change in the way people participate in terms of volunteering. We know how important volunteering is. I do not need to tell members of the committee how important it is, but what we are seeing is that people volunteer differently, maybe because they are time poor or time challenged, or whatever the term might be. Fewer people are spending more time volunteering and more people are spending less time volunteering. Even though they are still volunteering, they are not giving the same number of hours.

I am sure, Dr Sykes, you would see some of that in regional Victoria, where you see the old-timers at the football clubs and the cricket clubs, who have been doing it for years and years and they are the character of the clubs, still doing it and you do not necessarily see the next generation of young people doing it. Although they might help out, they do not help out for the same length of time that some of the old characters of those clubs are involved, or those community groups or those charitable groups. We need to make sure that we complement that in a way as government and there is a number of program areas mentioned there.

We are getting to the last few slides. In terms of the role of the minister, initially let us not underestimate just by having the portfolio as an agenda item, it provokes discussion and that discussion cannot be a bad thing. I am sure the opposition will have a view or an opinion on it, as has been expressed in the chamber. That might create discussion or provoke response about what we all want, but just the discussion is a good thing and promoting that discussion with partner groups, businesses, community groups and all of us promoting the concepts that I have talked about is a very important issue.

The other issue is in terms of the way in which it is coordinated across government. A lot of these things are located in various streams of government. It is about making sure that, in a sense, there are not overlaps, there are not gaps and that the messages we are sending to the community are consistent. We have seen that already with the recent example of the Victorian Code of Conduct for Community Sport. That was led by the Minister for Sport, Recreation and Youth Affairs but that fits into the respect agenda on a number of fronts.

In terms of investment, in this year's state budget we see \$1.7 million dedicated to, in a sense, myself or the respect agenda portfolio to see that spent predominately with community groups in partnership to convey that message of respect and to provide forums and opportunities to examine these issues and promote discussion more broadly in the community. As the portfolio minister, I provide a whole-of-government focus on the respect agenda. It is important to acknowledge that it is a substantial investment. We commit to a range of those, not only in the portfolio but in a range of other areas, and it is not to take away from what other ministers do,

particularly around law and order and particularly around antisocial behaviour. The law will deal with people accordingly if they break the law, but it is about being more proactive.

As I have mentioned on a number of occasions, it is a bit like seatbelts — and the Premier has used this as an example. You can have rules, regulations and legislation, but at the end of the day you have to get a step change or a quantum leap in people's cultural attitude towards these things, and this portfolio allows us to do that and to be proactive rather than reactive. It will take time — it will not happen overnight — but I am very confident that with the emphasis of this government and other governments moving in this direction we will see a greater recognition of the small things in our lives that are important to community resilience, community cohesion and enhancing Victoria as a great place to live, and particularly to celebrate what is a state of great livability.

Ms GRALEY — Minister, I am really interested in the respect agenda because I have a large number of young people in my electorate. Page 28 of budget paper 3 refers to the establishment of the new portfolio and your appointment as Minister for the Respect Agenda. Page 329 of budget paper 3 refers to the investment of \$1.7 million in the respect agenda over the next three years. I would like you to advise the committee what you will be focusing on as the minister in this new portfolio area and how you will use the budget allocation to progress the respect agenda. Also, I noticed in your presentation the complementary investment from other portfolio areas; you might like to comment on that too.

Mr MADDEN — As I said before, as a government we have a strong history of investing in initiatives that address issues reflecting a lack of respect as well as those that promote respectful behaviour. You mentioned young people, and I am very conscious that a lot of this portfolio might relate to young people, but importantly it is not about telling young people how to live. At some of the round tables I have been involved with, rather than young people being sceptical about it, they have been relatively enthusiastic about it, because what we know about young people is that they are often at risk of being victims or being involved in many of these issues through engaging in some of these antisocial behaviours. On those three issues highlighted as antisocial behaviours, they can be the victims of them or they can be the perpetrators of them. Many young people are very conscious that it relates directly to them. It is not necessarily about how they should live, but they are conscious about their own issues, particularly in public places on some of those issues I mentioned before.

I mentioned we have a \$1.7 million investment in the respect agenda over the next three years. That includes \$200 000 this financial year and \$700 000 and \$800 000 in 2010–11 and 2011–12 respectively. It will help to facilitate my work to coordinate the government's approach to those existing initiatives and help develop new initiatives, particularly partnered initiatives, to promote respect.

The important focus is on working with the community sector, business, sporting groups and other organisations that build on initiatives already under way in many parts of the community. The funding will be provided for a number of partnerships that will build individual resilience and promote respectful behaviours and relationships. We need to communicate to the public, and the budget will allow for investment, particularly in a communications kit, establishing a dedicated website and giving people an opportunity to, in a sense, talk about their experiences.

What some of the young people have said — and I have met quite a number of them — is they are very conscious of these issues and they are also consistently, in a sense, almost annoyed at the way the media portray young people in a light that young people are involved in all of this when is not necessarily young people involved. It does have an effect on young people, and many young people at those round tables feel like they have been stereotyped on the basis of some of the media portrayals of these issues. They feel — resentment is probably too strong a term but maybe significant scepticism at the portrayal of young people, but they are conscious that these things have an impact on them. So we need to work on that.

As well as that, it is also to complement the funding in a number of government areas. There is \$673.6 million dedicated to more police; \$14.1 million to prevent violence against women; \$22 million over four years for 55 additional youth workers to support vulnerable people in risky behaviour, particularly knife culture on the streets; \$2.6 million for increased staffing across social services; \$4.4 million for the Respect on the Streets campaign to promote positive behaviour as change, and raise awareness about new enforcement measures in relation to violent and antisocial street activity; \$3.7 million to enable six community-based organisations to extend their cyber safety programs; \$2 million over four years to expand Parentline and Maternal and Child Health Line; \$1 million to the Victorian Multicultural Commission for grants for projects that promote cohesion

and community harmony; \$500 000 for Victorian Promoting Harmony initiatives such as Diversity Week, Viva Victoria and the Premier's Multifaith Leaders Forum; \$800 000 over two years to support International Student Care Services; \$800 000 over two years for FReeZA; and \$600 000 over two years to conduct the promotion of the Victorian Code of Conduct for Community Sport.

There are a number of investments. They do not specifically rest in the portfolio, but they complement what is taking place in the portfolio and are important in terms of the broader respect agenda.

Mr DALLA-RIVA — Minister, this respect agenda portfolio is surely all spin, just smoke and mirrors, and there are no tangible KPIs or benchmarks. The Labor members can moan, but you gave them the Rachel Hunter advertisement before — 'it won't happen overnight, but it will happen'. So if it will happen, what are the specifics you can give to the people of Victoria on the expected measures, specific tangible outcomes and targets, or is this just a portfolio that is rubbish?

Mr WELLS — In the run-up to the state election.

Mr NOONAN — A typically disrespectful question.

Mr WELLS — A number of programs were mentioned — —

The CHAIR — Without assistance, Mr Wells, thank you very much. We have the question. The minister, to answer, please.

Mr MADDEN — I note a hint of scepticism from Mr Dalla-Riva in relation to these matters. Each one of those individual measures in relation to the areas that I have described, particularly around antisocial behaviour, sits within individual ministers' portfolios. On knife violence and many of those sorts of issues — the antisocial behaviour — there will be specific measures in their portfolios. I would expect a decline in those, and I would expect an improvement, in a sense, in those performance measures over time by the proactive investment we are making up-front with the respect agenda. Again, I take you back to seatbelt legislation and regulation. Over time the number of deaths and injuries on the road has come down. They did not come down immediately. From time to time they shift and move.

Mr DALLA-RIVA — And we had a presentation by the roads minister.

The CHAIR — Without assistance.

Mr DALLA-RIVA — That was a specific piece of legislation.

The CHAIR — Let us have the minister finish his answer. If you wish to have clarification, you can do so later.

Mr DALLA-RIVA — We had the community development minister today who did nothing, and I just want to know.

Mr MADDEN — They will progressively come down over time, but more importantly — —

Mr WELLS — If you do not wear a seatbelt, you get fined. You are fined by the police if you do not wear a seatbelt, so your example is not a good example.

The CHAIR — Without assistance, Mr Wells.

Mr MADDEN — More importantly, and I am most happy to take up Mr Wells's interjection.

The CHAIR — No, do not.

Mr MADDEN — So I will not. Can I say that we will see an improvement in all these areas in a reduction in numbers of antisocial behaviour. We will see those over time. It might be slight initially in the first few years, but over time we will see a difference, as we have seen in other areas where you have a proactive approach rather than a reactive approach. We could maintain a reactive approach to everything, and we will still have that, but we also need to be proactive and take proactive measures and to promote a generational difference — a cultural generational difference — for young people as they get older.

Mr DALLA-RIVA — But how do you have that change without KPIs? The forward estimates is about having performance measures, outcomes, expectations that the community has. There is only one entry on the respect agenda, and that is on page 172 of budget paper 3 about ‘Respect partnership projects funded’. All the other issues you mentioned are not really, with due respect, within your portfolio.

Mr MADDEN — Thank you for that due respect, Mr Dalla-Riva. In relation to the \$1.7 million that sits within my portfolio, there are measures there. But in relation to the other initiatives and the impact, those initiatives will sit with other ministers’ portfolios, and those KPIs will no doubt report on those measures over time.

Mr WELLS — Can I just clarify a point, with respect? Would it not be more beneficial to the community if there were more police out on the street to reduce antisocial behaviour?

Ms HUPPERT — There are. There will be.

The CHAIR — I do not think that is — —

Mr WELLS — We are talking common sense here.

Mr MADDEN — With respect, Chair, I am not sure Mr Wells — —

Mr WELLS — You have the respect agenda. What are the outcomes?

Mr MADDEN — I am not sure if that was a question or an interjection.

The CHAIR — Minister, I think this is another portfolio, and it has been dealt with under another portfolio. If you wish to comment on this, you may.

Mr MADDEN — I am happy to respond to the interjection, Chair.

The CHAIR — It was actually a clarification.

Mr MADDEN — Page 323 of budget paper 3 shows a number of investments for the Department of Justice outputs that contribute to the recruitment and deployment of additional police. How will these new police contribute to government’s efforts to address alcohol-related violence? Tough action has been taken across government to address this issue. Increased number of police on the street, including an additional 1966 front-line police — —

Mr DALLA-RIVA — But you said it was not just about enforcement.

The CHAIR — Without assistance. Would you like to show some respect and listen to the minister?

Mr MADDEN — The deployment of additional police resources in entertainment precincts at key times; the introduction of new police powers and tougher penalties for carrying prohibited weapons and antisocial behaviour; a new risk-based fee structure for liquor licences; extension of the freeze on late-night liquor licences until the end of 2011 and new guidelines on responsible advertising and promotion; targeted community awareness campaigns, including a communications campaign to promote positive behavioural change and raise awareness of new enforcement measures in relation to violence and antisocial street activity; working with Aboriginal health and community organisations on specific strategies to address alcohol-related harm in Aboriginal communities; partnerships with community groups to encourage behavioural change and the Good Sports program supporting the responsible consumption of alcohol at sports events; and supporting FReeZA events for young people and Celebrate Safely education programs for school leavers week. These actions will complement the \$37 million Victorian Alcohol Action Plan 2008–13. The respect agenda is about preventing problems occurring in the first place by encouraging all of us to take responsibility.

Ms HUPPERT — Thank you, Minister, for showing that we do have to have comprehensive solutions to what are very complex problems.

The CHAIR — Without the statement.

Ms HUPPERT — Which brings me to another very complex problem, which is the problem of prevention of violence against women, which you referred to in your presentation. I note that one of the complementary investments is an investment of \$14.1 million in this respect, which is noted on page 329 of budget paper 3. How will this funding address disrespectful behaviour, and how will it contribute to the respect agenda more broadly?

Mr MADDEN — Again, reminding the committee that the respect agenda is a mixture of enforcement and positive campaigns, and it is important on a number of fronts. As a government we have a long-term plan to reduce violence against women so that women and children can live with confidence and without fear. In 2009 the government released a policy framework, *A Right to Respect — Victoria's Plan to Prevent Violence against Women 2010–2020*, a 10-year plan that aims to prevent violence before it occurs by challenging its underlying causes. The 2010–11 budget commits \$14.1 million over four years to the campaign, which will be delivered in partnership with community organisations.

This plan is complemented by a number of other initiatives, including Living Free From Violence — Upholding the Right Victoria Police Strategy to Reduce Violence Against Women and Children 2009–2014; a Right to Safety and Justice; Continuing Reform of the Integrated Family Violence System in Victoria, 2010 to 2020; extensive legislation and procedural forms, including the introduction of the Family Violence Protection Act 2008, which makes violent offenders more accountable for their victims and offers increased protection for women and children who are victims; the Victoria Police Code of Practice for Investigation of Family Violence to improve reporting and prosecution of family violence; and increasing staff training across social service sectors, such as mental health, alcohol and drugs and medical services to identify and respond to family violence, with funding of \$2.6 million throughout the 2010–11 budget. They are all important investments and measures to prevent violence against women.

Of course it is also about, as I said, having \$1.7 million to spread the understanding to those groups that might appear more prominent than others in some of those statistics or those cohorts where we see violence against women perpetrated and trying to be proactive in that space, particularly because the statistics reveal that in many instances it is men and younger men in relationships who need to understand that it is not acceptable in any sense.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the 26 February media plan with respect to the Minister for the Respect Agenda because the media plan outlined a strategy for the minister to ‘go to an oldies home with a young person as part of the respect agenda, i.e., respecting and building relationships with communities’. I ask: did the minister go to an oldies home with a young person as part of the respect agenda and, in relation to the forward estimates, are you going to do it in the future?

The CHAIR — Insofar as it relates to the forward estimates and your portfolio, Minister.

Mr MADDEN — In relation to the matters that Mr Rich-Phillips raised, as I mentioned in relation specifically to that document, it was not my document, they were not my words and they were not my attitudes.

The CHAIR — I do not think it relates to this.

Mr RICH-PHILLIPS — You are not going to take some young people to see some ‘oldies’?

The CHAIR — Without assistance.

Mr MADDEN — In relation to my responsibilities but also my priorities in terms of the portfolio, I am particularly enthusiastic about relaying the message that this is not specifically about young people. Whilst many of those initiatives indicated relate to young people, or young people might relate to those initiatives, respect is in many ways a two-way street. It needs to be achieved together through community groups. I have had meetings with a number of organisations; the department and representatives from my department have had meetings with a number of organisations. I have raised the issue of respect generally in the community, and I want to continue to raise it generally. Secondly, I want to develop ideas about how we can support positive and innovative work around respect; and thirdly, build on the work of my colleagues, as I have mentioned.

My role is to coordinate that across government. It means I need to listen and coordinate their actions. In order to develop the respect agenda I have met with a wide range of groups that have contacted me, some very, very enthusiastic, to contribute their ideas. Examples of groups I have either met with or have been involved are the youth round tables in Footscray, Geelong and Yarra Glen, the likes of the Victorian Council of Social Service, the Victorian Equal Opportunity and Human Rights Commission, the AFL Coaches Association, the Australian Football League, Mission Australia, the Eastern Community Legal Centre, Melbourne City Council and Scouts Australia. These are just a few of the organisations I have met with.

Mr RICH-PHILLIPS — What, no oldies homes?

The CHAIR — Without assistance.

Mr MADDEN — The department has also met with many groups. The department has met with the likes of the YMCA, the Anti Violence Project of Victoria, the Victorian Taxi Directorate, the Victorian Taxi Association, Regional Youth Affairs Networks, the Council to Homeless Persons, and these are all —

Mr RICH-PHILLIPS — You have had lots of meetings. What have you actually achieved?

Mr MADDEN — They are not specifically meetings, Mr Rich-Phillips. These are a way of working out with these organisations how we can complement their work and how they can complement the theme around respect. Now that we have the funding issued through the budget I look forward to working with these groups on how we can proactively together promote a culture of greater respect throughout the broader community.

The CHAIR — That concludes the consideration of the budget estimates for the portfolios of planning and the respect agenda. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days. Thank you, Minister, witnesses, Hansard and the committee.

Mr MADDEN — Thank you very much, Chair. As always, I am very grateful to have the opportunity to present before the Public Accounts and Estimates Committee, and I look forward to the potential opportunity of attending public accounts and estimates in future years.

The CHAIR — Thank you.

Committee adjourned.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 19 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms L. Neville, Minister for Senior Victorians, and

Mr J. MacIsaac, Executive Director, People and Communities, Department of Planning and Community Development; and

Ms F. Thorn, Secretary, and

Dr C. Brook, Executive Director, Wellbeing and Integrated Care and Ageing, Department of Health; and

Ms J. Herington, Director, Aged Care Branch, Department of Human Services.

The CHAIR — I now welcome Mr James MacIsaac, executive director, people and communities, Department for Planning and Community Development and Ms Jane Herington, director, aged care branch, Department of Human Services. I thank Mr De Carlo for his assistance. I also welcome Dr Chris Brook, executive director, wellbeing and integrated care and ageing, Department of Health.

Minister, I call on you to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the senior Victorians portfolio.

Ms NEVILLE — I will try to keep my comments brief. I will focus on some of the achievements and emerging challenges and how the budget will address those.

We have the three in a sense priority areas in relation to what we know contributes to the longevity and wellbeing of older Victorians. Our priorities are how we focus on health and wellbeing and how do we ensure that we have age-friendly communities as we have an ageing population. We have a lot to celebrate in Australia and in Victoria in terms of the long life we have, but obviously we want to make sure that people are able to enjoy and participate fully over their whole lifetime in their communities. How do we ensure that we are encouraging people to be productive and participate more fully in their communities and lives?

The total budget in 2010–11 will now be over \$1.2 billion in the seniors area — again, spread across aged and home care, senior services and also the Department of Planning and Community Development. The split is 1.238 of money is allocated to the Department of Health, \$6.9 million to the Office of Senior Victorians in the Department of Planning and Community Development.

In this budget, in terms of trying to meet the priorities around health and wellbeing, participation and independence, we continue to support those through a range of initiatives in this budget, particularly in relation to the additional funding we are contributing to HACC. HACC growth funding: \$66.7 million over the five years. In the 2010–11 period alone we have committed \$14.6 million, which will ensure a matching grant from the commonwealth. Of this, approximately \$20 million is allocated to service growth.

A reflection of the success of the HACC program in Victoria is that the Victorian government will retain responsibility for jointly funding and managing HACC services for older people and younger people with disabilities and their carers. Every other state that has agreed to the recent health and aged-care reforms has agreed to transfer HACC responsibilities to the commonwealth. It is a unique agreement we have reached and it is a reflection of the particular strengths of the HACC system here in Victoria, given our additional contribution of funding and also the partnership we have with local government in the delivery of those services.

Very quickly, the budget provides funding for personal alert units over two years, an additional 1000. Previous funding enabled us to deliver 2000 personal alert units. There is funding to upgrade the Victorian Seniors Card website to really take us into the modern era in terms of access to information and services for those who use our Seniors Card program. There is \$500 000 to sustain the men's sheds program. This has been an extremely successful program. We have another round to commence and some additional funding going forward for more men's sheds. There is the final stage of the Aged Care Land Bank commitment that we made as part of LFS and also \$25.8 million to redevelop the Coleraine hospital; and of course the land tax exemption to extend land tax exemption for new residential aged-care during the construction phase. So this is all about trying to encourage further investment in residential aged care to meet the needs of a growing population.

The CHAIR — I think it also goes for residential villages as well, doesn't it?

Ms NEVILLE — That is right. Sorry, it does. Yes.

The CHAIR — Can you just take on notice for the committee to give us a table which shows the \$45.3 million for senior Victorians and how it is broken up? It is a bit like a table for the committee for our report, because it is not reconciled anywhere else in the budget papers.

Ms NEVILLE — Okay. So that is across the two departments?

The CHAIR — Two departments, yes. Break it up into the components which you described or may be some other ones as well.

Ms NEVILLE — Okay. I am happy to do that.

Mr NOONAN — Minister, I just wanted to bring you back to the men's sheds, which I think you referenced as a very successful initiative and note of course in this budget there is an additional \$500 000 of funding as part of that men's sheds program. I wonder whether you can tell the committee the purpose of the men's sheds and how they in particular support older men?

Ms NEVILLE — Men's sheds have been extremely successful in attracting particularly older men who often miss out on conventional health, employment, education and training initiatives. Certainly research into men's health has established that older men absolutely benefit from socialising, learning in settings that mainly comprise men and where they have a regular hands-on activity. That is really what men's sheds are about and where they have come from. They are making a very important contribution to local communities. I have noticed recently that the commonwealth government has announced some funding for some men's sheds as well, and I think the Tasmanian government similarly. So Victoria was the first in terms of establishing a men's shed program.

We know that men's sheds also play a very important role in drought-affected rural Victoria as a place for men who may be experiencing depression and isolation to engage back into health and other support initiatives. But men's shed programs really are for men of all ages and diverse backgrounds who might be experiencing difficulties because they are in transition periods of their lives: they have retired, they are unemployed, there has been an illness or the loss of a partner. So men's sheds can play a role in that as well.

In 2007 we provided \$2 million to establish the new sheds across the state and in last year's budget an additional \$2 million over another two-year period. Of course, as you have indicated, in this budget there is another \$500 000 that will provide for the establishment of both more men's sheds but also support for what are growing networks of men's sheds as well, so that we can build their capacity to operate across communities and have a really strong network that is able to support individual men's sheds. Certainly they already do a lot of that in assisting a lot of those communities that want to set up a new men's shed that rely on some of those informal networks to get the information and support they need.

So through those three rounds of funding to date we have announced a total of 76 new men's sheds, and they are being established across the state. These new facilities are located in rural, regional and urban communities. For example, in Barwon-south western there are 10, in eastern metro, 4, Loddon Mallee, 12, and north and west metro, 11, so there is quite a significant spread of where these men's sheds are. Of course we have also had a significant investment in men's sheds in bushfire-affected areas; in fact 27 are located in the bushfire-affected areas.

So 19 per cent are located in populations of between 1000 and 10 000, again in some very small communities; 77 per cent in populations of 10 000 to 20 000; and then small numbers of those over 20 000. They are really supporting small communities, whether they are in metropolitan or regional and rural Victoria. As I said, we are the first state to set it up and it is good to see that the program is being picked up at a national level and by other states as well.

Mr RICH-PHILLIPS — Minister, I would like to take you back to HACC funding which you touched on in your presentation, and I ask, firstly, why is Victoria going it alone under the new commonwealth deal — that is, why is Victoria retaining apparent shared responsibility for HACC when the other states are handing it over to the commonwealth under that deal? What trade-offs or offsets has Victoria obtained in going down that path versus the approach being followed by other states? Can you confirm that local government will continue to have a role in the delivery of HACC services?

Ms NEVILLE — Sorry?

Mr RICH-PHILLIPS — Can you confirm the ongoing role of local government? Can you confirm under the new arrangements that there will be no cut to HACC funding to individual providers? Can you also provide the committee with a reconciliation of the funds received from the commonwealth and contributed by the state for HACC and where they are dispersed for, say, the current financial year and the new year to show the difference with the new arrangements?

The CHAIR — There is actually more than one question there, some of which may have to be taken on notice given the details.

Ms NEVILLE — This is, can I say, a great outcome for Victoria. It is a position that the Victorian government held very strongly when the issue of HACC was first raised by the commonwealth government 2 years or 18 months prior to the hospital and health reform program. The proposal would have seen a number of things, but it would have seen a split between HACC services for those people who are over 65. They would have become the responsibility of the commonwealth government. Those people under 65, so basically people with a disability, would have remained the responsibility of the state.

It would have actually also seen those clients who were in, for example, shared supported accommodation who, if they happen to be under 65, would be a state responsibility. If they turn 65, they become a commonwealth responsibility. We were always very concerned about making sure that any focus of reform was related to improvements in better coordination, better access to services, not about who administered and where it administered, not to create even greater opportunities for gaps in services. We were all heading with the commonwealth at that time for Direct2Care services and one access point arrangements for HACC and other aged-care services. We had already put in place a lot of changes in relation to how you achieve better access and we were concerned that you did not break that down.

Secondly, we were concerned that people with a disability were able to age in place, because often people with a disability also can be physically older because of their disability. So 65 became a very arbitrary cut-off point that might have seen people with a disability actually fall through the gap and we were particularly concerned about that in relation to accommodation.

In addition, local government was very concerned. Victoria is unique. Firstly, we contribute \$60 million over and above what we are required to under the HACC agreement, so we already put in more. That, for example, funds things like the Royal District Nursing Service, which is a pretty critical service, not just to keep people at home; it has a great interaction with people in hospital as well. We also have I think it is estimated to be around \$130 million that local government is contributing over and above.

Now this is unique; it does not work this way in other parts of the country. Individual local governments right across the state were very keen that we continue to maintain our management and control of HACC, and that remained a joint program between local, state and commonwealth. Organisations like the Royal District Nursing Service, et cetera were very strong advocates that the Victorian system was maintained and protected. That is really the position we took to the commonwealth. In the agreement the commonwealth really did acknowledge that we had a unique system here in Victoria and one that you would not want to see lost, that you would not want to see local government walk away from this, that local government were key partners and that they should continue to be. Really this is about saying the status quo continues, that the current arrangements that local government providers and other providers continue, that we will continue to put, which is what we did in the budget, our funding in and our growth contribution in, as will the commonwealth. On the ground this arrangement should continue to see status quo while we continue to build things like Direct2Care to improve access for individuals who rely on HACC services and make it easier.

Mr RICH-PHILLIPS — What were the offsets with the other states, given they have gone to a full commonwealth model and Victoria has not? What is the funding difference there?

Ms NEVILLE — They have, all along that 18-month, 2-year period, always supported doing it. We were the state that had a unique system. We supported, and we wanted to maintain it. The other states were very, very keen because basically they do not contribute like we do. They do not have a local government base for the commonwealth to take those services over. So, as I understand it, it was all part of and rolled into the whole hospital and health reform program.

Mr RICH-PHILLIPS — So the funding offset basically will be that Victoria continues to receive its commonwealth contribution.

Ms NEVILLE — That is right.

Mr RICH-PHILLIPS — And the other states will not receive their respective — —

Ms NEVILLE — That is right, the commonwealth will — —

Mr RICH-PHILLIPS — Paid to the states?

Ms NEVILLE — That is right.

Mr RICH-PHILLIPS — And funding levels will be maintained to each service?

Ms NEVILLE — We grow them every year. Existing arrangements will continue, and I announced recently the last lot of growth funding.

The CHAIR — I think it is growth of \$26 million or something.

Ms NEVILLE — Twenty million dollars, I think I said, in 2010-11 is allocated to growth of those services, and indexation on top of that, so all of that continues.

Mr RICH-PHILLIPS — The other part of the question was whether you can provide a reconciliation, on notice obviously, of the revenue and the disbursements for the last year and the new year.

Ms NEVILLE — Yes, no problem.

Mr SCOTT — I refer the minister to the aged support services output on page 87 of budget paper 3. Can the minister inform the committee how the government is assisting, through the forward estimates period, frail, older people who live at home or in residential aged care to improve their wellbeing and independence?

Ms NEVILLE — As I have spoken about earlier, we know that seniors themselves value very much their independence; they value being able to live at home, live within their neighbourhoods, stay connected with family and friends for as long as possible as they get older. They have certainly told us — and we did some work when we have been looking at the development of an ageing framework — that they expect to be able to look after themselves for as long as possible; however, when support services are required they expect that they will be available and easily accessible.

There are a number of ways that the government supports older Victorians. I mentioned before the Personal Alert Victoria program. This is a personal monitoring and emergency response service for frail, older people and people with a disability. It plays a central role in providing reassurance for frail, older Victorians. We know that with an ageing population PAV is becoming increasingly important and popular with those at risk of falls or medical emergencies. In 2010-11 the Victorian government is providing an additional \$1.2 million over two years. This will bring the total to be distributed to eligible Victorians in this coming financial year to 2000 additional units. In recognition of the value of this program to older people the Victorian government will have increased the funding from \$3.8 million in 1999 to \$11.2 million in 2010-11. The number of units have grown by over 200 per cent, from 8200 to now over 25 000 units, that are provided to frail, older Victorians.

The other program that assists particularly frail, older Victorians is the Homeshare program. This is one that is being auspiced by Wesley. We provide funding out of the HACC output for this program. It basically matches older, frail householders who are looking for help and companionship around the home with suitable people who are able to provide this assistance in return for affordable accommodation. We recently increased funding to this program, from \$42 000 to \$208 000, which has significantly increased the number of people who can participate.

Community registers is another way in which we are helping people feel secure and giving them confidence to be able to live on their own and stay in their local communities. The registers hold people's contacts and other information, such as emergency contacts and any medical risk. They are largely run with volunteers in partnership with local police stations. Certainly in situations of extreme weather conditions — heat waves, storms, floods — the registers will be able to provide information and tips to avoid heat stress. The funding that we provided last year has enabled the development of new registers as well as the expansion of existing ones. We want them to be available to assist people with a disability who live alone as well. Twenty-five new community registers have been funded: 13 in metro Melbourne and 12 in regional Victoria. Eight existing registers have received funding to include people with a disability.

We also run programs for those people who live in residential aged care to try to increase their independence as well. A particularly successful program called Well for Life is one of those. It is about improving the health, independence and wellbeing of residents of aged-care facilities. It improves their independence and functional ability by focusing on their nutritional needs and building strength, mobility, balance and aerobic fitness.

Another program is ‘Count us in!’, which is particularly targeted at connecting residents of public sector residential aged care with their local communities. It can be through technology — Facebook and some of those things — as well as more social inclusion, playgroup access and those sorts of things to get back into the community.

They are just some examples of some of the models that we are putting in place to assist frail older Victorians but also help maintain their independence.

The CHAIR — A clarification, Minister. The 25 additional community registers — has it been identified where they are going to go yet?

Ms NEVILLE — It has, so we can provide a list. I think I have it here but it would take me a while to go through it, so we can provide a list. There will be another round of that as well to enable some additional —

The CHAIR — In 2012 or what?

Ms NEVILLE — No, this year — shortly.

The CHAIR — So they can apply?

Ms NEVILLE — Yes.

Ms PENNICUIK — Minister, you would be aware of the concern in the community about the withdrawal of federal funding from social workers providing care for mentally ill clients. This is in relation to seniors: I think under the new arrangements COAG is leaving the responsibility for critical mental health services to the state, whereas it will look after depression and anxiety separately, but then the commonwealth is also taking 100 per cent funding responsibility for all aged-care and primary health care services. So what we are wondering is: how does this work with aged-care clients who require critical mental health services given that our information is that a lot of senior Victorians who require critical mental health care services are getting them from social workers? It is concerning issue and a problem, if you could go that question.

Ms NEVILLE — Firstly, if we go back to what is really a mental health issue, certainly there have been some changes that the commonwealth has made in relation to social work. It is obviously concerning. There has been a lot of concern raised in the community, and that is going to be a matter that the commonwealth is going to need to resolve through their budget processes.

In terms of our mental health reform agenda, which I spoke about earlier, it is whole of life, whole of community and early intervention, as I said, whether it is community-based, whether it is things in schools to more acute-based services for those who have more severe mental illness — and that includes older Victorians. In the reform strategy we outline a sort of model of care that we would like to see implemented, which is an early intervention model of care for those older Victorians with more severe mental illness. The budget contains funding to start that process or to build on some of the work that has already been done and to expand the number of older Victorians who can access that.

Ms PENNICUIK — What is funding for that?

Ms NEVILLE — It was in the mental health one. I think it is \$4.9 million over the four years for that.

In relation to the broader issue about mental health and primary health and the commonwealth reforms, mental health did not form part of the hospital and health reform program or changes. The only thing at this point that has been agreed in relation to mental health is that those primary mental health services that they already provide, things like Headspace and some of the primary mental health things that they provide —

Ms THORN — Counselling.

Ms NEVILLE — The counselling through the Medicare items remains the commonwealth’s, and they have a few community mental health programs as well. They continue to maintain that. Then there is an agreement that we will work on what is meant by primary mental health. Our view is probably that what they already have is primary mental health and nothing more than that, because we are trying to build an integrated system. We do not want to have a system that becomes difficult in terms of a seamless level of care, whether you are at a GP

level or right through. That work will happen by the end of this year, as I understand, and then next year there will be further work on whether there is any split in responsibilities around mental health.

What we have said in the mental health reform strategy and what we have also said to the commonwealth is what will be important, regardless of where the services sit, is how they interact: how do we, for example, use Headspace services and how do we make that easier? We can build on the Headspace platform, have more specialised children, youth and mental health services working out of there and drug and alcohol, and GP services so that you build a really strong platform for young people. One bit might be funded by the commonwealth and the other by the state. That is a great partnership. That is the sort of thing that we should be building, and they are the sort of discussions we will have with the commonwealth as we move forward.

The CHAIR — Thank you, Minister. That concludes the consideration of the budget estimates for the portfolios of community services, mental health and senior Victorians. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that a written response to those matters be provided within 30 days. Thank you, Minister, officials, committee and Hansard.

Witnesses withdrew.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 20 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Merlino, Minister for Sport, Recreation and Youth Affairs,
Mr Y. Blacher, Secretary,
Dr P. Hertan, Executive Director, Sport and Recreation Victoria,
Mr S. Gregory, Chief Financial Officer,
Ms K. Krsevan, Director, Office for Youth, and
Mr G. Ross, Project Officer, Sport and Recreation Victoria, Department of Planning and Community Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolio of sport, recreation and youth affairs. On behalf of the committee I welcome Mr James Merlino, MP, Minister for Sport, Recreation and Youth Affairs; Mr Yehudi Blacher, secretary Department of Planning and Community Development; Dr Peter Hertan, executive director, Sport and Recreation Victoria, Department of Planning and Community Development; Mr Stephen Gregory, chief financial officer, Department of Planning and Community Development; Ms Kati Krsevan, director, Office for Youth, Department of Planning and Community Development; and Mr Grant Ross, project officer, Sport and Recreation Victoria, Department of Planning and Community Development. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers as requested by the minister or his chief of staff can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council Committee Room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of sport, recreation and youth affairs.

Overheads shown.

Mr MERLINO — Thanks very much, Chair, and thank you to the Public Accounts and Estimates Committee for the opportunity to present. Can I congratulate everyone on reaching the end. I am sure you are exhausted after a marathon period. I will first present on the sport and recreation part of the portfolio. It has been an incredibly busy and important year, the last 12 months, for sport in our state, capped off by recently again being crowned the ultimate sports city.

As the committee would be aware, sport and recreation makes a significant contribution to a number of key strategies in the statement of government intentions. In jobs, investment in new world-class sporting facilities such as the redevelopment of Melbourne Park and AAMI Park creates hundreds of jobs and helps to attract major events to Victoria.

In the area of bushfires, funding and support to rebuild sporting facilities is playing a major part in helping communities get back on their feet after the bushfires. In building active communities, the government is helping to build active communities around Victoria through programs which support the construction of new community facilities to provide opportunities for increased sport and recreation participation.

On the environment, the government recognises that sport is affected by climate change, and we are providing grants to help local communities implement sustainable approaches to water management of sport and recreation facilities.

Key achievements for 2009–10 in community sport — the budget includes funding to implement a hard-hitting campaign to promote the new sport code of conduct and support state sporting associations in implementing the code. The code has been endorsed by high-profile ambassadors from a range of sports, as you can see in that photo from when we launched the campaign. We support the need to stamp out unacceptable behaviour in community sport.

In addition, we are providing funding to rebuild sporting facilities destroyed by the Black Saturday bushfires, such as the oval at Pomborneit, which you can see there. Sport and Recreation Victoria has employed staff to work directly with bushfire-affected sport and recreation clubs across Victoria.

On drought relief, I recently approved funding for 52 projects through the 2010 rounds of the drought and synthetic surfaces programs, bringing the total number approved since 2006 to over 590.

On Strengthening the World Game, this program has been successfully implemented, and the program is maximising capacity of community soccer clubs to cater for additional participation.

Key achievements in major sporting events — as I mentioned, we have been crowned for the third time in a row the world's ultimate sports city. Last year's Australian Masters golf tournament held at Kingston Heath attracted unprecedented interest, with over 107 000 spectators attending across the practice day, the pro-am and the four competition days, delivering a \$34 million boost to Victoria's economy. Tiger Woods was obviously the major drawcard for that event.

Other events held during the year included the 49th Rip Curl Pro surfing event, the Audi Victoria Week and Sailing World Cup, and the Hockey Champions Trophy, which was hosted very successfully at the State Netball and Hockey Centre. The Australia versus New Zealand Rugby league test match was of course a very special event that marked the opening of AAMI Park.

Key achievements in terms of state facilities — the government continues to undertake an ambitious program for state facility development to ensure that athletes, officials and spectators can benefit from using the best possible facilities and to support the attraction of major events. Some major milestones in the ongoing development of our major sports precincts were achieved in 2009–10. A number of state facility projects of the highest importance were completed, including the Melbourne rectangular stadium, AAMI Park, as shown in these images; the National Ice Sports Centre; and the premiership stand at Skilled Stadium.

A number of major projects commenced or moved into a new phase of development, including detailed planning for the redevelopment of Melbourne Park and the development of the new state athletics centre, as you can see in that image on the screen. The redevelopment of AFL training facilities continued with the completion of work at Princes Park and Arden Street — and the Arden Street facility includes the State Fencing Centre — and the commencement of works related to the St Kilda Football Club in Seaford.

Our priorities for 2010–11 include a range of new budget initiatives. The community facility funding program will continue to help provide high quality accessible community sport and recreation facilities across Victoria. As discussed earlier, a key priority will be the implementation and monitoring of the community sport code of conduct. The sustainable sportsground program will consolidate the work of the drought and synthetic surfaces program. And the Premier's Active Families Challenge will run again in 2010, building on the success of the challenges in 2008 and particularly in 2009 when over 50 000 people took part. This year the challenge will be delivered in spring.

Priorities for state facilities include the Melbourne Park redevelopment. The first elements of the redevelopment of Melbourne Park are expected to be completed prior to the 2011 Australian Open, and further works will commence in 2011 post the open. That will be the practice right through the course of the next several years.

The main works contractor for the state athletics centre has been appointed and is scheduled to commence work on site this month, and construction will continue through 2010–11. On the MCG and Yarra Park, planning is under way for both the refurbishment of the Great Southern Stand at the MCG and also landscaping and recycling in Yarra Park, with works on the park commencing later this year or early next year. There is also \$12.7 million which has been allocated in the 2011 budget to purchase land and design a new state multidiscipline shooting centre to cater for a wide range of shooting sports.

Priorities for major events include the UCI world road cycling championships, which is to be held in Geelong and Melbourne in September and October this year, a massive international event which will feature the world's best cyclists, including our own world champion Cadel Evans. The 2010 JBWere Masters golf tournament will be at the Victoria Golf Club in November, and preparation will also continue for the 2011 Presidents Cup to be held at the Royal Melbourne Golf Club.

We also have a new funding program, the regionally significant sporting grants program. The implementation of this program will be a key priority in 2010–11. The program will provide support for a number of state, national and international championship level events that will provide significant benefit to the region in which they are hosted. The Commonwealth Games will be held in Delhi later this year, and the government and the Victorian community will be looking on with keen interest at the performance of our VIS athletes there.

There are the world cup and Asian cup bids. The Victorian government has worked with FFA in preparing an outstanding bid book for the 2018 and 2022 FIFA world cups. The government will continue to work with the FFA in the lead-up to FIFA's decision in December this year. The FFA is also bidding for the Asian Football Confederation Cup in 2015. A decision on who will host the tournament is likely to occur in July, and it will have implications for Victoria if the tournament is awarded to Australia, as we expect it will be. That is the sport and recreation portfolio.

Overheads shown.

Mr MERLINO — I will quickly switch over to the youth portfolio. Young people are vital contributors to the wellbeing of our economy and communities now and in the future. They make up 17 per cent of the Victorian population, and their diversity reflects the cultural and linguistic diversity of our population more broadly. Overall young Victorians continue to do well, particularly when we look at comparisons with other states. Victoria has the highest completion rate of year 12 or equivalent of any state: 86.8 in 2009. More young Victorians participate in sport than do young people nationally: over 66 per cent compared to 64 per cent. Victoria has the lowest youth offender rate in the country.

The Office for Youth exists to ensure that young people have a direct link to government. The youthcentral website and the Young People Direct program are excellent examples of direct communication between young people and government. This input from young people is coupled with thorough research to clearly identify the needs of young people and inform relevant policy across government. We then respond to these identified needs through a range of programs and initiatives, which are highlighted on the next slide.

As you can see, we have a range of initiatives and grants programs in place to support and involve young people. The Advance, Youth Foundations Victoria and FReeZA programs give young people the opportunity to get more involved in their communities. The mentoring, FReeZACentral and youth participation and access programs give young Victorians the opportunity to learn new skills and build confidence. youthcentral and Young People Direct give young people the opportunity to have a voice in their community and include their views in decision making.

The government's youth policy is called Future Directions: An Action Agenda for Young Victorians. It focuses government and community action in five outcomes areas, which are listed on the slide. I will shortly be reporting on outcomes from Future Directions' top 40 actions.

In terms of the key achievements for 2009–10 I would like to highlight a few: youthcentral achieved a record site usage in the past year, exceeding 100 000 unique users in a month, and we expect to reach 2.3 million page impressions for 2009–10. Given we are already the most popular government youth website in the nation, it is something we are very proud of. We introduced a new Cybersmart section and also a getting a job CD resource, which has been provided to all Victorian secondary schools.

Fifteen Youth Foundations Victoria sites have been established, and in 2009, 83 grants totalling more than \$163 000 were made by the sites to local youth-led projects. On 10 April this year I launched a new music equipment grant competition, giving young people a chance to win music equipment.

In terms of priorities, 2010–11 will bring some important innovations and reforms in youth affairs. Some of those highlights include new funding of \$400 000 per year over two years to increase the base level of grants for FReeZA events. There is new funding for the youth-led cyber safety initiative — that is \$3.6 million over four years. That will deliver peer-to-peer cyber safety education programs, and six community organisations will be given grants to provide that program. Importantly there will also be resources for parents, which is the other critical side of the cyber safety issue.

We will continue to support the implementation of a number of critical projects that support young Victorians in bushfire-affected areas.

Thanks for the opportunity to present on both the sport and recreation and youth affairs portfolios. I will be happy to answer any questions that you have.

The CHAIR — Thank you, Minister. In respect of the funds which are to be provided through the budget, both next year and the following years, for your portfolios, could you give the committee a little bit more detail — no more than 4 minutes — in terms of what plans and strategies you have underpinning your budgets and whether there is any change. You have mentioned Future Directions for the youth portfolio, but what are your strategies in the medium and longer term?

Mr MERLINO — I will start with the sport portfolio. The sport and recreation portfolio budget is based on a range of planning processes and strategies. In general these planning processes and strategies have not changed since last year, although strategies related to specific initiatives develop further during the year — for example, the planning strategy relating to Melbourne Park.

All of these processes are underpinned by high-level government policy frameworks, including Growing Victoria Together, A Fairer Victoria and the annual statement of government intentions. As identified in the PAEC questionnaire, budget initiatives in the sport and recreation portfolio make a major contribution to a number of Growing Victoria Together goals, including building friendly, confident and safe communities; more quality jobs and thriving, innovative industries across Victoria; a fairer society that reduces disadvantage and respects diversity; and high-quality, accessible health and community services.

At the departmental level, planning for sport and recreation is based on the Department of Planning and Community Development's strategic plan outlined in the department's corporate plan 2010–14. The sport and recreation portfolio contributes to each of the department's strategic directions, which are planning communities for growth and change; investing in community infrastructure and heritage, including continuing to develop Melbourne's key sporting precincts; strengthening communities and promoting inclusion; and building organisational performance.

At the business unit level sport and recreation is guided by Sport and Recreation 2005–10 — A Five Year Strategic Plan for Sport and Recreation Victoria. This plan sets out the following four strategic directions. Under active people, active communities SRV funds programs that encourage and facilitate positive participation in sport and active recreation including the community sport code of conduct and the access for all abilities program. Under building capacity for tomorrow SRV provides funding for a range of programs that support the development of community and elite-level sporting facilities and other programs that build on capacity, including the provision of sporting uniforms. Under collaboration for development, capacity building in the sport and recreation sector is a key objective of a number of SRV programs such as the state sporting association grants program and the country action grants program. Under state of achievement Victoria is the world's best host of major sporting events, and SRV also supports the elite sporting achievements through other initiatives including its support for the Victorian Institute of Sport.

Specific 2010–11 budget initiatives are based on significant planning processes of their own. All budget initiatives relating to sporting facilities are based on ongoing processes of substantive, medium and long-term planning. For example, funding for stage 1 of the redevelopment of Melbourne Park is based on long-term strategic planning designed to ensure that the Australian Open grand slam tennis tournament remains in Melbourne, and we have achieved that to at least 2036.

Funding for the refurbishment of the southern stand at the MCG and landscaping in Yarra Park is based on long-term strategic planning based on ensuring the MCG remains one of the best stadiums in the world, retaining the AFL Grand Final at the MCG until at least 2037 and improving the financial viability of AFL clubs that play games at the ground.

Funding for MSAC is part of an ongoing planning process designed to ensure the standard of the facility is maintained. Community facility-related initiatives are based on government-wide policies and departmental and business unit planning strategies, as I outlined earlier.

I will leave sport with that. I could talk a bit more, but I will not, given the time. I will go briefly to youth as well. We talked about Future Directions.

The CHAIR — In terms of your Future Directions policy.

Mr MERLINO — My portfolio continues to prioritise initiatives across the five Future Directions outcomes: assisting young people to contribute to their communities and make a difference through programs such as Advance in schools and the 15 local youth foundation initiatives; helping young people to make a successful transition from school to a job through the popular jobs and careers resources on the government's website for young people, youthcentral; providing access to information, support and services through programs such as the Youth Participation and Access program; and supporting them to lead healthy, active and culturally diverse lifestyles such as through the popular FReeZA program which delivers youth-led events for over 130 000 young people across the state.

We continue to assist young people to choose safe behaviours including through the \$3.6 million in funding for a new youth-led cyber safety initiative in 2010–11 budget. I might stop there, because I know I have been speaking for quite a while.

Mr DALLA-RIVA — Minister, under youth affairs, with increasing costs being a major barrier to Victorian youth in accessing higher education and training, why is there nothing in the forward estimates for youth support under the Youth Compact? I refer you to budget paper 3 page 317. There are references at page 321 and also at page 330.

The CHAIR — I am sorry, what precisely is your question?

Mr DALLA-RIVA — I am talking about the Youth Compact program.

The CHAIR — Where there is a lot of money, so why is there not any money — —

Mr DALLA-RIVA — Hang on.

The CHAIR — Sorry, I am just trying to clarify your question. I thought you had.

Mr DALLA-RIVA — The Labor Chair says there is a lot of money. I have not finished the question. Sorry, I have to laugh, because it is interesting that there is a lot of money, but it seems to cease at the end of the election year, so the question is: why is there no further money beyond this year's election for the Youth Compact program? I reference table A.9 and A.13 that show nothing in the forward estimates for 2011–12, 2012–13 or 2013–14.

Mr MERLINO — I would be happy to answer that question, but it is actually a question that should have been asked of the Minister for Education. It is a program that is a partnership between the department of education and Adult, Community and Further Education. It is not actually a part of my portfolio responsibilities and should be referred to — —

Mr DALLA-RIVA — The Office for Youth falls within the DPCD.

Mr MERLINO — Yes, the Office for Youth falls within the DPCD.

Mr DALLA-RIVA — So the output initiatives on table A.13; it is planning and community development.

The CHAIR — There is a note on page 321 on the Youth Compact, which refers to the Department of Innovation, Industry and Regional Development.

Mr DALLA-RIVA — No, I am talking to table A.13. It is on page 330. It is within planning and community development.

The CHAIR — Youth Compact program for half a million dollars.

Mr DALLA-RIVA — Yes, which is in the output for planning and community development.

Mr MERLINO — The answer to that question is, as I said, it is a partnership between education and Adult, Community and Further Education. ACFE falls within the department called DPCD; education within the DEECD. But they are both the responsibility of Bronwyn Pike as Minister for Education.

Mr DALLA-RIVA — So that is why there is no money.

The CHAIR — We can put that on that notice and ask the minister. Does that sound reasonable?

Mr DALLA-RIVA — Yes thank you.

Ms GRALEY — Minister, I would like to ask you a question about the community sport code of conduct. As you are aware, in my electorate sporting clubs are blossoming and many kids and their parents are actively involved in sport, but we have had a few ugly incidents, so I am very interested in this code. Could the minister please outline the amount of funding provided and the purpose of this initiative going forward?

Mr MERLINO — I am quite passionate about this, and it has been a real joy working with people. As you saw in the photo in the presentation there are a number of elite sporting stars, both current and retired, who are very passionate about it, particularly those retired sports stars who have children of their own. Whilst we do a hell of a lot in terms of community facilities, we can build as many facilities as we like, but if we allow ugly behaviour, violent behaviour, abusive behaviour, to go on unchecked at community sport, then we will lose people. We will lose people volunteering to be umpires, and we will lose kids participating in the game. So I am very happy to answer this question on the Victorian code of conduct for community sport.

The budget allocates \$600 000 towards this initiative, which will be used to support state sporting associations and local sporting clubs to implement the new code of conduct. There are just on 16 000 sports clubs across the state, and more than 1 million Victorians are members of a local sports club. Unfortunately, though, there is a very small minority — and I stress a small minority — amongst this number who until now have felt that they had the right to act however they wanted. Acts of violence, discrimination and vilification are illegal acts within Victoria, whether they are on or off the sporting pitch. As extreme as these cases are, fortunately they are not common. However, we still need to stop this kind of behaviour from happening in the first place.

The Victorian code of conduct for community sport was launched to help stamp out this type of behaviour and this includes — this goes through the code — violent and abusive behaviour; vilification of any kind towards another person; discrimination against another person based on their age, gender, sexual orientation, race, culture, religion or any other relevant personal characteristic; sexual harassment or intimidation of another person; victimisation of another person for exercising their rights through the code; and failure to maintain a safe environment.

These are all breaches of the code punishable through sports-specific penalties. Every state sporting association, league and club in Victoria is required to adhere to the code and promote it to everyone involved in their sport or club. State sporting associations, leagues and clubs who do not adhere to or enforce the code will not be eligible for funding from Sport and Recreation Victoria, and any existing funding will cease. That is quite a big stick, because over the course of the last 10 years we are talking about more than \$250 million that we have invested in community facilities.

On Thursday, 29 April, I launched the latest component of the code of conduct campaign which takes a hard-hitting approach to dealing with poor behaviour at community sport. I was joined by a range of sports stars, past and present, as well as the Minister for the Respect Agenda, Justin Madden. I announced that every sporting club will receive an information kit about the campaign. The kit contains a short video on the impact negative behaviour can have on community-level sport. This video is about raising awareness across community sport, and it is something everyone in the club can watch. There will also be posters displaying the code to be put up in clubrooms. I have copies of the code and CDs which I will distribute for the committee.

The CHAIR — Thank you.

Mr MERLINO — The code of conduct website will be updated regularly, ensuring that clubs can have access to the latest information on the code and tools to continue to ensure its success. This is a long-term project. We have had a number of positive campaigns, but we felt, given community concern about this type of behaviour, we needed to have a hard-hitting campaign. We need to provide resources but also make it clear to clubs that state funding is at risk if they do not sign up and adhere to the code.

Dr SYKES — Minister, my question relates to sport and recreation and budget paper 3, page 170 — the total output cost in the bottom line of the table. My question is: why have the target output costs been reduced by around 2 per cent from 85.9 per cent in 2009–10 down to 84.2 per cent when, as you have indicated,

Melbourne is the world's ultimate sports city or certainly promotes itself as the sporting capital of Victoria. Is there an explanation? I note there are a couple of notes there.

Ms GRALEY — It is the capital of the world!

The CHAIR — Without assistance.

Dr SYKES — Thank you for the assistance. It is the capital of the world, so we should put more money into it, Minister.

Mr MERLINO — Indeed. I am happy to outline the reasons for that. It really boils down to the nature of the portfolio and the nature of major events, so I will happily give you an explanation as to that variance. The nature of the portfolio dictates that there will be large variations from year to year when Victoria hosts major events and receives funding for key sport and recreation-related initiatives and when these events and initiatives sunset.

The sport and recreation development budget allocation for 2010–11 is \$84.2 million compared with an expected outcome of \$87 million in 2009–10. In the first instance this is the result of the removal of the Treasurer's advance for the new announcements made during 2009–10, where funding was provided for McAdam Park motor sport facility and Glen Eira Sports and Aquatic Centre. There is also a decrease in funding from 2009–10 associated with adjustments to the major events cap and finalisation of the improving community access to VFL grounds program, the improving soccer facilities and country footy and netball initiatives, the Healthy and Active Victoria funding and reduction to the significant synthetic surfaces program.

New projects and funding increases to the base in 2010–11 include funding for the MCG southern stand redevelopment, investment in community sport and recreation facilities, the sustainable sportsground program and the regionally significant sporting grants program. Also adding to the base allocation of 2009–10 is the carry-forward estimate, around \$1.6 million, which was provided during the budget preparation process. This includes regionally significant synthetic surfaces program, Healthy and Active Victoria, improving community access to VFL training grounds, and Strengthening the World Game program. These carry-forward estimates may be reduced based on committed projects that could still be expended prior to the end of the 2009–10 year. When you look at the budget over the course of a number of years you can see it fluctuates depending on the programming of facilities development and what major particular events you are hosting in that year.

Mr NOONAN — Minister, under your state facility priorities you have listed Melbourne Park redevelopment, which is very exciting of course, and you have a listing in budget paper 3, page 338, for the Melbourne and Olympic Park redevelopment, stage 1. Can you provide further information to the committee about this substantial asset initiative?

Mr MERLINO — This was a huge development and a massive outcome for the city and the state. As sport continues to evolve at an international level, it is important that our sporting facilities are not just keeping pace but remain the best in the world. A fortnight ago I joined the Minister for Major Projects in turning the first sod of the \$363 million development at Melbourne Park, and funded in this year's budget this rebuild of one of the world's greatest sporting precincts, and we will lock in our most important international event, the Australian Open, until at least 2036.

I do not say that lightly. The Australian Open is the biggest single sporting event for the month of January in the world, and it is that important to us. When you think about the Northern Hemisphere freezing, and they see those images of Victoria and Melbourne, for those two weeks in January it is so important. I will run you a short video, which shows what the final picture will look like.

Video shown.

Mr MERLINO — That is the proposed roof over Margaret Court Arena, and it will be attached to Rod Laver Arena. We are trying to improve the connection to the city as well, with Federation Square east.

We are going to increase the capacity of Rod Laver as well slightly. There will be massive public space in the town square in between Hisense and Rod Laver arenas.

Stage 1 of the master plan includes: refurbishments to both the public and back-of-house areas of Rod Laver Arena, as well as landscaping works around the front of the arena and the adjacent oval; and a major upgrade to

fully enclose Margaret Court Arena, including the installation of a retractable roof and additional seating to increase crowd capacity to 7500. We will be the first grand slam event with three retractable roofs. That is going to obviously improve the operations.

The other important thing about Margaret Court Arena is that this is a great win for other sports, such as basketball and netball. They have been crying out for a stadium of capacity with 6000 to 7000 people, and Margaret Court will deliver that.

There will be: a new eastern plaza, incorporating 8 new indoor courts and 13 outdoor courts for elite training and general public use, as well as change room facilities and gymnasium; refurbishments to Hisense; additional parking and a footbridge linking Melbourne Park to the rectangular stadium. The first elements of the project involve landscaping works adjacent to Rod Laver Area, and they are expected to be completed prior to the 2011 Australian Open. We will start to get a sense around the town square, making the area between Hisense and Rod Laver the front door to the precinct, if you like.

Stage 1 will be progressively completed over the next five years. Melbourne's reputation as the world's sporting events capital was once again confirmed with the Ultimate Sports City award, which I mentioned before. Melbourne Park will be transformed into the ultimate sport events precinct. It has been 22 years since the Australian Open was moved from Kooyong to its new home at Melbourne Park. Since that time the Open has grown to impressive new heights, this year attracting 648 000 patrons, compared to 250 000 patrons back in 1988.

The Open makes a significant contribution to Victoria, generating around 1000 equivalent full-time jobs, injecting \$164 million into the economy and raising the tourism profile of our great city with almost 240 million viewers worldwide. This is a wonderful project, and it is great to get that signed up to at least to 2036.

Mr RICH-PHILLIPS — Minister, I take you to page 170 of budget paper 3. The first measure on that page is 'Completion of capital works at the State Sports Centres Trust's facilities'. I have been trying to follow that through the budget papers, which is somewhat difficult. Can you please outline firstly the scope of works included under the capital works description there, the original projected completion period versus the current fourth quarter 2011 and the original budget and the final budget, please?

The CHAIR — Thank you for that, because this replaces a discontinued measure regarding Albert Park, does it not?

Mr RICH-PHILLIPS — The discontinued measure was the commencement measure; this is a completion measure.

Mr MERLINO — I will speak more broadly in terms of the upgrades, and then I will refer to those performance measures. The state government has committed \$2.4 million to the States Sports Centres Trust to replace key pieces of infrastructure at MSAC. This includes the replacement of the pool booms, which are fundamental for the staging of swimming events, as well as funding for a new ozone generator and chiller unit to ensure effective operation of the pool. This infrastructure has reached the end of its life cycle, and by replacing it promptly we can ensure that MSAC remains a world-class facility for hosting international-standard aquatic events.

Last year I announced funding to the value of \$5.7 million over three years to support the continued delivery of high-quality services at MSAC, and the State Netball Hockey Centre so the trust is responsible for both those facilities.

This funding will allow the State Sports Centres Trust to undertake urgent capital works across the venues as well as continue its commitment to supporting state sporting associations through the sports support initiative. To date, the trust has completed a number of refurbishment projects at MSAC, in line with the program. This includes replacement of carpet, car park improvements, furniture replacement, IT upgrades and improvements to emergency signage.

Works at the State Netball Hockey Centre include an upgrade to the hockey pitch lighting — that was a key thing in terms of the Champions Trophy recently — refurbishment of the cafe and bar and works on hockey

pitch irrigation. The operational funding provided as part of this package has allowed the trust to continue supporting community sport.

This includes offering free or discounted facilities hire to state sporting associations based at MSAC and the State Netball Hockey Centre, providing an annual rebate to MSAC stadium sports, offering free gym memberships to VIS athletes and offering discount office tenancy and room hire rates. I will review these community initiatives, along with all operations annually through the development of the State Sports Centres Trust business plan. These improvements to MSAC and the State Netball Hockey Centre will help to ensure these leading sports facilities remain at the standard required to continue hosting international-level events and meet the needs of local community users.

In terms of the budget performance measures, 2009–10 was the commencement of capital works at the State Sports Centres Trust facility. The target of quarter 2 for this measure was met, and in terms of 2010–11 it is the completion of capital works at the State Sports Centres Trust facilities.

Mr RICH-PHILLIPS — In terms of the two lots of funding, the 2.4 I think you said for MSAC initially, and then 5.7 you approved last year — —

Mr MERLINO — Yes.

Mr RICH-PHILLIPS — Are you able to supply on notice for the committee an indication of the cash flow timing of those originally as proposed and ultimately so we can see how they track along?

Mr MERLINO — I am happy to take that on notice, Gordon, and provide that to the committee.

Mr RICH-PHILLIPS — Thanks.

The CHAIR — In our other inquiries we normally track them if they are over 10 million. This is under 10 million.

Ms PENNICUIK — My question is regarding the community facility grants program but I did have a clarification on one of your earlier answers, Minister, if the Chair will indulge me.

Mr MERLINO — Sure.

Ms PENNICUIK — I think you said that the major events cap was 83.9. Was that what you said?

Mr MERLINO — No.

Ms PENNICUIK — What did you say?

Mr MERLINO — I was talking about the total budget. If you just bear with me, I will get back to that reference.

I was referring to the 2010–11 budget and then a comparison to the 2009–10 budget. The major events cap is the responsibility of the Minister for Tourism and Major Events through DIIRD.

The CHAIR — Ms Pennicuk, you have a question?

Ms PENNICUIK — My question is regarding the community facility grants program. If you go to page 169 of budget paper 3, the target in 2009–10 was 145; the expected outcome was 235, which is quite a difference; and the target this year is 160 grants. My question is: what is the explanation for the variance between the target, the expected outcome and the new target, and what is the total expenditure in the community facility grants program, which I cannot seem to find?

Mr MERLINO — In terms of the variations around the performance measure ‘community facility grants’, the number approved is greater than 160. Your question that it does not more closely represent the expected outcome of 235 — —

Ms PENNICUIK — Or the target.

The CHAIR — The previous target as well was greater than 145.

Mr MERLINO — The reason for this is that the programs which relate to this measure provide funding to a variety of community facilities which can range vastly in the scope of the project. There is a set amount of funding for these programs which can fund more projects of a lesser value or fewer projects at a higher value so the target of 'greater than 160' allows for the flexibility of the program in providing grants.

In any given year you can have a number of projects that may be a pretty minor upgrade to courts and facilities, and then in another year you have a lot of applications that are around lighting, brand-new facilities; so out of one bucket of money you obviously get much fewer facilities. It is just the nature of our community funding program. We run through minors and majors. Minors are projects for which the state can provide a grant up to \$60 000. Then there are our majors which is providing a grant for up to \$500 000. In any given year you might get one very good application for the full \$500 000 and then in another year you might be able to do two majors within that \$500 000 bracket.

The target for the budget performance measure 'community facility grants: number approved' in 2009–10 is greater than 145, and, as I said, the expected outcome identified in the budget papers is 235. This reflects the inclusion of projects funded under the newly established Strengthening the World Game program along with projects funded through the Community Facilities Funding program, drought relief initiatives and country footy and netball programs. You have the higher target there, given that we have the Strengthening the World Game program as well as those others.

Ms PENNICUIK — What was the total expenditure?

The CHAIR — The expenditure profile for the two financial years; do you have the figure for that — or else you could take it on notice?

Mr MERLINO — I will take that on notice.

One of the things that is different about a lot of our facilities programs is that they are almost always in partnership with local government. We run the application process; we would run an application program this year. We will run our facilities funding program out from June. Councils apply this year but then the funding is the next financial year, because we need to give councils the opportunity to budget within their own budgets for those community facilities, so I will take that question on notice.

Ms PENNICUIK — Thank you.

Mr SCOTT — My question relates to the youth affairs portfolio. Minister, the output table on page 164 of budget paper 3 shows that the youthcentral website has significantly exceeded its performance measures for the 2009–10 period. What is driving this strong performance and how will young Victorians benefit over the estimates period?

Mr MERLINO — I think that this is a website that we should all be proud of. It is quite hard to deliver a popular government website; it is a very difficult ask. Since its launch nearly five-and-a-half years ago, youthcentral.vic.gov.au has maintained its position as Australia's most popular government youth website. The youthcentral total page impressions target of 1.4 million to 1.6 million for 2009–10 will be exceeded due to the site's active online marketing strategy and the continuing growth in recognition of the website as a trusted source of information for young Victorians.

In fact March 2010 saw the site's highest number of page impressions — almost 277 000, which represents over 100 000 unique users that month — the first time the site has passed that significant milestone. For 2010–11 youthcentral's target for total page impressions has been increased to 1.9 million to reflect the continued growth in popularity expected of the site. This is the fifth year in a row that this target has been increased.

The jobs and careers section of youthcentral is by far the most popular, with over 1 million page impressions expected in that area alone in 2009–10. This section includes extensive information on career profiles, resignation letters, resumes, cover letters, interviews and a range of other tips for jobseekers. Earlier this year I also sent all Victorian secondary schools a copy of youthcentral's *Getting a Job* CD, which packaged up the most popular video guides and information from the jobs and careers section of youthcentral to be used in

schools to help students into part-time and full-time work. I think I have got a copy of that CD for the committee as well.

Also in 2009–10, youthcentral developed and launched the ‘Cyber Smarts’ section of the website which contains information about general cyber-safety, cyber-bullying and shopping online, and with the new funding in this year’s budget we will further build on that work. The ‘Cyber Smarts’ section includes a video interview with a young cyber safety expert Tom Wood discussing the nature of cyber-bullying and how young people can protect themselves.

Youthcentral is more than a single point of access for young Victorians to youth-related government services and resources; it is a youth participation and engagement initiative that provides opportunities for young people to be involved in the site’s design, concept development and consultation across government. With over 50 per cent of all content on the site being produced by young people, youthcentral gives voice to young people’s views, ideas and creativity and provides young people with opportunities to set directions for their future life choices and employment.

Since its inception youthcentral has engaged more than 12 500 young people from all over Victoria in training workshops, content production, design and multimedia production, by being consulted on topical issues, by signing up for membership or by entering a competition. In the past year, youthcentral has actively employed 50 roving reporters aged 16 to 24, giving this group of young people invaluable experience towards a career in writing or journalism.

I will leave it there, but it is a wonderful program delivering great results.

The CHAIR — Thank you. Before I ask Mr Dalla-Riva to continue, I ask: are these on the web?

Mr MERLINO — Yes: for the *Getting a Job* CD, what we did was take off all the relevant videos, all the resources, and provide that — —

The CHAIR — And is this one — *Stamp Out Ugly Behaviour or Your Game is History*, on the Web?

Mr MERLINO — That is actually the code of conduct DVD which I mentioned is going to be delivered to 16 000 clubs, and there is a website for the code of conduct as well.

The CHAIR — Can you give us the websites? It will save us putting up the whole thing on our website if we can just put up the references. We normally put up what is circulated on our website, so if we can get the references that will save us putting them up on an extra website; they will just put a link up.

Mr DALLA-RIVA — Minister, I refer to budget paper 3, page 338. It relates to the Victorian Institute of Sport pool, and the general context in which I am asking that is in relation to the proposed move by the VIS to Albert Park. You would be aware of this?

Mr MERLINO — Yes

Mr DALLA-RIVA — Clearly it is into the forward estimates because there are issues, and I will just run through them: the move by the athletics organisations Athletics Australia, Athletics Victoria, Australian Little Athletics, Victorian Little Athletics, and the Victorian Athletics League are also moving out of Olympic Park to Albert Park. I am just trying to reconcile that, given you said back in October 2007 that Olympic Park was ‘home to the Victorian Institute of Sport’ — —

Mr MERLINO — Yes.

Mr DALLA-RIVA — I gather that these athletics organisations think the same. How are you, in the forward estimates, dealing with that? How are you funding these organisations as part of the move, and where in the forward estimates are some of the issues about buildings and facilities that would be made available to them — clearly because they are going to Albert Park — where would that come out of the budget in the forward estimates? They cannot, obviously, have their meetings on the grass.

Mr MERLINO — We started off talking about the VIS pool, and then more broadly about the state athletics precinct — —

Mr DALLA-RIVA — There is funding for the pool. That is what I was saying; there was funding there but — —

The CHAIR — The other organisations that Mr Dalla-Riva mentioned — —

Mr DALLA-RIVA — How is it being dealt with? It will have an impact on the budget.

Mr MERLINO — You have identified the funding for the VIS pool in this year's budget; it is an allocation in this year's budget. The allocation to the state athletics precinct is in previous budgets.

The CHAIR — The money last year, how much money was it?

Mr MERLINO — It is a \$53.8 million project, so you would have seen in the budget papers last year the allocation of funding through the forward estimates for the \$53.8 million. Then in this year there is \$3.5 million for the VIS pool. Perhaps if I can first explain the reason for that, and then talk more broadly in terms of the state athletic centre.

The budget, as I said, provides \$3.5 million for the inclusion of an elite training pool at the new VIS headquarters to be constructed in Albert Park. The \$50.38 million state sports facilities project will see the establishment of a new Olympic sports precinct in Albert Park, with Lakeside Oval becoming home to the administration and training bases of the Victorian Institute of Sport, Athletics Victoria and Athletics Australia.

The new headquarters for the VIS is being constructed in the historic South Melbourne grandstand at Lakeside Oval and will provide excellent modern facilities designed to fit with a refurbished 1926 building. Essentially we are keeping the facade of the 1926 building, and building a brand-new facility for the VIS.

The original plans for this project provided VIS athletes with access to the aquatic facilities at the nearby Melbourne Sports and Aquatics Centre, so the view was you have MSAC right next door. It was agreed, however, on the advice of the VIS that this would not present the optimum training conditions for the athletes, and therefore it was appropriate to pursue the inclusion of a pool in the new VIS building that could be designed to integrate effectively with all other athlete training and recovery components.

The funds for the VIS pool were sourced from the Commonwealth Games savings and that is an excellent outcome, enabling the games legacy to contribute further to sport in Victoria. The pool to be constructed within the VIS building is a four-lane, 25-metre pool, which will provide the essential aquatic training, testing and rehab elements required for Victoria's elite athletes. The pool was designed in consultation with VIS sports scientists and coaching staff and will allow for easy athlete access between adjoining training facilities, including the gymnasium, indoor running track and the sprung-floor room. Construction has commenced on the project, and it is likely that the facilities will be completed late in 2011.

Everything is connected in Melbourne. We build the new rectangular stadium. We get new tenants, we get new teams — Melbourne Heart and Melbourne Rebels along with Melbourne Victory, Melbourne Storm and the Melbourne Football Club — and you have got the constraint of providing enough training space in the Olympic Park precinct. You had Melbourne Storm moving from the old Olympic Park to the new rectangular stadium, so the only users of the old Olympic stadium, which was quite dilapidated, was an athletics event once a year.

The vision of the government is to create a brand-new Olympic training precinct: you have all of the major aquatic sports based at MSAC and now we will have track and field based at Lakeside Oval. You have got Athletics Victoria, Athletics Australia and you will also have the VIS athletes, so that will become the Mecca for young elite stars into the future.

The CHAIR — Do you want any information on the breakdown, Mr Dalla-Riva?

Mr DALLA-RIVA — What is the funding?

Mr MERLINO — The funding for this project is detailed in budget paper 1, page 149.

The CHAIR — There is the break up between last year and this year's remaining expenditure.

Ms GRALEY — Minister, I notice in your presentation that your priorities for 2010-11 are concentrated on building the capacity and participation of young people and giving young people a voice. I am really interested in no. 3 where you talk about supporting vulnerable young people. I would like to refer you to page 164 of budget paper 3 also, which sets out your responsibility for developing a whole-of-government policy, particularly for disadvantaged young people. Could you advise the committee what progress has been made in finalising the government's vulnerable youth framework?

Mr MERLINO — The vulnerable youth framework will be released later this year. This is an important document, a vital document, that will drive a more consistent, systemic approach to the way we support young people from early intervention to crisis support. It will also guide us in supporting the services that work with these young people.

The framework is designed to help us tackle some really complex issues, and that was evident in the discussion paper that we released, which proposed a set of principles and focus areas for improving the way we support vulnerable young Victorians. The five focus areas were prevention and early identification, engagement in education, training and employment, local service planning, tailored responses for particular groups and effective services and capable people.

We received a range of responses to the discussion paper and we have been testing local approaches to implementing the proposed focus areas in six better youth service projects in Frankston, Wyndham, Greater Bendigo, Yarra Ranges, Swan Hill and Geelong. We wanted the whole gamut of inner metro, outer metro, interface, rural and regional city. These projects have generated a lot of information that we have used to help develop the final framework. But we have also done a lot of work across government to make sure that the development of the framework gets the building blocks for a more systemic approach right.

The Victorian government can be justifiably proud of its sustained commitment to supporting vulnerable young Victorians with major investments in service reforms and they include *Every child, every chance* and *Blueprint for Education and Early Childhood Development*, new directions for out-of-home care, the Victorian mental health reform strategy and Victoria Police child and youth strategy.

In line with what we have learnt through the development of the vulnerable youth framework, the 2010-11 budget contains a range of tailored interventions for vulnerable young people, including \$22 million over four years in new funding to employ 55 additional youth workers to support vulnerable young people who are engaging in risky behaviour and to tackle the knife culture on our streets. This is a really significant investment and was actually part of the government's announcement of the additional 1966 police. It did not get a lot of coverage but it is extremely important.

There is \$12 million over four years for new mental health teams in rural and regional areas for isolated young Victorians; a new youth crisis response capacity and youth suicide support programs; and \$3.6 million over four years for a new initiative extending successful cyber safety peer education programs currently focused on schools to support vulnerable young people up to the age of 25 in community settings. All of that follows on from more than \$270 million committed by the government in the 2009-10 budget to bolster support for vulnerable young people. We are doing the hard yards to get this right and ensure that some of the most vulnerable and disadvantaged young people in our community are getting the support they need.

Dr SYKES — Minister, my question relates to target setting. For an example I will go to budget paper 3, page 164. If we look at the table under 'Youth affairs' we see that for 'Young people participating in the Advance youth development program' the expected outcome in 2009-10 was 16 000 and the target for 2010-11 is 10 500. If you look at 'youthcentral website total page impressions' the expected outcome in 2009-10 was 2.3 million and your new target is 1.9 million. Then if you look at 'Youth participation and access program: grants ...' a previous achievement back in 2008-09 was 96 per cent and your target this year is 90 per cent. Why do you constantly set targets below previous actual achievements?

Mr MERLINO — Sorry, I will just switch from folder to folder.

The CHAIR — Do not apologise; we are doing both of them together.

Mr MERLINO — You mentioned youthcentral, and the other two you mentioned were — —

Dr SYKES — Just going down page 164, for the Advance youth development program the expected participation outcome for 2009-10 is 16 000 and the target for 2010-11 is 10 500.

Mr MERLINO — Yes.

Dr SYKES — For the youthcentral website the expected outcome for 2009-10 is 2.3 million and the target for 2010-11 is 1.9 million, and for the ‘Youth participation and access program: grants acquitted within the time frame ...’ back in 2008 it was 96 per cent and your target for subsequent years has been 90 per cent. Each time you are setting a future target below previous actuals.

Mr MERLINO — Yes, but you can see, particularly in the first two, that we are actually increasing the targets. But I will go through each of those. The ‘youthcentral website total page impressions’ target of 1.4 million to 1.6 million for 2009–10 has been exceeded, as I mentioned in a previous question, due to the success and the high ranking of the site’s pages by search engines.

Dr SYKES — Sorry, can you restate that for me? It is 5 o’clock on the ninth day.

Ms PENNICUIK — Slow down, Minister.

Mr MERLINO — Okay. For the total page impressions the target of 1.4 million to 1.6 million for 2009–10 has been exceeded due to the success of the high ranking of the site’s pages by search engines such as Google and an increased general recognition of the website.

Dr SYKES — I am happy with that.

Mr MERLINO — The youthcentral page impressions target for 2010–11 has been increased to 1.9 million. That follows increases in each of the last five years. This is not a static target; we have actually increased the targets for the website year on year.

Dr SYKES — But you are setting it below your previous achievement. I come from the country where, ‘Good, better, best, never let it rest until your good gets better and your better gets best’. If your good has got better, why does your better not get best?

Mr MERLINO — In answering — —

Dr SYKES — It has been a constant issue. I am not trying to be too smart. Sometimes we have had targets where ministers have responded by saying they are aspirational, and other times we have had what appear to be targets set below actual achievements, so you are not aspiring to a higher level.

Mr MERLINO — We are setting the bar higher. We are not going backwards on these targets. Websites are well known to be pretty volatile things. I make the point again that we are increasing our targets five years in a row, so year on year we are increasing the targets. I am delighted with the outcomes that we have achieved this year, and that is the reason why we significantly increased the targets, and we will continue to be the most popular website in the country and we will continue to deliver innovation. But websites, the internet, is a volatile area of communication. So we are increasing our targets, and I think that should be acknowledged by the committee. In terms of the Advance — —

Dr SYKES — I am not questioning that you are not increasing your targets in some of those, but your new targets are below your previous actuals or expected outcomes. So I am saying you are not increasing your targets; you are not stepping them up enough because you are already achieving over your targets. Why do you not set your new target at this year’s expected outcome?

Mr MERLINO — Targets are set as a minimum — as a minimum that is what we want to see — and we are saying as a minimum we want a significant increase in the target than what we set last year.

In terms of the Advance program, the Advance program participation for 2009-10, the 2009 school year, was 16 166 young people, which exceeded the target of 10 250 participants. That is a strong result for the Advance program, which continues to grow in terms of the number of schools and students participating right across the state. In recognition of this the target for Advance in 2010–11 has been increased to 10 500 to 10 750. That new target reflects, as I said, the minimum number of young people likely to be engaged by schools at the current

level of funding. Similarly the completion rate for Advance participants continues to be strong at 93 per cent, exceeding the target of 75 per cent in 2009-10, and the completion rate target for 2010-11 has been increased to 85 per cent.

What we are seeing, particularly with the Advance program, is that we provide funding, and the vast majority of schools pick up this program. We provide funding for X amount of students, and the schools actually provide additional students to participate in the program, and that is why the actual number exceeds the funding that we provide the schools to deliver that program.

Dr SYKES — I have no problem with that. As a matter of philosophy, you have chosen not to set your targets at or above your previous performance?

Mr MERLINO — The reason for that in terms of Advance is that we provide funding for 21 students per program. That is why we set the target around the 10 000 or 11 000. So we have increased this year, but the reason we are getting greater numbers is that those schools are actually providing additional students. That is the decision of the school.

The CHAIR — This committee normally comments on any variations of 10 per cent above or below, insofar as the committee's view consistently has been that we prefer achievements or targets et cetera to be within that range. Otherwise we do not regard them as really good target setting if there is a variance greater than 10 per cent. I predict there will probably be a comment in that regard in our report.

Mr MERLINO — Yes. I guess the challenge for that one, just in relation to Advance, is you provide the funding for 21 students. For example, we then set a target of 16 000 or 17 000. It would be a challenge in terms of we are only providing the funding for 21 students per program, but I take those comments on board, Chair.

Mr NOONAN — Minister, I wanted to ask a sport and recreation question. Specifically I refer to investment in community sport and recreation facilities for which there is \$14 million as part of this budget's initiatives. Would the minister provide more information about this initiative?

Mr MERLINO — I am really pleased to provide some information on our community facilities funding program. The investment in the community sport and recreation facilities output initiative represents a continuation of the highly successful community facilities funding program. This program provides funding to assist sporting organisations across Victoria, and improve sport and recreation facilities to cater for increased demand. It gives me great pleasure to briefly update the committee on the Brumby government's commitment to community sport. As I mentioned earlier, since 2000 over \$250 million has been invested into community sporting infrastructure. Every part of the state has been touched by facilities programs. I know all the members of the committee will be familiar with these programs. The flagship community facilities funding program has our country football and netball program, which Bill would be quite familiar with; Strengthening the World Game program, which the Chair would be very familiar with; the drought relief for community sport and recreation program; and our synthetic surfaces program.

Our commitment is illustrated by these maps showing the location of projects funded under the Better Pools aquatic access and seasonal renewal categories of the community facilities funding program since 2000. The first map shows the location of projects across country Victoria. The second project focuses on the metro area. Some examples of investments I have announced in 2009-10 for the 2010-11 round under the community facilities funding program for the development of local sport and recreation infrastructure include \$2.5 million to assist Whitehorse City Council to redevelop Aqualink in Box Hill by providing new aquatic and program areas for the community; \$500 000 for the Bass Coast Shire Council to construct a surf life saving clubhouse in Inverloch; and \$60 000 to Frankston City Council to convert two en-tout-cas tennis courts to a synthetic surface at the East Frankston tennis club.

There are always many terrific completed projects that were funded under CFFP to talk about. For example, Aquamoves aquatic centre in Shepparton received \$2 million to develop a new 50-metre outdoor pool, splash park and beach area and associated infrastructure. The new splash park is incredibly popular, and beach entry provides access for people of all abilities, allowing everyone to participate.

In addition to the government's community facilities funding program, I would briefly like to touch on the government's country footy and netball program, drought relief initiatives and Strengthening the World Game.

Since 2005 the Victorian government has announced funding of more than \$10.4 million for over 270 individual projects across the state under the program. We remain committed to the country football and netball program in the long term. In terms of drought relief the government has invested \$27.7 million towards over 590 projects since October 2006. The sustainable sportsground program will consolidate this work with an additional \$4 million over the next two years. Strengthening the World Game program will contribute \$5.7 million over three years to 2011–12 to assist in catering for the unprecedented levels of growth in soccer participation in Victoria. That was the first-ever program in the state's history specifically targeted at soccer. That is just a reflection of the incredible demand out there for female changing rooms, for additional pitches, for lighting.

The sheer volume and spread of projects across Victoria through the community facilities funding program, country footy and netball program and drought relief program can be seen in these maps of projects funded in 2009–10. The first shows the whole state, and then the next one highlights metropolitan Melbourne. All of these investments in local sporting infrastructure are also an investment in local jobs. Every single project we fund means dozens of local jobs for the local community. It is a terrific program that really demonstrates our commitment to grassroots sport.

The CHAIR — The final question is from Ms Pennicuk.

Ms PENNICUIK — It is sort of a follow-up question on your previous answer, Minister. It is regarding the sustainable sportsground program, which I am interested in. I note that there are \$4 million over the next two years in the budget. The first question is: why just over the next two years? The other question is: was any broad study done across the state to quantify the need for funding in this program? You might be able to elucidate whether it is just basically for replacing grounds with synthetic surfaces or whether it is about alternative water sourcing options as well, and if you could detail some of that, including the use of stormwater or other harvested water, recycled water, other than reticulated water.

Mr MERLINO — Thanks very much, Sue. As I mentioned earlier, the sustainable sportsgrounds program funding — \$4 million over the next two years — will be built on the \$27.7 million we have previously invested in drought-related projects and synthetics. In terms of the first part of your question in relation to studies and the reasons we started this investment, they are twofold. One is that there were studies done. There was a lot of work done in collaboration with the MAV in terms of the impact of 13 years of drought and the impact of climate change on sporting clubs right throughout Victoria. Then you had the very, very real examples of a couple of summers ago of some leagues being on the verge of not being able to compete at all and reverting to the worst situation where you have got the trucking of water, which happened in a number of areas across Victoria.

We needed to make this investment to ensure that communities can continue to participate in sport and recreation. If there is one thing that we have benefited from through this period of drought, it is that it has forced all of us to think about more innovative ways to deal with drought and to deal with climate change. We are almost technically out of this current decade-long drought — Bill is shaking his head; we may not be. But there were certainly 13 years of drought, and we need to prepare for the next significant period of dry.

You have got the whole range of projects. I would be more than happy to provide you with a list of all those projects. It includes the obvious — the installation of synthetic surfaces. There is well-established technology in regards to hockey pitches and soccer pitches, but there is also some really innovative work being done in partnership with the University of Ballarat, the AFL and Cricket Australia to get the design, the technology and the pricing right for a synthetic for AFL and cricket. We go from synthetics to water storage; water capture, including stormwater; sinking bores; and drought resistant turf if a synthetic is not appropriate, so there are a whole range of projects right across. We have some innovative work with en-tout-cas courts with Tennis Victoria, reducing the use of water on those services. Across the board — —

The CHAIR — Give us the information on notice that Sue has asked for.

Mr MERLINO — Happy to do that, Chair.

Ms PENNICUIK — Just cut my question off, won't you?

The CHAIR — I gave you an extra 2 minutes.

That concludes the consideration of the budget estimates for the portfolio of sport, recreation and youth affairs. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days. Thank you, Minister; thank you, members; and thank you, Hansard.

Mr MERLINO — Thanks, Chair. Thanks, committee.

Committee adjourned.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 20 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms M. Morand, Minister for Women's Affairs,
Mr J. McIsaac, Acting Deputy Secretary, People and Community Advocacy,
Ms J. McCabe, Director, Office of Women's Policy, and
Ms R. Green, Manager, Family Violence, Department of Planning and Community Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–10 budget estimates for the portfolio of women’s affairs. On behalf of the committee I welcome Ms Maxine Morand, MP, Minister for Women’s Affairs; Mr James McIsaac, acting deputy secretary, people and community advocacy; Ms Jill McCabe, director, office of women’s policy; and Ms Rachael Green, manager, family violence, Department of Planning and Community Development. I will call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the women’s affairs portfolio.

Ms MORAND — Thank you very much for the opportunity to present on my portfolio of women’s affairs. It has been a very busy 12 months in that portfolio, and some of the priorities have been focused on women’s safety, women’s leadership and women’s economic independence.

Overheads shown.

Ms MORAND — In terms of women’s leadership we held a very successful Premier’s Women’s Summit in September last year which was attended by over 200 people. We heard from some fantastic speakers including Dr Anne Summers, Helen Szoke from the Victorian Equal Opportunity and Human Rights Commission, and private sector organisations such as Deloitte and also Geoff Allen, the chair of the Committee for Economic Development of Australia.

The highlight in the last 12 months has been the release of *A Right to Respect — Victoria’s Plan to Prevent Violence Against Women*, a 10-year plan which I released with the Premier and the Attorney-General on White Ribbon Day in November last year. We have also continued the successful rollout of the financial literacy seminars. We held 31 sessions last year, attended by nearly 940 women.

As to women’s safety there has been a lot of work done. We have continued to deliver the family violence risk assessment and risk management framework, and that has been nationally recognised in its aims to better identify and respond to victims of family violence. It provides for a consistent evidence-based response for victims of family violence.

We have also continued the rollout of our communications campaign that Victorian has had enough — the Enough campaign. It has now been extended into 2010 through a partnership with Netball Victoria and the Victorian Country Football League, and as I mentioned a Right to Respect was launched last year.

Specifically the total funding in the budget for preventing violence against women was \$16.8 million; \$14.1 million of that is to implement the first phase of a Right to Respect, which is our 10-year plan to prevent violence against women. Also \$2.7 million over three years has been allocated to rolling out more family violence risk assessment training, \$180 000 to improve women’s participation on boards and committees, which is a high priority for me personally, and \$100 000 to continue the successful financial literacy programs. In particular we are going to focus on indigenous women and women from culturally and linguistically diverse backgrounds.

Specifically there is a range of different examples of how we are going to extend current projects that are already under way with the \$14 million — for example, supporting local agencies to coordinate and drive whole-of-community projects and building on work undertaken by councils such as Maribyrnong and Darebin; an extension of the Respectful Relationships in schools demonstration project, which is currently being trialled by the Department of Education and Early Childhood Development in partnership with CASA House; working with sporting codes to develop and implement programs to build environments that are safe and inclusive of women; supporting workplaces and developing environments that are safe and inclusive of women as well; and encouraging women’s participation and leadership. An example is supporting the development of positive workplace strategies through human resources and industrial relations policies that are gender equitable and recognise women’s equal participation, development, progression and leadership in workplaces.

Of course the media is a very important part of the strategy. An example is supporting media awards for reporting on violence against women and recognising the important role that media plays in shaping community attitudes.

A common risk-assessment framework is \$2.7 million over three years. It builds on our successful training that we have already done with specialist family violence workers. The additional funding will provide for a range

of training with specialist family violence services, magistrates courts, housing and homelessness services, counselling, sexual assault and child protection.

Finally, \$100 000 for the financial literacy seminars to target specifically the groups that I have mentioned. The \$180 000 in this year's budget will seek to increase the pool of women available for participation in private sector boards. We will be providing training to help women become board ready. We will work in partnership with key organisations such as AICD and women's participation in local government to deliver information programs and to promote and encourage more women to participate in leadership opportunities. I can leave it there.

The CHAIR — Can you briefly tell us what plans and strategies you have to underpin your budget and any changes to last year?

Ms MORAND — Our family violence reforms are very much building on the extensive work that was commissioned by government. We commissioned VicHealth to do some research for us. Really they have done a fantastic job in providing the research that backs up the plan. What that research found is that the family violence continues to be a significant problem in our community with intimate partner violence being the leading contributor to ill health, disability and death for Victorian women aged between 15 and 44, and it found that 77 per cent of family violence victims are women and girls.

In responding to family violence, VicHealth has done work in helping us develop the family violence A Right to Respect. We have also had very significant and important input from Domestic Violence Victoria, Victoria Police, CASA, child protection and the Federation of Community Legal Services.

The participation of women in leadership positions is very much responding to the fact that women continue to be underrepresented in positions of leadership in our community, particularly underrepresented in private sector boards. The government has been successful in improving the number of women who are appointed to our boards and statutory authorities. We have moved from 31 per cent to 41 per cent and have last year set a new target of 50 per cent of new appointments to government boards and authorities must be women.

Finally, financial literacy: the additional funding was sought because the evaluation of the program that has been under way has been very successful.

Mr WELLS — Minister, I refer you to budget paper 3, page 165, the total output costs for the women's policy unit. The website for the Office of Women's Policy listed earlier this year a calendar of community events. As part of the 2010 International Women's Day, two of these events were actually for Emily's List, on 8 and 17 March. Why was the Labor Party fundraising arm listed as a community event on a government website and will the minister allow the listing of National or Green party or Liberal Party women's sections in the events in 2010–11, and how much funding does your department give Emily's List in grants?

The CHAIR — Minister, as it relates to the budget.

Ms MORAND — I think this question is based on a bit of envy from the Liberal Party, considering the poor number of women that you have recruited into the parliamentary party.

Mr WELLS — That is a disgraceful thing to say. This is a legitimate question. What is your problem with answering this question?

Ms MORAND — What is your problem about Emily's List?

The CHAIR — Without assistance, Mr Wells.

Mr WELLS — I am asking you a legitimate question.

The CHAIR — Mr Wells, through the Chair, please. The minister, to answer the question as it is presented, without provoking members of the committee. Of course, that should be mutually done, in terms of showing respect for each other.

Ms MORAND — There is a range of organisations that are funded through the grants program, Emily's List not being one of them. Emily's List is also a tenant in the Queen Victoria centre. I would expect a question on that shortly from you.

The CHAIR — In terms of the question asked, have you got anything else to add?

Ms MORAND — No.

Mr WELLS — Hang on, you have not answered any part of it.

Ms MORAND — The question was: why give Emily's List money as another community organisation?

Mr WELLS — No. I asked two parts of the question.

The CHAIR — I know what you asked them. Let me deal with it.

Mr WELLS — You will deal with it, because this is embarrassing.

The CHAIR — Let me deal with it, without the commentary, thank you very much. The question was asked in regard to the material going up on the website in the budget estimates period from a range of community groups, including Emily's List. That was one part.

Ms MORAND — I have just been informed that that website listed events that were being undertaken as part of International Women's Day, but it was not funded by the government. I can look into it and see if there is any further information I can provide, but Emily's List is not funded by the Victorian government. As I have been informed, it was on the website to notify people of events that were taking place, that being one of them, an event that Emily's List was conducting, but it was not funded by the government.

The CHAIR — The ability to provide information in regard to other women's organisations is a matter of them approaching the office, is it, or what? That was the purport of the question.

Ms MORAND — We do not fund women's organisations directly. We funded leadership grants recently, which were 20 grants totalling \$250 000. That was based on a competitive grant application process. It was \$500 000 over two years — \$250 000 in this current financial year.

Ms GRALEY — Minister, I would like to talk about 'A Right to Respect — Victoria's Plan to Prevent Violence against Women', which is in the budget papers and which you spoke a little about in your presentation. I would like you to outline to the committee how the government will be working with local government in the forward estimates period to prevent violence against women through the right to respect plan.

Ms MORAND — Local government is a really key partner in our broad agenda in preventing violence against women, and there have been some great successes that we would like to build on. There are a couple of great examples that I can provide you with, one being the Maribyrnong City Council, which has developed a Respect and Equity project, and that was done with VicHealth funding. It sounds like you are familiar with it. It has just been fantastic. The first stage has been to integrate prevention of violence against women into the core business of council and getting prevention into council action plans. They have also built a team of male ambassadors as white ribbon ambassadors and they have held lots of different forums and events. The second stage is about capacity building of community groups and organisations for them to be able to undertake prevention activities.

They partnered with Women's Health West and they have developed a training program for local workplaces and also for community organisations. Both organisations and primary-care partnerships are now developing a Western metro subregion strategy for the prevention of violence against women, and that includes initiatives such as training professionals in associated agencies.

Also I would like to mention Darebin council because they have also been a lead council in the work they have done in violence against women as well. One of the projects is the northern interfaith project, which is another project that was funded by VicHealth, and in fact I launched that last year. It really builds on the collaboration of faith leaders in the community and it involves training and organisation activities with the faith leaders and

communities to challenge attitudes and develop policies and programs that foster respectful relationships and violence-free relationships, and resources have been produced as part of that program.

Darebin also funded a dedicated prevention of violence against women officer to try and mainstream prevention activities right across all the council's programs. A new 12-month local government networking and capacity-building project is also being funded by VicHealth with Darebin. On 26 August this year I will be convening, with the Minister for Local Government, the inaugural local government preventing violence against women conference. This we hope will showcase the great work that is already being undertaken by councils like Maribyrnong and Darebin and encourage other councils to adopt the sort of violence-prevention activities that these councils have really championed. I invite you to participate on 26 August.

Dr SYKES — Minister, my question relates to improving female representation on boards, and I refer you to budget paper 3, pages 329 and 333. Just while you are finding that, I will indicate that I have got some form on this matter. Back in 1981, when I was appointed coach of the Benalla Football Club, my first job was to recruit members to the Benalla Football Club board and I recruited two ladies, one who was an artist and ballet teacher, Annette Collaretti, and another lady called Vi Caddy, who was a successful local businesswoman. My question, Minister, is: we know that the Victorian Women's Register has 2000 women registered, but does the minister have any figures on the number of women from this register actually obtaining board positions, and which boards? I am happy for you to take that on notice.

The CHAIR — Maybe you can give us a general reply and the details on notice.

Ms MORAND — First of all, thank you for the question and congratulations on your form in supporting women into leadership positions. The women's register, as you rightly point out, has 2000 women on it. We have just completed an upgrade of the register where we have asked all existing women on the register to refresh all the information that is provided, because some of them have been on the register for quite a long time. In doing that, we are then going to allow that register to be accessible to the private sector, because at the moment the Diversity Register is always being used just for government departments, to find women to serve on our own boards and statutory authorities. The upgrade that we have just finished — and it has gone live just a week or so ago — means that it is another avenue that we hope will be accessed by the private sector. Sometimes the private sector will say, 'We haven't been able to find suitable women', but we have a significant range of women with skills and relevant background to serve on boards.

In specific answer to your question, we are doing that work because we have not to date had a good enough sense. We do know, obviously, of individual women who have been found through the register and who are now serving on government boards, but in terms of really accurate empirical information on the number that have been recruited as a result of the Diversity Register, we will certainly be doing that prospectively, but we have not got very detailed information on how many women from the register, which has been going I think 15 years, have actually been recruited from being on the register.

The CHAIR — Thank you. If you have any further information, if you could provide that to the committee.

Mr SCOTT — Could you please explain to me how the \$14.1 million in the budget for A Right to Respect — Victoria's Plan to Prevent Violence against Women will be applied in schools through the respectful relationships program?

Ms MORAND — What we are doing with the right to respect relationships in schools is we are currently undertaking some demonstration projects and they are working with CASA House and the Department of Education and Early Childhood Development. The schools included are two in the southern and two in the metro regions. Stage 1 of the demonstration project is being completed this month. It will involve consultation with relevant agencies, obviously the schools and education staff, and it will result in the development of prevention of gender-based violence models for schools, including a whole-of-school approach and leadership commitment, school reference groups, professional learning for teachers and support staff, classroom materials and support, feedback, debriefing and, most importantly, evaluation.

In speaking to CASA House recently, what they stressed was that the models that will be developed will be quite unique to the individual school communities. They are keen to have a very thorough evaluation of the demonstration project. It might be that a preferred model is developed, but it also might be that a range of different models are developed that could be adopted by different schools for different community backgrounds.

It is also important that the work in the school is complemented by community-based prevention activities, which is why the approach that we are taking is in schools. Obviously students go to sporting clubs, so the sporting clubs are also adopting the Right to Respect agenda and workplaces, through local government and community health services and also in the media. You have to have a consistent message so that, whatever the location, the message is to reject disrespectful and aggressive attitudes towards women. We hope that by having it in all those different settings it will have a significant outcome.

Ms PENNICUIK — Minister, I refer to your goal of 50 per cent of women on boards and the \$180 000 that you have put towards that. You mentioned that representation of women on boards and in government departments and statutory authorities has gone from 31 to 41 per cent. Another area that I think is important — and I am not sure whether you pay attention to it or how much attention you are paying to it — is in terms of companies that work with government on government tenders or government projects. Does the department or do you use that criteria as to whether they have women in leadership roles?

The other issue that I think is really important is, if you look at pages 369 and 370 of the budget papers, which is ‘Average nominal weekly earnings of Victorians’ and ‘Average real weekly earnings of Victorians’, you can still see that women are tracking about 20 per cent below men. In fact in the last year it seems that men have kicked up a bit and women have kicked down a bit. Given your goal is to close that gap, is it a requirement that companies that tender for government services have a pay equity audit? Does the government take that into account in its tendering process? It seems to me that would be a way to increase those two goals that you have in your portfolio.

Ms MORAND — The simple answer to the question is no, there is not a requirement for procurement or assessment in giving contracts.

Ms PENNICUIK — I thought that might be it. If no, why not?

Ms MORAND — But there is a lot of work going on through the Australian Stock Exchange and through the Australian Institute of Company Directors in promoting women into leadership roles and also a recommendation to report in annual reports a diversity report. I think that is definitely a move in the right direction, but we do not require that specifically, no.

Ms PENNICUIK — If not, why not, though, Minister?

The CHAIR — We may have time for two more quick questions.

Mr NOONAN — I think in your overheads you referenced the women’s leadership program. I might be wrong there. Was there a slide on the women’s leadership program? There was. I wonder whether you can advise the committee what the government is doing over the forward estimates to promote more women in leadership positions through the leadership program?

Ms MORAND — There are two facets to women in leadership. Clearly the one that I have already outlined is through appointing more women to government boards and statutory authorities to give women the opportunity to have board experience. In that way we hope that more women, from having board experience on government boards, will have the opportunity to serve on a range of other boards, including in the private sector and the ASX top 200 boards.

Leadership also starts at the community level, and it is a complex issue in terms of the barriers that women confront in their opportunities for leadership in their community. What we would like to do is support more women in leadership opportunities actually in their community and via that leading to greater opportunities in larger organisations.

A total of \$500 000 in leadership grants has been announced, \$250 000 in this current year and another \$250 000 in the next budget year. The grants program is designed around increasing women’s capacity to participate in decision making, increasing women’s opportunity for leadership, trying to increase the diversity of women in our community who are able to participate in leadership opportunities, and promoting the achievements of women in leadership opportunities, whether it is in their local communities, local government or in more senior positions, in that way encouraging other women to put themselves forward for leadership opportunities.

Some of the examples are through local government. I will give the example of the City of Casey. It is called Casey's Women's Cultural Link-Up. It will place women from established and emerging communities into mentoring relationships and enable women from culturally and linguistically diverse backgrounds to build better leadership capacity, and that will in turn benefit their communities and the broader community. It is in partnership with the City of Casey, the south-east migrant resource centre and the local chapter of the Soroptimists, which many people will be familiar with. I think it is a great example of a partnership between a range of communities that have as their important goal improving the opportunity and encouraging women to participate in leadership opportunities that exist in their community.

The CHAIR — We will have a final question from Mr Wells.

Mr WELLS — Minister, I refer you to of budget paper 3, pages 329 and 333. You have mentioned on a number of occasions A Right to Respect — Victoria's Plan to Prevent Violence against Women 2010–2020. There has been an enormous amount of publicity around this program and I note that it was first announced in November 2009 and was based on a VicHealth report of 2007. Why is the bulk of the \$14.1 million being spent in the later years, particularly in 2012–13, and not in 2010–11?

Ms MORAND — I have had that discussion with the head of Women's Health Victoria, talking about why you would scale it up. The simple answer is that you really need to establish and evaluate what works. The programs that we will run out in the first year or so will establish the sort of programs that we think we can build on. It was very much supported by the women's health agencies. They recognise that they want to see the program rolled out over time because in that way you make sure that the money you are investing in this important program is the best possible way you can spend that money. That means doing a proper evaluation of the programs that are currently running and the ones that we will fund further in the first one to two financial years.

The CHAIR — That concludes consideration of the budget estimates for the portfolios of children and early childhood development and women's affairs. I thank the minister and departmental officers for their attendance today. Where questions were taking on notice the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days. Thank you, Minister.

Witnesses withdrew.

7 Department of Premier and Cabinet

Portfolios

7.1 Arts

Pages R1–7

7.2 Multicultural Affairs

7.3 Premier's

The hearings for these portfolios took place in week one of the budget estimates hearings and the transcripts of proceedings appear in Part One of this series of reports.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 18 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr P. Batchelor, Minister for the Arts,
Ms P. Hutchinson, Director,
Mr G. Andrews, Deputy Director,
Mr D. Carmody, Deputy Director, and
Ms J. Rowland, Senior Manager, Arts Victoria, Department of Premier and Cabinet.

The CHAIR — I now welcome Mr Peter Batchelor, Minister for the Arts, Ms Penny Hutchinson, director, Arts Victoria, Department of Premier and Cabinet; Mr Greg Andrews, deputy director, Arts Victoria, Department of Premier and Cabinet; Mr Dennis Carmody, deputy director, Arts Victoria, Department of Premier and Cabinet; and Ms Joan Rowland, senior manager, Arts Victoria, Department of Premier and Cabinet. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the arts portfolio.

Overheads shown.

Mr BATCHELOR — Can I at the outset firstly thank my former colleague Lynne Kosky, who led this portfolio from 2006 until the beginning of this year. I have to say she has left it in great shape.

I want to give a quick overview and talk about some of the challenges and about government plans. As you can see from a quick glance, the total portfolio budget is \$449.5 million — and we make every cent of that work very hard. The budget supports every level of the arts community, from the major cultural institutions through to the independent arts scene.

We have an asset base of some \$5.7 billion, which is pretty extensive for a small department, and it actually represents 6.6 per cent of the total assets held by the Victorian government. There are seven state-owned institutions, and annually we support 121 arts organisations right across Victoria, from the major companies like the MSO through to festivals like the Melbourne International Arts Festival to smaller organisations like Chunky Move, Wodonga's Flying Fruit Fly Circus and La Mama. In addition to that, we support independent artists and organisations. Last year we invested in some 357 projects, which enabled work to be created and presented, supported artists in residence, and supported cultural exchanges, tours and so on.

This is really important, because as individuals Victorians clearly have an appetite for the arts. In the latest research from the Australia Council, titled 'More than bums on seats' the report identified that 9 out of 10 Victorians attended at least one arts event last year. The research also shows that 41 per cent of us creatively participated in the arts in some form or another — in a play, writing a poem, fronting a band or something like that. I will do a survey around the committee to see which ones of them — —

Members interjecting.

The CHAIR — Minister, we only have 5 minutes. Can you move along, please.

Mr BATCHELOR — Our appetite for attending was well satisfied by the Melbourne Winter Masterpieces. We had the Salvador Dali — Liquid Desire, which attracted some 330 000. At A Day in Pompeii at the Melbourne Museum, there were 332 000 people who visited.

It is these sorts of things that have really put us on the international map. A Day in Pompeii was the fourth most attended antiquities exhibition in the world. The museum last year had a bumper year. There were a record 2 million visitors. That has been assisted and supported by two permanent exhibitions at the museum: the Dinosaur Walk and Wild, and I would encourage members to go and have a look at them, particularly if they have younger members in their family.

The NGV was the 20th most popular gallery in the world, ahead of the Tate Britain, the Guggenheim and the Uffizi. It is the most visited gallery in Australia. Some 75 per cent of the visitors to the NGV are Victorians. Those above us in the top 20 — such as the Louvre in Paris or the Metropolitan Museum in New York, which heavily rely on tourists — largely benefit from tourism, but we get the support of our local people in enormous numbers, of which they would be very envious.

We also support festivals like the Wangaratta Jazz Festival and the Port Fairy Spring Music Festival. These have been going for 20 years. They bring enormous cultural and economic benefits for the local communities.

There is Test Drive the Arts, which is a development initiative to try to get non-attendees to dip their toe and give the arts a try. More than 3000 tickets were made available for that program.

Finally, we know that the annual survey from Tourism Victoria shows that we have increased our overall lead on other cities in Australia as the top destination for theatre and cultural events. This role that the arts play in

developing a very lucrative domestic tourism market is really important. That is why the government supports things like the Melbourne Winter Masterpieces, *Jersey Boys* and *Wicked* — to support and encourage that.

Important to us are the regional tours and the local partnership programs. These are all important because we want to enable Victorians to participate no matter what their age, where they live or their life's experience or background. That is why we are committed to the arts. This year there is \$20 million in new initiatives: \$7 million in output initiatives and \$13.6 million in asset initiatives. We are putting in a new children's gallery at the NGV. We are also supporting things like the comedy festival and the National Gallery of Victoria, amongst other initiatives this year.

The CHAIR — All right; think of all the painting as well.

Mr BATCHELOR — Correct.

The CHAIR — Minister, thank you for that. Could you tell the committee what your medium and long-term planning strategies are in terms of the budget for the portfolio and whether there are any changes in terms of those strategies and plans from last year?

Mr BATCHELOR — Certainly. As you heard in my previous presentation, Growing Victoria Together is an important driver. But in drilling down to the more specifics for the arts area, we have a Creative Capacity Plus policy to provide arts for all Victorians. It is the government's 10-year policy framework. It has three major goals: Arts for All Victorians — and that talks about cultural participation; the next area is On the Threshold, an economy based on innovation; and the next strategy in this is the Creative Place, which provides a dynamic arts sector for Victoria. We are also developing Action for Victoria's Future. We did that in 2008. This realigns the government's priorities about building creative industries, developing artists, ideas and knowledge, as well as engaging in creative communities.

As I said earlier on, Creative Capacity Plus is a 10-year program. We are six years into it. Over 85 per cent of it has been delivered, and that has produced not only improvement in the cultural outcome but has also increased employment and participation and, importantly, increased audiences. We are now preparing for the next four years. We would like to introduce some changes to reshape, redefine and refocus that 10-year strategy towards the end of it. We have conducted consultations; there have been about 40 of those across the industry. But we also want to take account of population and social changes, the increased importance of the environment and technological and industry changes that are affecting the arts industry just as they are affecting and interfacing with other sectors. And we want to make sure that the arts sector is keeping up with that arts policy, notwithstanding that in the midst or towards the latter part of a 10-year program it can be refreshed and targeted at things that are contemporary and modern and important to us, and complete the rest of our initiatives.

As I said, the 2010–11 budget initiatives provide access for families and children. They provide money for both the NGV and the comedy festival, both reaching significant anniversaries. We are also trying to develop the encouragement of a new creative edge of the arts through Circus Oz, Victoria Rocks and Music Victoria. They are the major strategic initiatives that we are looking forward to in this forward estimates period.

The CHAIR — Right. So you are looking to review and update your basic 10-year strategy this year, so you have already started consultation?

Mr BATCHELOR — Yes. We have a 10-year strategy. As I said, it has largely delivered a lot of the elements of it, but we do not want to remain static within that 10-year time frame or framework. We have just started a process of refreshing that.

The CHAIR — The committee would be interested in this process as it goes along.

Mr BATCHELOR — You will hear about that through public announcements. When we have made an announcement we will be happy to send a copy to you.

The CHAIR — Thank you for that.

Mr WELLS — Are you sure you do not have any more?

The CHAIR — I was just seeking clarification, as indeed many other members do.

Dr SYKES — As it relates to the forward estimates.

Mr WELLS — Minister, the Victorian College of the Arts comes under your portfolio?

Mr BATCHELOR — No.

Mr WELLS — It comes under?

Mr BATCHELOR — Julia Gillard's.

Mr WELLS — But the state component? There is no state component?

Mr BATCHELOR — There is no state component; it is funded by Julia Gillard's department.

Mr WELLS — So at this point could you clarify that the state has no intentions whatsoever of putting any funding into the Victorian College of the Arts from a state point of view?

The CHAIR — It is not the minister's portfolio.

Mr BATCHELOR — It is not my portfolio.

The CHAIR — It is not his portfolio. It needs to be directed to the appropriate minister.

Mr WELLS — Senate estimates?

Mr BATCHELOR — You need to direct that question to Senate estimates. I do not know. It is not my portfolio.

The CHAIR — We will put it on notice in the house.

Mr BATCHELOR — I have no administrative responsibility for it.

The CHAIR — Do you have another one?

Mr WELLS — That is all right.

Mr BATCHELOR — That is notwithstanding the fact that we think the faculty of the Victorian College of the Arts at Melbourne University does contribute enormously to the vibrancy and development of our creative industries here in Victoria. We do not fund it; it is funded through the commonwealth government's cluster funding. There has been a report then undertaken by Ziggy Switkowski from the Australian Opera.

Mr BATCHELOR — He is the chair of the board of the Australian Opera.

Ms PENNICUIK — An expert in nuclear physics.

Mr BATCHELOR — Yes, that is right. We all wear funny hats, don't we? I will tell him about your plebiscite vote. That will get him going.

Ms PENNICUIK — I cannot wait, Minister.

Mr BATCHELOR — Switkowski has issued a report recently and given that to the university. The university is considering that and thinks that they will respond within a month or couple of months. But the funding of the Victorian College of the Arts, notwithstanding its name, is as I have described part of commonwealth cluster funding procedures, and we have not funded in the past. If there is a need for the university to ask for more funds, they will ask the commonwealth for that funding. But it is unclear whether they need to ask for more funds or not; that will be a response that will come from the university itself and through their relationship with their funder.

Mr WELLS — Just to clarify, on the same point, in the report that you refer to it is my understanding that there is going to be an identification of a budget deficit of about \$6 million a year. Now the coalition has put —

Mr BATCHELOR — No election pledges need to be mentioned here.

Mr WELLS — No, we are talking about the forward estimates — —

The CHAIR — I do not think that is an annual funding responsibility.

Mr WELLS — I just want to make it clear that it is not your intention from the state's point of view to put any money into the Victorian College of the Arts?

Mr BATCHELOR — What I said was that the Victorian government is not the funding body. A report on the funding and other core structures and the administration has been developed by Switkowski. It has been widely supported as addressing both the cultural and financial needs of the faculties. But it does require some additional work to be undertaken, particularly in relation to curriculum and the application of the Melbourne model to undergraduate degrees. It is recommending that the curriculum structure at the music area, both at the conservatorium and at Southbank, be joined together as a separate subsection of a faculty, and the rest, the non-music elements of it, which range from visual arts through to film and television, be in a separate one, and that the Melbourne model, which has successfully worked in the music arena, be continued to be applied there, and with the rest of it, that they have a moratorium, that it be slowed down, that a curriculum review and structural review need to be undertaken, and that the Melbourne model, in terms of structure of classes and curriculum, not be imposed at this stage, and if it is going to be done, and that is agreed, that it be done over a much longer model. But essentially the funding for it is commonwealth, and if the university needs more funds to undertake the courses at the required level, that will come as a result of further reviews that Switkowski has recommended. It is up to the university whether they accept that element of the recommendation. Then it will be up to the university in approaching their funding body, the commonwealth.

Ms GRALEY — Minister, it is an amazing statistic that the National Gallery of Victoria is the 20th most visited gallery in the world, ahead of the Uffizi and the Tate. I also notice there is some new advertising going out for the Winter Masterpieces program. I note in your presentation that you mentioned the arts budget, which is in budget paper 3, page 177, is \$449.5 million. Could you explain to the committee how this compares with the expenditure in other states, and can you indicate to the committee how healthy our arts companies and artists are in the wake of the global financial crisis and maybe into the future too?

Mr BATCHELOR — Certainly. Victoria has for a long time, from both sides of Parliament, supported the arts. We have done our part during our term in government. If you look at it on a per capita basis, on some ABS figures that have been advised to me, we spend almost \$74 per person. That compares to \$59 per person in Queensland and \$51 per person in New South Wales. Under our period of administration the Labor government here has more than doubled the arts budget — from \$217 million in 1999-2000 to over \$473 million for this portfolio in 2010-11. If you include other elements of arts expenditure which are included in other states' budgets, like film and television and some other portfolio areas, the arts and cultural budget goes up to \$449.5 million in Victoria, with those other — —

Ms HUTCHINSON — You have mentioned those numbers in reverse. The base budget is \$449.5 million.

Mr BATCHELOR — Thank you. I got those numbers around the wrong way.

The CHAIR — You got them around the wrong way, yes. Just to clarify, it is 449.5. If you add all the other things in, it goes to — —

Mr BATCHELOR — Four hundred and seventy-three, yes. That demonstrates our commitment. We have more than doubled it. That was really the point I was making. Not all of the traditional areas of arts expenditure are undertaken in this portfolio. When you add it all together, it comes to quite an impressive amount.

We have done this so we maintain our position as the cultural capital of Australia. We have provided a number of initiatives in the budget to improve exhibitors, to improve the support for artists, to make institutions more accessible to children and families and to try to encourage the development of more leading-edge performances with the proposal to develop a new home for Circus Oz with a stage 1 commitment of \$3 million.

What we are trying to do is to continue a very high level of expenditure that has been committed over many years. Other states are trying to catch up. We will continue to proceed with our level of expenditure over the

years both in terms of performances and in terms of support for venues so the cultural strength of Victoria remains at the forefront.

Mr RICH-PHILLIPS — Minister, can I take you to page 190 of budget paper 3, which shows the arts portfolio agencies. At the top of the page, which is the access measure, it refers to the number of users or attendances at all agencies. You can see that in 2008–09 the actual outcome was 8 527 000 users attending. For the current year your forecast in that falls to 8 404 000, so it is a reduction of 123 000 attendances. Can you explain to the committee what is driving that reduction in overall attendances and what venues or disciplines is that occurring in? Is it related to the Melbourne Recital Centre?

Mr BATCHELOR — The targeted increases of course now include the Melbourne Recital Centre.

Mr RICH-PHILLIPS — Yes, I see that.

Mr BATCHELOR — That is right. There is the completion of a new facility.

In 2008–09 the agencies actually had an extremely successful year. They surpassed their targeted audience attendances because of their success. I have mentioned attendance figures at the NGV and the museum. There were other successes at Scienceworks in Spotswood. They have all contributed in that period to very high levels of attendances — much higher than we have ever had in the past and much higher than we had expected.

The target for 2010–11 is a prudent increase on the target for 2009–10. Of course attendances are a function of a number of things. They are a function of how widely the events are spread across the country and the state. They are also a success of how well events are regarded by the population and that new people — additional visitors — turn up to arts events. Last year we were very successful. Places like the library — I think it has increased its visitations over the last five years in excess of 95 per cent.

You can see that Victorians — I mentioned the figures before — are going to arts events in greater numbers than they ever have in the past. In the conservative way of budget estimates, the estimates for 2010–11 are an increase on the estimates for 2009–10. I am hopeful that because of the program of events that is put in place that we will exceed the target for this year, just as we exceeded the target for last year. It is a variable thing.

Mr RICH-PHILLIPS — The question related to the actual outcomes and expected outcome rather than the targets. The expected outcome suggests a decline of 123 000 attendances. I am just wondering where is that occurring, what particular venue or which particular art discipline.

Mr BATCHELOR — We will just take that on notice. I have not got that detail with me.

The CHAIR — Sorry, what page was it again?

Mr RICH-PHILLIPS — It is the top of page 190; it is the first measure shown. You see the 2008–09 outcome was 8 527 000, dropping by 123 000 to —

The CHAIR — In terms of the expected outcome.

Mr RICH-PHILLIPS — Yes.

The CHAIR — There is a footnote.

Mr RICH-PHILLIPS — Yes, the footnote relates to the targets.

The CHAIR — But the footnote relates to the outcome too; the footnote covers both things.

Mr RICH-PHILLIPS — It relates to the recital centre.

Mr BATCHELOR — It was not my period. I was not the arts minister then but I do —

The CHAIR — No, the footnote relates in terms of the target relates to the recital centre. But the footnote in terms of expected outcomes relates to the Melbourne Winter Masterpieces programs.

Mr RICH-PHILLIPS — Yes, but there is a decline on the previous year. That is where we are looking at.

The CHAIR — I understand what you are saying. Minister, if you can — —

Mr RICH-PHILLIPS — If you can reconcile that change.

Mr BATCHELOR — The difference year on year between the target and the result in that outcome is a function of this oversuccess. You can see because of the success of the Melbourne Winter Masterpieces — I suspect this is the case, but I will get back to you to just confirm — I suspect that you can see in 2008–09 it was 8 500 000. It went along and the expected outcome for 2009–10 is 8 400 000. That is the question you are asking.

Mr RICH-PHILLIPS — Yes.

Mr BATCHELOR — I suspect, as I said earlier on, that it is a function of the fluctuating popularity of a particular program that is not run the following year. Melbourne Winter Masterpieces have been hugely successful and they are a function of how well people flock to them or not.

The CHAIR — Mr Rich-Phillips also asked about the recital centre. Are you happy with that?

Mr RICH-PHILLIPS — Just a footnote, yes.

The CHAIR — All right. That concludes the consideration of the budget estimates for the portfolios of energy and resources, and the arts. I thank the minister and the departmental officers for their attendance today. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days. Thank you, Minister.

Mr BATCHELOR — Thank you. See you next year.

Witnesses withdrew.

8 Department of Primary Industries

Portfolios

8.1 Agriculture

Pages S1–20

8.2 Energy and Resources

Pages T1–16

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 17 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Helper, Minister for Agriculture,
Mr R. Bolt, Secretary,
Dr J. Skerritt, Deputy Secretary, Agriculture and Fisheries Group,
Mr L. Wilson, Executive Director, Agriculture and Natural Resources Policy,
Mr C. O'Farrell, Chief Financial Officer, Finance Division,
Dr H. Millar, Executive Director, Biosecurity Victoria, Agriculture and Fisheries Group,
Mr A. Hurst, Executive Director, Fisheries Victoria, Agriculture and Fisheries Group, and
Prof. G. Spangenberg, Executive Director, Biosciences Research, Agriculture Research and Development Group, Department of Primary Industries.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolio of agriculture. On behalf of the committee I welcome Mr Joe Helper, Minister for Agriculture; Mr Richard Bolt, secretary; Dr John Skerritt, deputy secretary, agriculture and fisheries group; Mr Luke Wilson, executive director, agriculture and natural resources policy, and Mr Chris O’Farrell, chief financial officer, finance division, Department of Primary Industries. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee’s proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. In accordance with past practice, the transcripts and PowerPoint presentations and any other material circulated will then be placed on the committee’s web site.

Following a presentation by the minister committee members will ask questions relating to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of agriculture.

Overheads shown.

Mr HELPER — Thank you, Chair. I would like to start with a short presentation on the achievements and challenges of the agriculture portfolio as encapsulated in the Department of Primary Industries, covering the key sectors of agriculture, fisheries and forestry. Today is an opportunity to highlight the strong productivity performance and adaptability of Victorian farm businesses, to reaffirm the government’s commitment to our farmers and primary producers through the Future Farming strategy, and to demonstrate the success which can be achieved when government — local, state and commonwealth — work together with business, industry and communities. This presentation is a snapshot of how we continue to meet a range of challenges with responses that achieve outcomes that ensure Victoria has a productive, competitive and sustainable agricultural sector.

The first challenge I would like to mention today is the challenge of supporting primary industries and improving productivity, and closely linked to that is the challenge of building stronger regional and rural communities. Several critical factors presented challenges and opportunities to improve productivity for rural and regional communities in 2009–10 including input costs; skilled labour; capital; stock; fuel and fodder, and the effects on the cash flow of farm and timber businesses as a consequence of variation in those input costs; prospective changes to water entitlements; allocation and reliability arising from the Murray-Darling Basin plan; competition and trade and effects on market access nationally and internationally and export market volatility; climate change and its effect on primary industries productions systems; bushfire recovery for primary producers and timber industry; demographic and social change shifts in land use; social diversity; and rural and regional economic drivers.

The responses: the Brumby government’s response to these challenges has been informed by the understanding that new knowledge and technologies are needed to help our primary producers to adapt to climate change, to water scarcity, to volatile markets and to increased production costs. We have delivered better targeted, accessible and relevant services which are helping farmers make decisions, be adaptable, capture opportunities and manage risk.

This is the second year of implementation of the \$205 million Future Farming strategy. Research and development and practice change are essential to the delivery of future farming. The graph you see highlights our investment in agricultural research and development with \$8.57 million over four years, which has been committed from the Future Farming strategy for information and technology to boost productivity. In the past

year the Brumby government has allocated \$40 million to the Dairy Futures CRC; \$288 million to the agribiosciences research centre — a public-private partnership on track for a 2011 opening, and \$2 million for the horticulture industry network initiative aimed at strengthening the working partnership between DPI and the horticulture industry to deliver better services to farmers amongst others.

We are also leading with new services to Victorian grain growers and beef and sheep producers, new research and development to reduce greenhouse emissions from dairy farming at DPI's Alamein dairy research facility, and DPI is also consolidating its position in the national research and development framework through leading at the prime ministerial and ministerial council meeting.

Outcomes: although Victoria's agricultural industries have faced, and continue to face, significant challenges, the overall performance of the sector remains impressive. As the graph shows, Victoria's agricultural sector is in a strong position. The estimated value of our agricultural production in 2008–09 was \$10 billion. This is a fall of \$1.7 billion from 2007–08 when prices were very strong for major commodities.

The figure of \$10 billion is a preliminary number based on principal commodities; the number is lower than the previous year due to different seasonal conditions and lower commodity prices, but this does remain impressive given the fact that Victoria's performance comes from only 3 per cent of Australia's arable land.

Challenge: our dairy farmers face several difficult challenges, including climate change; water availability; costs of production; low milk prices, including GFC impacts; and industry confidence. The dairy industry is Victoria's largest rural industry. Its gross value of production is around \$2.4 billion. Victoria is responsible for around 86 per cent of Australia's total dairy exports, valued at around \$1.9 billion, strongly connecting Victoria's farmers to world dairy commodity and exchange markets.

Response: I would like to give you a brief introduction to Colac-Otway dairy farmer, Mark Billing. Mark has recently been featured in regional television advertising about the Future Farming strategy. He has a 520-hectare dairy property, with approximately 415 Holstein-Friesian cows, and he produces multiple varieties of home-grown forage. With advice and support from DPI, Mark is using the latest technology and best practice feed management techniques. As a result, the herd is now constantly averaging above their target production levels per cow, and he has larger feed surpluses each spring. Mark is living proof that the Victorian dairy industry is going from strength to strength.

Our response to the challenges outlined in the previous slide includes Victoria taking the lead in dairy research and development under the national research and development and extension framework; a \$40 million government contribution to the Dairy Futures Cooperative Research Centre, Dairy Futures CRC, in partnership with the commonwealth government and industry Dairy Australia; and the DPI Ellinbank research facility, which is the result of a joint funding agreement between Dairy Australia and the Brumby government that was announced in June last year. We will continue to invest in research and development to improve feeding systems and feed efficiency, which we know can make significant impacts to a farm business bottom line, like it has to Mark Billing's farm.

The CHAIR — You will need to move on.

Mr HELPER — That was 5 minutes.

Outcomes: the diagram above shows that Victorian dairy accounts for 86 per cent of Australia's export total. Despite the challenges to the dairy sector, exports in 2009 were valued at \$1.9 billion, a decrease of 21 per cent over 2008, largely due to the GFC. However, there is growing optimism in the sector because of improved water allocations, low grain and hay prices, a strong domestic market and improving international markets. Continued sound investment in research and development through such facilities as the Dairy Futures CRC will help achieve any productivity improvements needed to maintain Victoria's dairy international competitiveness.

Further challenges: — the scope of biosecurity threats is broadening, posing threats to both the environment and human health. The Victorian government is committed to protecting the state from biosecurity threats, which have the potential to have such impact on our primary industries, environment, social amenity and human health. A number of biosecurity incidents occurred in 2009 and have in 2010 so far. These include Queensland fruit fly, Mexican feather grass, anthrax, fire ants, potato cyst nematode, and, most recently, Australian plague locusts.

Response: the response is driven very much through a set of actions in the budgetary response: \$7.4 million over the past two years for Queensland fruit fly, \$5.1 million for fire ants over five years, \$2.7 million to combat potato cyst nematode and \$4.7 million in 2008–09 for Australian plague locusts. And we are currently monitoring the situation around the state to bring an appropriate response to the plague locusts in spring.

Return to focus area of drought: seasonal conditions for Victoria were reasonably good over the first few months of 2010, for much of the state. However, the rainfall outlook shows a mixed pattern, with wetter than normal seasons favoured over eastern New South Wales while a drier than average season is indicated for much of South Australia and adjacent western parts of Victoria and New South Wales. Unfortunately the DPI drought hotline continues to receive a lot of calls, with 126 calls received in February. In addition to the hotline, there is a range of government initiatives to support farmers in times of need. These include exceptional circumstances provisions; at all times, of course, farmers have access to free personal and financial counselling; and the guide to services for individuals, families and farmers provides an overview with specific contact details to aid people accessing drought-related support in Victoria. DPI also produces valuable communication tools, such as the *Break* and the *Fast Break* to assist decision making.

The Australian government in partnership with the Western Australian government, by way of information to committee members, has recently announced a 12-month pilot of drought reform measures to be conducted in Western Australia. The pilot will not affect current exceptional circumstances arrangements in Victoria.

Focus area on fisheries: the Ernst and Young report estimates that there are 721 000 recreational anglers in Victoria. I have since joined their ranks, so you can add 1 to that. The government's 2006 recreational fishing and boating policy statement committed \$13.5 million to enhance recreational fishing. A 30 per cent increase in fish stocking is targeted out of this, with three new reefs in Port Phillip Bay, and construction of the new native fish hatchery at Snobs Creek is under way. The Victorian government is implementing a new framework for consultation with fisheries stakeholders, including a new fisheries consultative body, a new recreational fishing grants working group, a new statewide round table forum and regional round table forums and more secure funding arrangements for VRFish and Seafood Industry Victoria to help present fishers view.

DPI is engaging in culturally and linguistically diverse communities through appropriate resource sharing also. As part of the Victorian government's Future Farming initiative, the Victoria agriculture strategy, a joint Fisheries Victoria and mussel industry project has overcome a problem threatening the industry's viability. Fisheries Victoria is also assisting with the bushfire recovery efforts, through enhancing Victoria's trout fishing with a stocking of trout into the Goulburn River. And we are rebuilding drought-affected waterways in communities through the stocking of recovering waterways, such as the 50 000 Goulburn perch into the Wimmera River.

In relation to the timber industry, the Victorian timber industry strategy was released in December 2009. It provides a framework and long-term direction for the Victorian timber industry for the next 20 years. Development of the strategy involved extensive consultation processes engaging industry, environment and community stakeholders. As Minister for Agriculture, I have recently taken on responsibility for VicForests. VicForests is a state-owned enterprise responsible for the sustainable harvest and commercial sale of timber in native forests in Victoria. Of the 7.8 million hectares of native forests in Victoria, VicForests harvests approximately 5500 hectares each year, or around 0.07 per cent of the total native forests area. I am pleased to report that the Victorian government's substantial upgrade of the state's national parks and conservation reserves in eastern Victoria, as outlined in the government's 2006 election commitment, is now complete.

In relation to the research and development focus area, as stated earlier, the DPI leads in the national research and development framework. Taking a further into that lead will be AgriBio, the centre for AgriBioscience, formerly known as the Biosciences Research Centre, or BRC, which is a \$180 million investment in the future of research and development.

Chair, if I do not get the award for the most animated and best slide presentation — —

The CHAIR — No, we have heard that one before from the Minister for Major Projects.

Mr HELPER — It is your scheduling that is at fault there. AgriBio will attract world-leading research scientists; foster collaboration across scientific disciplines to provide solutions for industry problems; enable the

sharing of leading-edge technology, high-tech equipment and facilities; and provide a flexible facility capable of rapidly adapting to future requirements.

In relation to new initiatives, DPI staff provide critical services during and after natural disasters, including fires on private land, floods, storms, hail, frost, drought, as well as associated threats to animal welfare and emergency supplies. Also looking to the future, the 2010 budget has allocated funds to ensure a fast and efficient response to natural disasters across Victoria; \$5.1 million has been allocated to establish new systems and technology which will strengthen DPI's ability to better prepare for and respond to emergency incidents; and a further \$3.6 million over four years will support ongoing operation and associated business improvements relevant to natural disasters and emergencies across DPI. This investment will ensure we have the best staff in the right place to help farmers and communities in need as quickly and as effectively as possible.

A further new initiative is advance scientific computing, which has become a vital tool of trade for successful research. The faster that teams of DPI scientists across the state can analyse data using this equipment, the faster it can be applied to the challenges and threats facing our farming sector and rural communities. New, powerful, advanced scientific computing systems will be established at Bundoora in Melbourne and in Bendigo at a cost of \$4.4 million to drive innovation in science and technology. This advanced computing power will also be used by DPI scientists to address a range of challenges facing our primary industries, such as improved productivity, addressing climate change, water scarcity and the risk of biological incursions. Over four years, \$7.2 million will ensure both the ongoing operation of the system and extend its reach to establishing research connectivity between the Bendigo centre and other DPI research facilities in Rutherglen and Parkville.

A further new initiative relates to weeds and pest animals, which continue to present high and increasing risks to Victoria's agricultural productivity, its unique biodiversity and natural environment as well as human health. New funding will ensure Victoria's preparedness to deal with new incursions, and this is enhanced by better decision making in response planning. That is why \$5.4 million over four years has been allocated to continue to help Victoria deal with the most threatening new incursions of weeds and pest animals, and improve surveillance for new threats.

As stated at the beginning of this presentation, the Victorian government believes research and development and practice change are essential to the delivery of the Future Farming strategy, which in turn remains our blueprint for innovation in farm practices and systems, increased productivity and competitiveness, and stronger Victorian communities, businesses and industries.

The CHAIR — Thank you for that presentation. The budget provides funding, not only for next year but also the out years, for government programs and initiatives against stated outcomes. The committee is interested in what is underpinning what you have got in the budget. What are your medium and long-term strategies or plans? You mentioned one of them in your presentation. Could you tell us about the medium and long-term plans or strategies on which your portfolio is based, and have there been any changes since last year?

Mr HELPER — I will come to changes in a moment. I think our strategies are informed very much by the Future Farming strategy. Also arising are the timber industry strategy, the biosecurity strategy and the aquaculture strategy that I also mentioned in my presentation. So you can see we have a number of strategic approaches that we take forward. Those strategic approaches are always arrived at in close consultation with stakeholders, be they industry or other stakeholders in the community, so that we do get our strategies pretty well lined up. I think the way that the Future Farming strategy has been received in the broader agricultural community is a sign of a strong engagement with stakeholders into the future.

Within the department we also have a pretty extensive and thorough process for re-evaluating our strategies and our priorities and driving our investment decisions. There are investment conferences — and I might ask Richard Bolt to elaborate on that in just a moment — which engage industry and, obviously, other potential investors and the Department of Primary Industries in a real priority setting of where we take our investment decisions in the future, and align those with industry expectations and industry priorities as well. I hope I have painted a picture of a pretty thorough investment process that of course then interfaces with the government's priority setting as is demonstrated through the budget process. Clearly we interact with that priority setting as well.

We have a strategic plan. We have a number of very key plans, and Future Farming is key amongst them, that drive our forward direction, that drive our decision making and that drive our budget submissions within government so that government can have a level of confidence that it does meet its overarching strategies, such as, for example, the Growing Victoria Together strategy, and that we have measured and continue to measure our forward directions and our priorities against those overarching government priorities. I might ask Richard to elaborate, if you wish, on the internal process through the investment conferences, et cetera.

Mr BOLT — Thank you, Minister, Chair and committee. The way we take our strategic documents and turn them into a set of funded programs is to establish an investment conference for each of the groups within the department. They vet and filter a range of different projects that are brought up from the constituent parts of those groups. They compare them to strategy, they seek to synthesise them into a set of larger work areas and they ensure that where there is a need to collaborate across divisional boundaries that that is actually factored into the planning. This goes on for a significant period of time, culminating in presentations by every divisional head and every deputy secretary to a conference in which they lay out their plans. That conversation, that discussion, then informs final decisions by my executive team as to where we put our money.

This is simply a means to take a top-down, strategic approach and ensure that our staff are able to give their best view as to how to deliver that strategy. So you have this bottom-up process that then culminates in a very transparent and we think quite structured approach to making best use of public money.

The CHAIR — Thank you very much, Secretary. Dr Sykes.

Dr SYKES — Minister, my question relates to preparedness for the locusts that seem to be coming our way in vast numbers. I am interested to understand the level of preparation that the government is making. In your introductory remarks you made reference to I think something like \$4.7 million spent on locust control last year. What is actually in the pipeline this year? Are you simply waiting for the coalition policy and you are going to adopt that, as you have done with various other policies in recent times? For your information, Peter Walsh has put out the media release today, so the policy is now on the table.

Specifically, what work is the department carrying out to determine the magnitude of the locust incursion? As a result of this work, what level of funding does the department believe needs to be allocated as a Treasurer's advance to tackle the incursion? Is the department proposing to use a Treasurer's advance to supply chemical free of charge to both land-holders and local government for locust control?

Mr HELPER — The first point I would make is I think strange things occur in election years. I guess I have not attended PAEC during an election year as a minister. I find it incredulous to think that The Nationals put forward a policy statement on treating or responding to a particular threat on the basis that it would take certain actions, when it knows it will never have to implement those actions. It will never have to — —

Mr WELLS — What are you talking about? We are running into an election; of course we have to have a policy regarding locust control.

The CHAIR — Without assistance please. Minister.

Mr HELPER — For the information of Mr Wells — —

Mr WELLS — What are you saying?

The CHAIR — Mr Wells, thank you. Everyone, simple questions and the same with the answers. We want to have a process whereby questions are asked about the estimates and answers are given rather than necessarily having argy-bargy. The minister, to answer, please.

Mr HELPER — Certainly, on cutting the argy-bargy short but just as a point of explanation to Mr Wells, and I can understand that he may not be familiar with the life cycle of a locust, if we waited until after 27 November to respond to locusts or if The Nationals waited until after 27 November, presuming they were to be in government — —

The CHAIR — Ignore Mr Wells's interjections, please.

Mr HELPER — Locusts would have overrun the state in its entirety, so we need to act somewhat earlier than that. Putting out a policy which is unlikely to be acted on — —

Mr WELLS — That is why you put out a policy.

Dr SYKES — So what action are you taking, Minister?

Mr HELPER — The policy is likely to kill a single locust?

Mr DALLA-RIVA — Your ears must be painted on.

Mr WELLS — No, it puts pressure on you to do something.

Mr HELPER — Is that what it is about? Let me just — —

The CHAIR — The minister, to answer the question, please, without assistance.

Members interjecting.

The CHAIR — We have the questions; let us have the answers, please.

Mr HELPER — Apart from the faux pas by The Nationals, let us focus on what the government's track record is. In 2005–06 the Department of Primary Industries in response to a locust outbreak then spent \$4.4 million on locust control. In addition to that there was an approximately \$300 000 in-kind contribution from the Department of Primary Industries, and 36 879 hectares were sprayed in response to that outbreak. Again in the 2008–09 season we had available \$7.2 million to respond to the locust outbreak that occurred then. I think the public can rest assured that the Brumby Labor government has a track record through Treasurer's advances — to go to part of your question — of matching resources to the circumstances that threaten Victorian farmers and Victorian landowners.

In that sense I can assure the member for Benalla that preparations for a locust outbreak are well advanced. In a physical sense what we have done is undertaken significant mapping of locusts that have come predominantly from New South Wales but south-eastern Queensland as well so that we know where they are landing and laying eggs in Victoria so that when the response becomes appropriate — before the election — sometime in October, in spring, we can direct that spraying effort most appropriately to those areas where the maximum number of eggs have been laid. I want to put on the record my understanding and my sympathy with Victorian landowners and farmers, many of whom have already experienced the impact of locusts. Early sowing has been put on hold because those that did sow early unfortunately had their crops, as they emerged, devastated by locusts.

It needs to be pointed out that the locusts that we are experiencing first off are adult locusts; they are on the wing and very difficult, nigh impossible, to treat, to spray because of their mobility. They fly around and you are hard pressed to fly after them with an aeroplane, so on that basis the treatment of locusts occurs when the generation of eggs that this current generation of locusts is laying when they hatch turn into hoppers, are ground bound, and that is the time when one responds, and I regret to say for the spin doctors of The Nationals, that that occurs prior to the election.

Dr SYKES — Chair, can I, through you, get my questions answered. You have said, Minister, that you have been carrying out some work and that that included mapping. Would you make a copy of the map available to the committee as part of your report — take that on notice?

Mr HELPER — Yes, I presume we can make that available.

Dr SYKES — Secondly, can you provide the committee with an estimate of the number of hectares that these locusts have laid their eggs in?

Mr HELPER — I will make that available to the committee along with the maps.

Dr SYKES — And I will continue — I'm on a roll here. The amount of spray that is going to be required and the availability of that spray?

Mr HELPER — The other part of the preparation we are clearly undertaking is exploring the availability of chemicals, obviously, for when they become necessary as well as ensuring that there is availability of aircraft and other suitable delivery vehicles for when the hatchlings come about.

Ms GRALEY — Minister, I would like to ask you a question about roadside weeds. I know they are a real thorn in the side of the farmer; they look really ugly, and I know they are a real problem for the environment as well. I know from past experiences elsewhere how it often becomes a demarcation dispute between authorities and different parties, so I would like to refer you to budget paper 3, chapter 1, page 23, where we talk about the provision of \$6 million over four years to tackle weeds and pests on public and private land. I would like you, if you can, to advise the committee what the government is doing to resolve complexities around the management of roadside pests and weeds.

Mr HELPER — I would like to start by outlining what those complexities are, just to give an overview of it. The issue that has perplexed some during this complexity is who is responsible for the control of weeds and pests on roadsides. It is quite easy in terms of national roads that the national government is effectively responsible for contracts let to VicRoads.

With state roads, it is quite straightforward also. VicRoads is responsible and lives up to its responsibilities of controlling roadside pests and weeds. When we come to local government it becomes more complex, and there is some policy discussion at a local level between, I guess, adjoining landowners and local government as to who should be responsible and who is responsible.

It is relatively simple when it is a council road, albeit some councils are arguing that it should still be the adjoining landowner, but think of the problem being exacerbated by, for example, private roads which ultimately turn to being council-controlled roads and where the issue becomes a little bit complex.

Suffice to say that as far as I am concerned we need a practical outcome. We need a solution to this which is about the most effective and most efficient way of treating roadside weeds, no matter who is the responsible authority. Certainly we need a greater degree of clarity in that space, and that is why I have recently established a working party to work together between the MAV on behalf of councils, the Department of Primary Industries and other key stakeholders to work out what changes may be necessary, if indeed they do become necessary, and introduce potential legislative options if other options are not available to clarify the position and to ensure that roadside weeds end up being clearly defined as to who is responsible for their control.

I know that working group will come up with a set of recommendations, no doubt, that will take this argument forward. In the meantime, I do not want, and I do not think any member of this committee would want, roadside weeds to be neglected, and that is why we have introduced, through the Future Farming strategy, a number of grants programs to facilitate councils on a no-prejudice basis to address roadside weed issues and pest issues in the interim.

This is an area where I look forward to having some greater clarity as a consequence of this working party and the recommendations it may make, but in the meantime there are considerable resources put at ensuring that roadside weeds are not neglected in the interim.

Dr SYKES — Minister, I refer you to budget paper 4, page 166 and also page 164. I raise the question of the DPI funding dropping again this year by around about 2.5 per cent I know you offer some explanations on page 164, but for those out there when they have seen Walpeup closed, when they have seen Kyabram closed, when they have seen Snobs Creek Research closed and relocated to Queenscliff, they cannot help but feel that this government is winding back the DPI funding. That raises the question in people's minds: does this government really care about agriculture, or is it just a second-class portfolio?

The CHAIR — Have you got a more specific question?

Mr HELPER — I am happy to talk on that for half an hour.

The CHAIR — I am just trying to assist, that is all.

Mr HELPER — I will try to respond in a constructive manner without an excessive amount of hyperbole around it.

The CHAIR — I would hope so.

Mr HELPER — Can I just say that the explanation that Dr Sykes referred to himself should not be ignored. A significant amount of funds came to the balance sheet of the Department of Primary Industries as a consequence of exceptional circumstances funding from the commonwealth and a significant amount of money was brought to the operating statement by the Treasurer's advances in response to a number of biosecurity challenges that I indicated before. I will certainly get some more detailed figures put forward by chief financial officer, Chris O'Farrell. I just make a couple of points in terms of the implied suggestion that the current government is not significantly committed to agriculture in this state.

The \$205 million Future Farming strategy ought to significantly dispel any view that we do not attribute a higher priority to agriculture than the previous government did. Certainly, a \$180 million commitment to the biosciences research centre, or AgriBio, as it is now called, ought to suggest to all observers that we are very much committed to a future of modernity for agriculture.

When it comes to the restructuring that has occurred in the department, it may have been the practice of previous governments to simply allow facilities and assets of the Department of Primary Industries, in its various incarnations, to become irrelevant, to become less and less productive and to become less focused on the outcome that our stakeholders, the farmers of Victoria, actually need, but it is not the practice of this government. I know we have to make some difficult decisions along the line to achieve our alignment with the alignment of the aspirations of the farming community, but those hard decisions, we are prepared to make. That should demonstrate us to be a better friend of farmers than those governments in the past that shirked those difficult decisions.

I might ask Chris, if you think it is appropriate, to elaborate on the detailed figures.

The CHAIR — Mr O'Farrell?

Mr O'FARRELL — The decrease in the published budget from 2009–10 to 2010–11 is, as the minister said, largely to do with the reduction in exceptional circumstances drought assistance measures, particularly the interest rate subsidy component, as a result of the exceptional circumstances declarations in parts of the state, being lifted.

Another difference is a reduction in the carryover amount. So the year before the 2009–10 number is slightly inflated due to a higher amount being carried over from the prior year than is going to be carried over into the next year, the 2010–11 budget. Those are offset slightly by some increases, the new initiatives that the minister talked about little earlier.

Mr NOONAN — Minister, budget paper 3 on page 192 goes to the 'Significant challenges facing the department in the medium term' and there are four dot points listed. One of those dot points listed is the challenges and opportunities that arise, including demographic changes. In terms of the announcements made, I think a couple of years ago, in relation to the restructuring of DPI to modernise and improve the service delivery to the farming community, can you tell us how the progress of the DPI restructure is going, and particularly go to the issue noted at dot point 4 under 'Significant challenges', in relation to those demographic changes?

Mr HELPER — Thank you very much for the question, and, thank you, Bill; that was a good segue into this question, the first question. It is terrific, it is a good committee.

Dr SYKES — Teamwork, Minister. We work as one. In PAEC we work as one.

The CHAIR — Through the Chair, please.

Mr HELPER — One of the things that I am extraordinarily proud of is the important and strategic role that the department plays, and I get the opportunity to support at the Primary Industries Ministerial Council, regarding the national research and development and extension framework. That is pulling together resources from jurisdictions, and across universities, departments of agriculture, industry, other state agencies and the CSIRO in the research and development and extension space and actually aligning those resources so that they are better utilised and more efficient and deliver more science, more extension for the dollar that is across all of those agencies and all of those organisations of course always scarce. What that means in a practical sense is

that, for example, we see investment in Victoria in dairy research, but we will see grains research, for example, still with capability in state jurisdictions but significantly focused, for example, in Western Australia.

We align these plans and we align our capabilities, which has a multiple impact. Firstly, it is a better spend of dollars. Secondly, by conglomerating critical mass, we attract greater scientific capabilities and greater punch for our research dollars and through that deliver better outcomes to our farmers.

Having said all of that, let us have a look at what some of this actually means. For example, Ellinbank was announced through the Future Farming strategy. The focus on dairying comes out with an investment of \$8.57 million to increase dairy productivity through the Future Farming strategy, as I said, and \$40 million investment in the CRC for Dairy Futures at Bundoora. We see some terrific outcomes, I think, along those lines.

When we then change our scientific capacity and the location of it to achieve greater critical mass, I think that should be seen as giving more depth to our capacity rather than in any way, shape or form hindering it. When you multiply that across the other jurisdictions in the nation, Victorian farmers and Australian farmers will get a more focused and a better outcome in terms of the research spend. Richard, do you want to add any detail or anything further to that?

Mr BOLT — I think that was a very comprehensive answer, Minister. Despite the comprehensiveness of the answer, there is one thing I did want to emphasise — that is, the amount of collaboration and joint planning that they are doing with the industries involved. Whether it is in the national framework or in developing service offers to the Victorian farming community, we are intending to closely involve them in that planning exercise so that the needs of the sector are well and truly represented in the actual plans that we undertake.

I would say if there is any one thing that has characterised the last three or four years of work, it is the intensiveness of that engagement which previously was good but perhaps could have been taken to another level, and that is what we now believe we are doing.

Dr SYKES — Minister, I refer you to budget paper 3, page 193. My question is in relation to fisheries officers and the staffing. I am advised that Victorian fishery officers numbers have fallen by 20 per cent since 2003 — this is according to their union. With the funding and regulation and compliance rising, I think, \$18.9 million in the 2010-11 DPI budget, will a proportion of this money be used to employ additional fishery officers, thereby preventing the use of ugly tags, such as ‘Victoria, the poachers’ paradise’?

Mr HELPER — Which budget paper were you referring to with that description of Victoria as the poachers’ paradise? That was not in the budget papers. Could that have been a little bit of hyperbole?

The CHAIR — If both Dr Sykes and the minister could avoid the argy-bargy.

Mr RICH-PHILLIPS — Bill does not need to read everything he says.

Dr SYKES — Touché!

The CHAIR — Without assistance!

Mr HELPER — To address that background noise of the question, approximately 100 Fisheries Victoria staff are involved in delivering an integrated statewide enforcement and indeed education program, which includes intelligence, surveillance and inspection operations, investigating and targeting organised crimes, prosecutions, training, education and advocacy services. This includes education programs delivered through the Marine Discovery Centre at Queenscliff. There are some terrific fisheries people based there with the support of the government’s initiative funding of approximately \$300 000 per year.

The premise of the question — that is, that our fisheries enforcement activity is somehow diminished — is a false premise. I would suggest that it is very difficult to answer a question which is so clearly based on a false premise.

Dr SYKES — Minister, would you clarify that fisheries officers numbers have fallen by 20 per cent since 2003, or would you like to get back to the committee on that to clarify that?

Mr HELPER — Have you got a figure handy there, Chris?

Mr O'FARRELL — No, I do not, but you might like to ask Anthony.

Mr HELPER — I ask Anthony Hurst, the executive director of Fisheries Victoria, to respond to that.

Mr HURST — What we do is organise our staffing resources depending on the needs we face in fisheries compliance — 'compliance' being education and enforcement activities. We vary the numbers in the education and the enforcement component depending on the needs we face. We are intelligence driven. We operate the 13FISH number, which has collected over 8500 calls since it was first established, which gives us a very good feel for the pattern of illegal activity.

We focus very much on the hard end of fisheries crime in abalone and lobster in particular, as well as Murray cod. Members may be familiar with some media on the weekend in the *Age* regarding a major investigation we ran successfully, leading to some serious prosecutions. We backed that up with a good general duties compliance activity, where we were out on the water talking to recreational fishers regularly.

We also utilise the voluntary services of the Fishcare volunteer group through the recreational fishing trust, where they get some support there. It is an overall program, and the numbers of uniformed officers will vary from time to time depending on those needs.

One of the big challenges that I would highlight that we have moved into in recent years is that as Victoria's population grows but also the multicultural element changes — and I think we are at figures now of around about 40 per cent overseas born in Victoria or the first descendant of overseas born persons — we are progressively adapting the way we integrate with those communities, again very much at the front end.

We have a strong presence at things like the Tet festival at Sandown. We have a strong and growing presence at Venus Bay with the increase in Asian harvesting of pipis. We are not so much about pinging people at the back end or interacting on the courtroom steps; it is very much about trying to be proactive and up-front. If we shift resources from time to time into education and extension work, it is not surprising; it is a very productive thing to do.

Dr SYKES — Chair, I actually asked for a specific clarification, and that was: had the numbers dropped by 20 per cent since 2003? Could that question be answered?

The CHAIR — I will deal with that. Can you give us a picture of the numbers of fisheries officers over time, as requested, from 2003 up to the present date?

Mr HURST — I would need to check the specifics of the numbers.

The CHAIR — On notice would be fine.

Mr HELPER — Just to add to that, the fisheries budget has remained relatively stable, so you would not expect a 20 per cent reduction in staff being correct. It is certainly not down by more than a handful of per cent.

The CHAIR — Just give us the material on notice; that would be good.

Ms HUPPERT — Minister, in your presentation and also in your answer to Mr Noonan's question you talked about the importance of R and D to the agricultural industry. I note that on budget paper 3, page 344, there is a line item under output initiatives, 'Advanced computing for biological and farm systems research', and there is a fair amount of an investment over the forward estimates period. I wonder if you could outline for the committee the research activities of your department in one specific area, which is GM crop technologies.

Mr HELPER — The Department of Primary Industries has currently five licences issued to us and one under evaluation by the Office of the Gene Technology Regulator to conduct small-scale research and development field evaluation of genetically modified plants. Some of the trials that we are doing is white clover resistance to alfalfa mosaic virus, drought tolerant wheat, and improved forage quality in perennial rye-grass and tall fescues. This research and development with GM plants addresses key productivity outcomes as well as adaptation to future challenges associated with climate change. I might say that these types of small-scale GM crop trials have been conducted for close to a decade by various jurisdictions. I think the potential not only in terms of genetic modification but to use gene technology to accelerate breeding programs is an opportunity that we want to make sure that Victorian farmers have access to and have the opportunity to exploit as that research

goes through, firstly, to prove its scientific validity but also, as it goes through the significant, as they should be, regulatory hoops to marketability.

I might like to ask, if I may, German Spangenberg, who is the executive director of biosciences research, to give us some greater insight into the terrific work that German and his team are doing and that DPI science is doing.

The CHAIR — Please identify yourself and your position for Hansard, and welcome again to the committee.

Prof. SPANGENBERG — I am the executive director of the biosciences research division. Simply to provide some further details on the research and development the department undertakes relating to GM crops, one of the examples that the minister referred to is the development of white clover for alfalfa mosaic virus resistance. This is a virus that causes annual losses in excess of \$110 million to the Australian grazing industries. The department has led the development of the world's first GM white clover with AMV resistance. There are no other conventional sources of resistance to this virus in white clover.

A second example is the development of GM wheat for drought tolerance, specifically addressing enhancement of water-use efficiency. We have undertaken three years of field evaluation of GM wheat lines, assessing different candidate genes for drought tolerance in transgenic wheat.

A third example the minister referred to is associated with GM forage grasses for enhanced herbage quality. We have been undertaking field evaluations of transgenic perennial rye-grass as well as transgenic tall fescue plants for herbage quality improvements. These plants, on the one side, show increased energy content, so have modified herbage composition through re-programmed fructan metabolism, in perennial rye-grass. Fructans are water-soluble carbohydrates that represent a key component of energy provision for the grazing animals. With this, after two years of field evaluation, we are seeing very promising results, with improvement of five-point percentage units in dry matter digestibility.

A fourth area of work which is not yet at the stage of field evaluation is related to transgenic wheat, so GM wheat for fungal disease resistance. We have in Australia total annual losses in wheat production in excess of \$470 million due to a complex of different fungal diseases, so the approach we are pursuing is one we refer to as non-host disease resistance, so we are testing different candidate genes from barley to assess their performance to confer resistance to multiple fungal diseases, including stripe rust, stem rust, septoria and crown rot, in transgenic wheat. These are just a couple of examples of the work.

The CHAIR — Thank you very much for those examples.

Ms PENNICUIK — Minister, now that the dingo is listed as protected under the Flora and Fauna Guarantee Act, what plans does your department have and associated budget or spending has your department allocated to protect them, with particular attention to the threat that dingoes will be bred out of extinction under the wild dog management plan?

Mr HELPER — I think the single biggest threat to the dingo in our environment is crossbreeding. The control of wild dogs, which is a vector off crossbreeding of purebred dingoes, is an important task not only in terms of protecting livestock of landowners that are affected by wild dogs but also the environmental or biological outcome of protecting the purebred status of dingoes. Our response to the wild dog problem certainly continues to be trapping, it continues to be shooting, it continues to be baiting, and more related to the protection of landowners rather than the preservation of the breed of purebred dingoes there is an approach of exclusion fencing.

All of these approaches for the prevention and reduction of attacks by wild dogs on livestock tend to work most effectively in that space when they are done in conjunction and collaboration with land-holders and communities. I have seen some terrific work done as a consequence of an integrated package of approaches as a result of landowners engaging with DPI's doggers and our wild dog committees — one in the north-east and one in East Gippsland — and those outcomes have an indirect effect on reducing the impact of hybridisation of dingoes.

Of course the direct responsibility for the conservation plan of dingoes lies with my ministerial colleague Gavin Jennings, but nevertheless we make a considered contribution to that outcome by our efforts, driven in our case

primarily by the protection of landowners and their livestock. Nevertheless, we contribute significantly to the effort to preserve the purebred status of a small number of dingoes.

Ms PENNICUIK — Minister, can you just outline for me how much is outlaid for that wild dog management plan?

Mr HELPER — It might be quicker, Chris, if you want to answer that question rather than me.

Mr O'FARRELL — The government allocated in the 2008–09 budget about \$1.5 million for an initiative titled 'Securing wild dogs through improved management'. I am not aware of other funding that the department allocates to the management of the wild dogs, but Hugh Millar, executive director, Biosecurity Victoria, may be able to advise if there is additional funding.

Ms PENNICUIK — So that was the last funding?

Mr O'FARRELL — It is over four years.

Mr HELPER — That is in addition to — —

Ms PENNICUIK — That is 1.5 over four years.

The CHAIR — Mr Millar, you need to identify yourself and your position for Hansard, please.

Dr MILLAR — Hugh Millar. I am the executive director for the Biosecurity Victoria division within DPI.

The CHAIR — You are going to give some further details of the funding for this program.

Dr MILLAR — Yes, I am happy to. I cannot give you the exact expenditure figure on that program, because I simply do not have it with me, but I can tell you that it is substantial. We have 26 FTEs, or 26 wild dog control staff, that are working on this program, which is quite a significant staff component, and that is many more than were being employed to do that work some four or five years ago, so it has specifically increased. The exact budget for that element of our pest program — —

The CHAIR — You can take that on notice.

Dr MILLAR — I would have to take on notice, except that I think you would understand it is clearly substantial.

The CHAIR — Thank you. I appreciate that.

Mr SCOTT — My question relates to the Future Farming strategy, which is referred to in the questionnaire responses at part B, question 11.1(b) and in the presentation you gave earlier, Minister, in which I think there was a reference to a dairy farmer, Mark Billing. I understand that under the Future Farming strategy government has committed to deliver better services to farmers. Can you tell us what this strategy is, including what it will deliver in the future?

Mr HELPER — Thank you for that question. I think the Better Services to Farmers initiative is a really exciting realignment of how the department of agriculture works. We continue to do so, but traditionally the model was that we do the science, we do the extension and we sit down around a farmer's kitchen table and communicate that science, that innovation, that practice change, directly to the farmer.

Certainly farmers, or many farmers, have changed the way they take information into account when planning their farming activities, but also one could see a little bit of an inefficiency in doing that. Given that our motivation is very much about ensuring that we maximise the availability of research, extension and practice change to our farmers, we want to make sure that it happens most efficiently.

The Better Services to Farmers initiative, what does all of that mean? We have undertaken a number of initiatives — for example, in the horticulture industry we have established what we call the Horticulture Industry Network. In other words, the horticulture industry has many segments to it. An asparagus grower is not after the same extension services as an apple grower, so clearly we have a diverse range of commitments to meet there. We have enabled that network, co-funded by government and industry, to establish a number of

liaison positions, and we effectively resource those liaison positions with the research and the practice change raw information for those networks to tap into the different horticultural sectors and deliver practice change to the farms via that avenue. I think it is fair to say it has had a big rap from the horticulture industry. Farming groups and individuals have certainly said to me, ‘This is a terrific model of how to do extension in what is a fairly complex sector’.

Other sectors that we are addressing in a similar way to provide better services to farmers are the Better Beef Network, which will commence in July this year. Again, it is about finding a way to engage with our beef-producing stakeholders to provide the extension in services they need via a range of different agencies to ensure we get more practice change on the kitchen table of the farmer. It is not a cost-reduction strategy; it is very much about ensuring we have an efficient pathway from our scientists to the farmer’s paddock, and finding the most direct way of doing that.

Finding the most efficient way of doing that has changed over time. I remember attending one grain growers’ meeting. I posed the question, ‘How many of you would have had external agronomists working for you 10 years ago?’ and not a single hand went up. I asked a second question, ‘How many of you would have external professional agronomists working for you now?’, and 75 per cent of the hands in the room went up. As farmers change the way they take in information and apply it to their farm, so we have to change, and we have to become more effective at providing that information.

You could describe it, I guess in a broader sense — better services to farmers — as being about wholesaling information to a whole range of other players in the field, be they private agronomists, be they private veterinarians, be they private consultants or be they groups like the Birchip Cropping Group or Southern Farming Systems, extending the raw information to those organisations so they can use their more adept ways of getting that information into the paddock of the farmer.

Dr SYKES — Minister, my question relates to the \$5.4 million to tackle roadside pests and weeds. First of all a clarification: in answering the question from Ms Graley you indicated a working party had been set up to resolve the responsibility for roadside pests and weeds on local government roads. When will that working party report, and when will the problem be resolved once and for all?

Mr HELPER — I am unhappy to give a direct answer to that. As I outlined in my earlier answer, it is a complex set of issues. We are dealing with stakeholders who need to arrive at a position of comfort that the recommendations that that working group puts forward preserves everybody’s interests and is indeed an efficient and effective way of delivering control of roadside pests and weeds.

We need to keep in mind, and I should have mentioned it in my last answer, this is not a question about whether the state picks up the bill or whether local government picks up the bill; this is a question of whether local government picks up the bill or the adjoining landowner picks up the bill and puts in the effort — or, if you want to turn it around, ‘and puts in the effort’.

I want that group to come to a conclusion as quickly as possible, but at the same time I am allowing it sufficient time to come up with a set of outcomes in what is a relatively complex legislative framework as well. I want that working group to come up with a set of well-considered recommendations so we can put this issue to bed once and for all and establish a system of responsibility that all parties, be it council or be it adjoining landowners, can live with into a happy future, so to speak.

I do not want to curtail their considerations. At the same time I want them to come to a conclusion relatively rapidly. I suggest this is a matter of months rather than years.

Dr SYKES — A clarification?

The CHAIR — Yes, quickly.

Dr SYKES — Still on the same subject area of weeds and pests on public land. Minister, in preparing the budget, including this \$5.4 million, did you consider the cost of implementing a fox bounty program rather than the largely ineffective Fox Stop program, which I think has accounted for about 6000 foxes in its lifetime?

The CHAIR — That is probably a separate question. Do you want to take that up in a minute? I will ask Ms Graley to ask her question, and you can ask yours in a minute?

Dr SYKES — The first one was a clarification; the second is — —

The CHAIR — I have given Ms Graley the call.

Ms GRALEY — Thanks, Chair. Minister, when you were giving your presentation I heard you mention the Queensland fruit fly. It actually took me back to my childhood experience of sitting on the Victorian border and my parents feeding me all the oranges and apples so they could come back into the state.

I refer you to page 344 of appendix A of budget paper 3 where it refers to the initiative funding of \$3.9 million for the response to Queensland fruit fly in metropolitan Melbourne and northern Victoria. Could you explain to the committee what the government is doing with these funds to assist farmers, especially those affected by the Queensland fruit fly in order to get them back into the domestic and international trade market?

Mr HELPER — Thank you for the question. Queensland fruit fly would be an extraordinarily destructive pest if it were to become endemic in our primary fruit and vegetable production areas. We have succeeded with an extraordinarily collaborative approach to get large parts of Sunraysia fruit fly-free and get its status declared as fruit fly-free. We had the detection of fruit fly in Mildura, which is in that fruit fly-free area.

Of course, that has an immediate impact in terms of the protocols that have to be followed through in terms of taking fruit from that area and indeed taking fruit through that area. So our response involved a massive amount of tracking and a massive amount of inspections of backyards, of orchards and of anywhere where fruit flies may possibly linger so that we could get on top of that particular outbreak and could demonstrate to our trading partners and to other jurisdictions in Australia that indeed we have returned that area to fruit fly-free status. We have succeeded in doing so in the case of Mildura.

There was also an outbreak in Shepparton, and again we threw very significant resources at that outbreak and executed eradication, which enabled the reinstatement of that area, which is very sensitive in a trade sense to the Shepparton area. We have been able to reinstate that area as fruit fly-free on 30 March this year. So you can see now we have an outbreak, that we respond to it very vigorously, consuming an enormous amount of resources in the process, but the stakes for horticulture, for the fruit industries in those regions is just extraordinary.

I was looking through — as you would expect me to — the transcripts of my hearing last year. Dr Sykes asked the question — to paraphrase — when are we going to make Victoria fruit fly-free? Just to make sure that the two success stories I have just indicated do not mislead — for example, to make East Gippsland, where fruit fly is endemic, fruit fly-free is beyond our ability to achieve with reasonable means. Therefore, regrettably, there will be some parts of the state where fruit fly is endemic; and other parts, where we have clear delineations and very strict protocols, which are fruit fly-free, and our vigilance, certainly in terms of ensuring that we have the minimum risk of fruit fly outbreaks remains a high priority for us. Certainly, I think our farming community would expect us to have this high priority.

The CHAIR — Thank you, Minister. We will have a short break before Dr Sykes sets the hounds on the foxes!

Dr SYKES — I will repeat the question I asked before. Minister, in preparing the budget, did you consider the cost of implementing a fox bounty program rather than the largely ineffective FoxStop program, which I think only accounted for about 6000 foxes in recent times?

Mr HELPER — Firstly, let me say that of the FoxStop program we have just seen the first year, and if you look at the growth, in its effectiveness, I think it will deliver a very positive outcome for landowners. The second thing I want to say about the FoxStop program is that it actually about building relationships between shooters and landowners so that effectively the shooter gives the landowner a bit of a hand. It is building that relationship which we hope will be a permanent, lasting relationship, and a relationship that will play a role — not the only role — in fox control. Let me say that about those programs. I give absolute credit to Sporting Shooters Australia and Field and Game Australia for their constructive engagement with that program. Through their engagement with the program they have indeed supported Victorian farmers with fox control. The one thing that we did not do in terms of considering our efforts to support land owners in fox control is take a

bounty. When we had it in 2003, it cost us \$1.98 million in the first year. We did not take a look at the program and say, 'Gee whiz, we can deliver that same program for four years for merely \$4 million', and indeed do more with it, because it was actually a bounty for foxes; the cost of it that I quoted before was for foxes alone on the number of foxes killed. An alternative policy proposition that I have seen in recent days excludes, or clearly does not cost into it, the administration cost. The general running costs of the program cost that program, as I say, \$4 million over four years, which is clearly a deficit of around about 50 per cent to go forward. So in answer to your question directly, no, we did not consider that approach, which happens to be the approach of The Nationals — in developing our policies because it would have left us with a black hole.

The CHAIR — Do we need some clarification?

Dr SYKES — Minister, how many foxes are there out there now?

Mr HELPER — I could not personally tell you how many foxes there are out there. Lots.

Dr SYKES — If you have in place an effective fox control program that includes fox bounties, baiting and a range of strategies, is it reasonable to expect that there will be a drop-off in the fox population, and therefore, whilst there might be nearly 200 000 in the first year, in the second, third and fourth years, if you actually have effective fox control, your numbers will reduce, and therefore it may well be that that \$4 million is adequate?

The CHAIR — We are probably getting into hypotheticals here.

Mr HELPER — I am happy for the committee to take up its time evaluating The Nationals' policy.

The CHAIR — I do not wish to; I wish to do the estimates, actually.

Mr HELPER — Just let me add, however, the point that would make The Nationals policy clearly impractical. When you arrive at a cost of \$2 million — —

The CHAIR — I think might put a stop to this.

Mr DALLA-RIVA — I want to know how much time he spent wasting the bureaucracy on our policies.

The CHAIR — I am interested in the estimates and what the funding is best, rather than necessarily a discussion between the minister and one of the members about other things which are not related to this. I appreciate the discussion, but — —

Dr SYKES — I will just go back to the estimates, Chair. With the Fox Stop program, how much per head have those 6000 foxes cost? That is the 6000 you have paid out for. What has your total cost been to pay out for the 6000 foxes?

Mr HELPER — To take the cost of the program and divide it by the number of foxes shot and call that a cost per head would be excessively simplistic. As all members would know, the set-up costs, the commencement costs of any program, be it fox control or anything else, requires greater expenditure per unit output than if you are actually maintaining a program.

So the cost of maintaining the program will, if you want to express it more as a direct cost per head or per scalp of fox, come down, simply because the establishment costs will not be there, and a significant feature of the program is actually getting industry sponsorship for the program. We have already seen significant prizes donated by industry towards the program. So for our program, we will actually leverage significant outside investment in the Fox Stop program for a direct bounty. You will not leverage 1 cent of outside investment in such a bounty.

I put it to the committee that in terms of the outcomes of building a greater relationship between shooting associations and landowners, the outcome in terms of leveraging sponsorship and endorsement by the provision of prizes by industry, and in terms of the ability to supervise such a program, the Fox Stop program is a preferable approach to a bounty in a general sense.

As I acknowledged before, and as I am proud to acknowledge, on two occasions the Victorian government did put a bounty in place. I might say it was the first time there was a bounty in place in this state; no previous

government of any political persuasion had previously introduced a bounty. We did so in response to specific circumstances. For example, the bounty that ran in 2007 and 2008 was in response to the circumstances of the fires that occurred that fire season.

So with that I am saying if circumstances arise, then certainly a bounty may be an appropriate measure that we would consider, but in a general sense as an ongoing control measure I maintain that our approach through enlisting the support of others, in support of landowners and in support of fox control, is a more effective and long-lasting way of treating the problem of foxes.

Mr NOONAN — Minister, you have taken a number of questions about the \$5.4 million that has been allocated over the four years to deal with the most threatening new incursions of weeds and pests animals. I want to go to a particular measure that may be used as part of that programming, and that, as I understand, could be aerial baiting to control wild dogs. Of course there are other measures that could be used such as fencing and trapping. I wonder whether the minister could elaborate on aerial baiting as a possible future option to control wild dogs.

Mr HELPER — Dogs and foxes are certainly receiving quite a bit of attention today, and that is terrific.

Mr NOONAN — Bill and I are working hand-in-glove at the moment!

Mr HELPER — I think the first point to make in terms of wild dog control is there is no silver bullet. There is no single means by which you can effect wild dog control through a single measure, be that aerial baiting, be it trapping, be it shooting, be it exclusion fencing, or be it any of the other of the suite of approaches that we do take. No single one of those is a silver bullet. I understand the enormous frustration and the enormous anxiety that is experienced by landowners affected by wild dogs. If you have seen livestock attacked by wild dogs, you would certainly also feel empathetic to landowners who are put in that position. Also economically it has a significant impact on landowners adjoining areas that have a wild dog population.

The point of my explaining that is that there are a lot of people who say, ‘Look, if only the government had aerial baiting, if only the government did X, Y, Z, the wild dog problem would go away’. Unfortunately — genuinely unfortunately — that would not be the case. As I said, there is no silver bullet. There was an aerial baiting trial conducted in Gippsland in 2007. It covered some 400 square kilometres of country and used 780 baits. Although the trial could not conclusively demonstrate whether aerial baiting was an effective tool for wild dog management, the work undertaken has provided an extraordinary amount of information that will help make our control programs more effective.

Research projects to determine the effectiveness of current ground baiting techniques in Victoria was conducted in 2008, and further research to identify the optimum density of control devices for the management of wild dogs commenced in July 2009 and is continuing into 2010.

One of the outcomes already — and albeit it is a small outcome — is that I have given approval to use 6 milligrams of 1080 bait for wild dog control on public land, bringing Victoria into line with other states, whereas we had lower dosage levels previously. The trial work we have done has supported the increase of the strength of the baits and through that enhanced and improved our baiting program. So you can see that we are certainly are keen to, and I am keen to, explore every possible way in which we can make our dog control program more effective. I have to be honest with land-holders and acknowledge that there is no singular way of magically bringing about dog control to the point that attacks on livestock do not occur. Unfortunately we are not in a position to do that. We will continue to improve our baiting approaches, our trapping approaches, our shooting approaches, our fencing approaches. We will continue to improve those at every opportunity we can, and we will continue to invest heavily. As was indicated by an earlier witness, we have 26 doggers now where there used to be 13, so we continue to put significant resources into what is a genuine problem for land-holders. The best success we appear to be having is when there is genuine and positive collaboration between land-holders, our dogging effort and the general community.

Dr SYKES — I commend you for your way with words where you talked about an inconclusive baiting trial and then said that the trial work supported the increase in the strength of baits. Is that not coded for, ‘You stuffed up the bait dosages in the first instance and they were grossly underdosed’?. That is not my question.

Mr HELPER — I would be happy to answer it.

The CHAIR — Dr Sykes, your question, and try to avoid the statements.

Dr SYKES — My question relates to the food bowl modernisation project where claimed savings are going to be created in a number of ways, including the discouraging of irrigated farming on properties more than 2 kilometres from the backbone channels. Linked with that, we have the transfer of the water out of the area with the freeing up of water trading, and we have also government buyback of water. The net result is we could see a substantial contraction of the irrigation area in northern Victoria perhaps down to 60 per cent of its current area.

What work have you done on assessing the impact of that contraction of the irrigation district on key industries such as dairying and associated small businesses, which we will come to later on; say, Murray-Goulburn or Greenham — —

Mr HELPER — Murray-Goulburn is not small business.

Dr SYKES — We will cover small businesses later on; we will talk to the bigger businesses now. Murray-Goulburn closed one factory and Greenham has cut back one shift. My question is: what work have you done to assess the impact of that decreasing size of the irrigation area as a result of these changes, which are to a large extent the result of government policy?

Mr HELPER — Certainly, albeit that I will be talking in my answer about a portfolio area for which the Minister for Water is responsible. I think it needs to be said that the alternative of doing nothing is not one that is open to agriculture in any irrigation system. You cannot have significant losses in irrigation systems and expect that those losses of water will not reduce the viability of such an irrigation system into the future. If you take as an example — and I know your question did not relate to it — the Wimmera–Mallee pipeline loss of 90 per cent of water that went into it before a drop came out of the other end, that is not an irrigation system, or in that case a stock and domestic watering system, that can sustain itself or that we can expect to operate into the future. So the Victorian government has made the decisions that are necessary to ensure that, be it the food bowl or be it the Wimmera–Mallee stock and domestic system, those systems are viable into the future and are able to support agriculture looking forward.

If you take specifically the food bowl modernisation project and look at stage 1, do not forget that you have a sharing of the savings generated by that modernisation — that is, the inefficiencies that are able to be modernised out of the system — between irrigators, the environment and Melbourne water users who are contributing a significant amount of the cost of stage 1 of the food bowl modernisation. Industry as a whole ends up with a greater availability of water than was the case before. Part of any modernisation — and the government was quite open about that right from the beginning — is effective and sensible reconfiguration of such irrigation systems. If there are gains to be made from farmers making choices about where they farm and where they irrigate, if that also contributes to an improvement in the efficiency of an irrigation system and if that further has efficiencies attached to it in terms of the cost of modernisation of an irrigation system, surely they are a set of options that ought to be on the table for any irrigator. That is exactly what we have seen with the food bowl modernisation.

As I started my answer by saying, the converse position is not tenable. We could not have an irrigation system that has significant losses and expect the water to remain with that irrigation system indefinitely into the future. Insofar as the preamble of your question suggested that this was a policy decision that you may disagree with, I put it to you that the alternative of doing nothing was one that the government did not have open to it.

Dr SYKES — I asked a specific question about what work the government had done on assessing the impact on agriculture of the changes, such as the discouraging of farmers more than 2 kilometres from the backbone, the transfer of water out of the northern Victorian irrigation area and the federal government buyback. Given that the minister spent quite a bit of time in his initial discussion highlighting the importance of the dairy industry, I would have thought it was reasonable to assess the impact of these important changes on the dairy industry.

The CHAIR — You have asked the question again. Does the minister have anything further to add?

Mr HELPER — In terms of our interaction with the irrigators, the NVIRP project is an ongoing one. It is where we provide advice to the policy setting of the project but also provide advice for individual farmers to best be able to make decisions about their future, about their interaction with the irrigation scheme.

Ms HUPPERT — In your presentation you touched on the timber industry strategy and some changes in relation to VicForests. Clearly it is very important that we have timber industry sustainability. Can you outline for the committee how the strategy is going to be progressed during the forward estimates period?

Mr HELPER — The timber industry strategy was launched on 18 December 2009. In my presentation I indicated that it came after long and exhaustive public consultation with stakeholders, be they industry stakeholders or other community stakeholders. It is a strategy that we hope will withstand the test of time, providing the industry with a 20-year outlook that it so much needs. The industry strategy reaffirms the government's commitment to a long-term economically and environmentally sustainable timber industry in this state. The reason for that is twofold: firstly, because the industry intrinsically is an important activity in this state, particularly in regional areas, but the second reason is that it supports many of our smaller communities in regional Victoria.

During late April and early May this year the Department of Primary Industries held three regional workshops to encourage stakeholders to consider the opportunities provided by the timber industry strategy. I do not want the timber industry strategy to become a document that sits on a bookshelf and gathers dust and the only stimulus effect of it for the timber industry be the pulp on which it was printed. I want it to genuinely drive change across government. I want it to drive change for the long-term sustainability of the industry, and that is why DPI presented to regional stakeholders on the opportunities that were inherent in the timber industry strategy and how those communities and those individual businesses may be able to best exploit that. DPI is a coordinating agency across government, because it is a whole-of-government strategy. We are the department responsible for lining up the ducks to make sure that the timber industry strategy actually progresses and delivers its potential — —

Ms PENNICUIK — Not a good metaphor, Minister.!

Mr HELPER — Just to mix a hunting strategy into one of the — —

The CHAIR — It is more wood for the trees, I think!

Mr HELPER — To line up the trees so that we do have a long-term viable industry in this place. I can advise that specifically on 29 April 2010 my responsibility as the Minister for Agriculture got enhanced to include being the relevant minister for VicForests. Prior to that it had been the Treasurer who was the governing minister. Now in many respects I continue to be the relevant minister in conjunction with the Treasurer.

The CHAIR — The Treasurer is still the sole shareholder, is he?

Mr HELPER — Yes, for VicForests, being a state-owned enterprise. This fulfils one of the actions — 9.2 — of the timber industry strategy, and I think it is a very positive development.

I can also advise that the review of VicForests as an organisation is well under way managed by the Department of Treasury and Finance. Again, that was something that was referred to in the timber industry strategy. I think we have a strategy, we have a commitment from the Department of Primary Industries and we have a commitment from this minister that the opportunities that are inherent in the timber industry strategy will be maximised for the timber industry in this state.

The CHAIR — Funding for it?

Mr HELPER — There is no funding attached to the timber industry strategy; no direct funding.

The CHAIR — Just activities. Right, okay.

Dr SYKES — Minister, I refer to budget paper 4, page 164, the last paragraph. I note the transfer of responsibility for the Melbourne wholesale markets redevelopment project to the Department of Innovation, Industry and Regional Development. The question is: have continued funding cuts to the DPI meant the department no longer has the personnel to manage this project?

Mr HELPER — Answer no. 1: there are no continuing funding cuts to the Department of Primary Industries. The second part of the answer is no, the transfer of the responsibilities for the new wholesale fruit and vegetable markets at Epping to the major projects unit within Department of Innovation, Industry and Regional Development has occurred because it is a major project and is in a phase that is most suitably addressed by the major projects team, and therefore its responsibilities have been transferred.

Dr SYKES — Why did it not start off in the major projects portfolio initially?

Mr HELPER — It did not start off in the major projects portfolio initially because, like most projects, it goes through an evolutionary cycle. There are first a number of policy principles to put in place, a number of stakeholder engagements do occur and then it translates into the construction phase. The financing phase of it, which is the stage where it is now, is best achieved by the major projects unit. Ultimately of course it will reach its operational stage, and then government will make a decision in which portfolio area it best resides.

The CHAIR — So when did it transfer?

Mr HELPER — Prior to the last budget.

Mr O'FARRELL — Prior to the last budget.

The CHAIR — But it actually took effect, though, in the financial year?

Mr HELPER — No. I know it is not in the budget papers, but I decided to answer it anyway.

The CHAIR — Thank you for that, and I thank Mr Bolt, Mr O'Farrell, Mr Wilson, Dr Skerritt and Ms Kennedy for their attendance and other witnesses as well.

Witnesses withdrew.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 18 May 2010

Members

Mr R. Dalla-Riva
Ms J. Graley
Ms J. Huppert
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr P. Batchelor, Minister for Energy and Resources,
Mr R. Bolt, Secretary,
Mr P. Naughton, Acting Deputy Secretary, Energy and Earth Resources, and
Mr C. O'Farrell, Chief Financial Officer, Department of Primary Industries.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolio of energy and resources. On behalf of the committee I welcome the Honourable Peter Batchelor, MLA, Minister for Energy and Resources; Mr Richard Bolt, secretary; Mr Peter Naughton, acting deputy secretary, energy and earth resources; and Mr Chris O’Farrell, chief financial officer, all of the Department of Primary Industries. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee’s proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his/her chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council Committee Room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee’s website.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of energy and resources.

Mr BATCHELOR — Thank you, Chair. It is a pleasure to be back before PAEC again. I see there have been no purges overnight, I see the usual team that is here, so that is good. I would just like to make some introductory comments.

Overheads shown.

Mr BATCHELOR — I want to talk about the challenges that are facing us with the transformation of our energy sector and our ongoing plans to make that as smooth as possible as we head towards a cleaner future.

As you can see from this slide, we have a big task ahead of us. The world is required to shift towards a cleaner, lower carbon future, and for Victoria that is a major and a significant challenge because it will require a major energy transformation. You can see this is, from the slide, because of our current dependence on coal to generate electricity and the requirements to change our energy mix more towards renewable sources and low emission sources.

The bulk of our energy currently comes from brown coal. It is very carbon dioxide intensive. We have got to find new ways of producing electricity that will have to come from a wider range of sources — from different locations — and new technologies. It will also require us, as a community, to work out how we use our energy differently — at home and at work — and particularly to use it in a more efficient way.

This transformation will take decades; it is not something that can be achieved overnight. But it will require an enormous amount of investment from the private sector and they will need support from the financial sector. We have an important role to play as a government, and our plan is to really try to navigate a course towards a cleaner future.

Much of this transformation is going to be dependent upon a price of carbon being established at the national level. A price on carbon will be the change agent, it will be the catalyst, it will be the lubricant, if you like, that will enable this transformation to be undertaken over time here in Victoria. It is clear that without a price on carbon the transformation of our energy sector is made much more difficult, because basically there is no financial incentive to change, and there is no certainty provided to investors about their costs or their rates of return.

The federal government continues to support a lower carbon future. It is doing that currently through the renewable energy targets, investment and energy innovation, particularly through the two flagship programs.

Also the Prime Minister has announced an energy efficiency task force. Despite the uncertainty of the price on carbon, we are getting on with the job of trying to prepare our economy, to prepare the community for the inevitable changes. What we are trying to do in four main areas is facilitate investment in energy technologies in infrastructure. We want to drive energy innovation to maximise our energy options. We want to work with other Australian governments to ensure that the national energy market can manage and handle this transformation to a cleaner energy future. We want to build the capacity of Victorian communities to meet these challenges and prepare for the way ahead.

We have been encouraging additional capacity in our generation capacity here of recent years. Major achievements include the 192 megawatt Waubra wind farm and the recently announced project of the Oaklands Hill wind farm, which is 63 megawatts and a \$210 million investment. I think people would be aware that the 550 megawatt gas-fired power station at Mortlake is nearing completion. We expect that to be commissioned later this year or early next year on advice from Origin, who are the owners.

The government has also announced a green door policy to try to encourage renewable energy investment through a one-stop facilitation program for investment and streamlining existing approval processes. We want to make sure that Victoria is a place that is susceptible and responsive to the needs of — —

The CHAIR — What is it called? A green door policy?

Mr BATCHELOR — It is a green door policy, that is right. It is to encourage investments in low emissions technology.

We are undertaking this work in the energy area, but we are also investing in the resources area. It is important part of my portfolio. Around \$5.4 billion has been invested in capital equipment in earth resources since 2006. To underlie the importance of this sector, more than 13 000 people are employed. That is the highest number that the state has had employed in this area. It is contributing about \$5 million to gross state product.

We are assisting this through Rediscover Victoria drilling programs. We are also providing more improved technical data to try to reduce the risks from exploration.

As government policy we are trying to accelerate the development of new renewable and lower emissions technology. This is really a key focus. As you can see from this quote from Paul Gilding recently in the *Latrobe Valley Express*:

Put your eggs in many baskets —

that is a better outcome —

because if one egg breaks, you're kind of stuffed.

It underpins why this government has been backing a portfolio approach, and a range of different ways of reducing our greenhouse gas emissions and assisting this transformational change.

We have got a lot of resources here which could contribute to the energy mix. We have got wind, solar, geothermal, wave and gas. We are using technology in these various areas, in research and development and pilot scale projects, to understand how we might use technology and innovation in this transition.

We are also investing in low-coal emissions. We would like to see these cleaner technologies coming into play because of the large resources of coal we have currently available to us, and all of that stored energy in our coal is a resource we cannot be ignorant of.

I am going onto the next slide about market reform. Victoria has a very competitive energy market. It does not come by accident. It has been designed to work that way. We have got efficient networks. These are essential. We are trying to deliver affordable low-cost electricity here in Victoria. There is a very interesting quote from the *Daily Telegraph* of yesterday in relation to this.

The CHAIR — It is on the screen.

Dr SYKES — There were some interesting quotes in the *Age* today, too.

Mr BATCHELOR — About the purging of the shadow ministry? That was in the *Herald Sun* yesterday, wasn't it? But this is the A team that is here today!

The *Daily Telegraph* of 17 May under the heading 'Rules keep power prices high for New South Wales families, a lack of competition among energy providers' the article starts off:

A lack of competition in the NSW power sector is costing families hundreds of dollars a year.

The state's energy market is about as vibrant as ... a 40-watt globe. Victoria, meanwhile, is 100 watt.

Victorians get better deals on electricity because there are more providers south of the border, and these providers fight each other harder to win customers.

It goes on to praise the competitive nature. That is from a leading daily newspaper.

Mr WELLS — Who was that set up by?

Mr BATCHELOR — By Steve Bracks.

Mr WELLS — Which you opposed.

Members interjecting.

The CHAIR — We can spend a lot of time on this argy bargy and going backwards and forwards. But without assistance, Minister, please conclude your presentation.

Mr BATCHELOR — I will just take a little extra time, given the interruptions. This is an important element of our design. It is supported by very hard-won consumer hardship protections that we intend to maintain and make sure they are not watered down.

We are also working with communities. That is important because this graph shows that our energy use is going to increase by more than 20 per cent by 2030. So at a time when energy consumption is increasing, the task of reducing greenhouse gas emissions and other abatement activity will be even harder.

We are doing a number of things through our energy saver incentive, and 4.7 million tonnes of greenhouse gas emissions have already been saved as a result of that particular program. In reducing greenhouse gas emissions, it saves domestic or household bills and makes it more affordable to use electricity.

We also established the premium solar feed-in tariff last year. More than 20 000 locations now have solar panels connected to the grid. This is more than any other state. We are also rolling out smart meters to 2.5 million households and businesses. This will bring forward 21st century technology and enable people to take control of their electricity consumption for the first time.

In conclusion, we are developing a future energy statement; this will be released shortly. It will outline a framework for Victoria's energy policy. It will begin a conversation with Victorians about our energy future, position Victoria as a good place to invest, and outline how we are getting on with the job of preparing the energy sector for when a price on carbon is established at the national level. Thank you.

The CHAIR — Thank you. We have until 10.45 a.m. for questions on energy and resources. Minister, the budget aims to allocate funds in 2011 and subsequent out years for stated government priorities and outcomes to be achieved. Could you please advise the committee of the medium and long-term planning goals strategy or strategies upon which the budget for your portfolio is based and whether there have been any changes since last year?

Mr BATCHELOR — The annual budget allocation process within energy and resources is based on both medium and long-term planning strategies. These are developed in line with the departmental strategic plan, which is shaped by government policies but in particular the Growing Victoria Together vision. Under Growing Victoria Together, the department makes its contribution by leading primary industries in Victoria to achieve a number of objectives — to increase productivity and competitiveness, increase the volume of exports and investments and the quality and quantity of jobs, to reduce the intensity of greenhouse gas emissions, to

improve efficiency of energy, water and other resources, and to increase the reuse of waste products generated from this production.

We do that through delivering the energy technology innovation strategy, or ETIS as we refer to it. This supports research, development, demonstration and deployment of investment in low emissions energy technologies, and it is basically designed to help us become ready for a low carbon future by promoting commercial applications of new low emissions technologies. We also attract and facilitate investment to make sure that Victoria is seen as a competitive location for new energy investment. Our planning and projects approval process tries to do this in a timely and efficient manner.

We have given a lot of emphasis to solar generation as a strategic priority. As you know, we have introduced the solar feed-in tariff bill. We have also supported solar initiatives through the Victorian large-scale solar project. This aims to build about 330 gigawatt hours of solar power somewhere in Victoria — up in the north-west, more likely — so that can be fed into the national electricity market.

We established some time ago the Victorian renewable energy target scheme, which is currently being transferred into the commonwealth scheme. We are awaiting the final parliamentary redesign of that scheme at the national level. We have also paid a lot of attention to energy efficiency through the energy saver incentive. As recently as today there has been a call for discussions of what new elements to the energy saver incentive might be included in the scheme. That call was made by the scheme operators — the Essential Services Commission.

They are the sorts of things that drive the activities that are undertaken in this department's work, largely to shape investment in the private sector to deliver the ongoing supplies of affordable energy but also in the years ahead, less carbon intensive energy.

The CHAIR — You mentioned before about a new energy strategy —

Mr WELLS — How many questions?

The CHAIR — Just a clarification. The energy technology innovation strategy, which you have been involved with, you are looking to have a new strategy some time or other?

Mr BATCHELOR — No, that is a very long-term project because it develops and provides financial assistance to demonstration projects at the large scale, and there are very large amounts of money available. The most recent one is in relation to a solar power station in Mildura. It was awarded funds. The company administering it ran into financial problems, notwithstanding the apparent integrity of the technology.

That has now been taken over by a New South Wales-based company and it is continuing to operate. We have brought forward some part of those ETIS funds to assist the new owner in finalising the development project so they can then go on to the next stage of developing a large-scale solar power station.

The CHAIR — Mr Wells?

Mr WELLS — Thank you. Minister, I notice in your handout there is no reference to smart meters. Is there a deliberate reason why —

Mr BATCHELOR — I mentioned smart meters earlier.

Mr WELLS — Yes, but in this handout there is no mention of smart meters — unless I am missing a page?

The CHAIR — What is your question?

Mr WELLS — No, am I missing a page?

Mr RICH-PHILLIPS — I must be missing it too.

Mr DALLA-RIVA — I must be missing it too.

Mr BATCHELOR — Why don't you ask your question?

The CHAIR — Can we get a question? Can we avoid the statements and get on with the question, please?

Mr WELLS — No, I am just asking.

The CHAIR — What is your question?

Mr WELLS — All right. I will ask the question. I was just making sure I wasn't missing a page.

The CHAIR — I know you are trying to make an irrelevant point — —

Mr WELLS — We've got one! Is that the one we are supposed to have?

Mr BATCHELOR — I have got something in store for you. Do you want to ask the question?

Mr WELLS — I will ask the question, but in the handouts was there supposed to be one? I was just asking and clarifying the point.

Mr BATCHELOR — No, there wasn't one supposed to be in there.

Mr WELLS — It wasn't supposed to be in there?

Mr BATCHELOR — I thought you might ask a question on the smart meters.

The CHAIR — Get on with it. I do not have a lot of tolerance for smart comments, so can we get on with it, please?

Mr WELLS — My question is in regard to smart meters.

Mr BATCHELOR — I have a presentation for you.

The CHAIR — Thank you, Minister, let's hear the question.

Mr WELLS — The Auditor-General's report to the Parliament on smart meters noted that the cost estimate the state government used to proceed with the project was \$800 million, but this figure has since been admitted by the minister's department to be flawed; that appears in *Towards a 'Smart Grid* at page 30. In Parliament on 9 March 2010, as reported in *Hansard* at page 664, you, as the minister responded to a matter concerning smart meters on the adjournment, and made the claim:

... there has not been a cost blow-out ...

So my question is: in light of the minister's claim, can you now confirm that the entire smart meter project will be delivered for the original \$800 million cost estimate; or if not, how much extra will the Victorian electricity users have to pay due to this government's lack of competence in managing major projects? Will it be more or less than the \$2.25 billion figure that the Auditor-General has referred to in his report?

The CHAIR — Minister, please answer the question in so far as it relates to the estimates.

Mr BATCHELOR — Going forward, electricity consumers — domestic and small businesses — will pay for the installation of new smart meters. They are being rolled out at the moment and that will continue over a four-year rollout period. There was an original estimate in 2006 of \$800 million. That is correct, but that is the only correct part of Mr Wells's question. The rest of it is incorrect — —

Mr WELLS — Sorry, with respect I was quoting you — —

The CHAIR — You are not showing a lot of respect. You must go through the Chair. Let us hear the minister's answer.

Mr WELLS — Through you, Chair, I was quoting the minister in *Hansard*. Are you saying that is not correct?

The CHAIR — You have made your point. Minister, continue to answer, without interruption.

Mr BATCHELOR — I want to be clear on what the circumstances are. In 2006 it was estimated that the cost of the interval meter rollout, not the smart meter rollout, was \$800 million. At that time, industry approached the government and advised that there were changes that had taken place in technology and that the metering function, going forward, would be better served by having two-way communications established to each interval meter.

So the functional design of the meters was then changed and a new project emerged. So it is not correct to compare the cost of \$800 million of the interval meters that occurred at that time with the cost of running out smart meters now, because of the additional functionality; a new costing process was entered into. So you cannot compare the \$800 million with the cost that is now believed to be the cost of rolling out the smart meters, because they are different products.

At the moment we are undertaking another cost-benefit study, and that cost-benefit study, which has been called for by the opposition, is nearing completion. We are having it checked and it will shortly be released, later this year, after it has been through the cabinet process, and cabinet has had time to consider it. What I can reveal to you is that the extra cost of smart meter services is likely to be \$1.6 billion — not the \$2.25 billion figure I think you have been referring to quite consistently. It is likely to show that there will be benefits in the range of between \$2 billion to \$4 billion, so it will be a positive cost-benefit ratio.

The 2.25 figure that you refer to was referred to in the Auditor-General's report. It was a figure that he did not analyse; he sourced that from industry sources at a much earlier point in time. That figure of 2.25, as the Auditor-General highlights, contained what the distribution companies had put to the regulation review that is conducted by the Australian Energy Regulator. That was the figure that they had put to them at that time for smart meters, but it also included the cost of other metering. So it was the full metering services, old and new; it was not the additional cost that would have to be borne by the consumers.

The additional costs of the new technology — smart meters as opposed to the interval meters — is likely to be around \$1.6 billion; that will become clear once this cost-benefit analysis has been completed, once it has been considered by cabinet, and I am hopeful that we will be able to release that a bit later on.

Mr WELLS — Can I clarify two points?

The CHAIR — Very quickly.

Mr WELLS — Minister, firstly, will that cost-benefit analysis be released prior to the election? Secondly, in regard to when the industry sources came to you and said that there was a change and was going to use different technology, at what point did you inform the public that that was going to happen and that there would be an increase in cost?

The CHAIR — This is an estimates hearing. It is not a hearing on energy-technology usage in the past. But I will allow you to use your discretion in terms of those considerations, Minister.

Mr BATCHELOR — I expect that the cost-benefit analysis will be released to the public. We would like to do that as soon as possible; we would like that to be, certainly, well before the election. It has to go through the cabinet process, and it is a decision of cabinet ultimately, but that will be my recommendation, because I think it will assist the public debate. It will certainly help the opposition understand what the real additional cost of smart meters is going to be and I think it would be a good thing to do, so I am hopeful that cabinet will do that.

The process is not concluded; the figures I have given to you are the early indications. You wanted to know when the change of — —

Mr WELLS — Yes, when the industry came to you to say that there has been a change — —

The CHAIR — I do not think that relates to the estimates, quite frankly.

Mr WELLS — The actual rollout of the smart meters does relate to the estimates.

The CHAIR — It does, but what happened in 2006 does not, actually.

Mr WELLS — I am just wondering at what point did you inform the public that there would be any increase in the cost?

The CHAIR — As I said, I do not think that relates.

Mr BATCHELOR — I do not think I was the minister at that time, but my memory is that there were stakeholder consultations and a statement made and information put into the public domain. But you will have to bear with me; I do not believe I was the minister at the time.

The CHAIR — We should be able to put that as a question on notice on the notice paper.

Ms GRALEY — Minister, I would like to talk to you about solar energy policy. I am mindful that we do not want to put all our eggs in the one basket, as you said, but I know that Victorians are really enthusiastic about solar power, as indicated in your presentation. I refer you to budget paper 3, page 201, which talks about the increase in the expected outcome for the strategic policy briefings on energy matters to the portfolio. I think it is at footnote (h). The performance measurement is due to the commencement of the premium feed-in tariff scheme. I am wondering if you could advise the committee, apart from the premium solar feed-in tariff, what else the government will be doing to encourage the uptake of solar power?

Mr BATCHELOR — In response to the Chair's question about the ETIS program I pointed out that these are large investments that take place over many estimates periods and outlined to him the assistance we are providing to what was previously known as the Solar Systems large-scale power station and the financial troubles that the then company got into before it was taken over. As part of that, we have brought forward some \$3.5 million of the previous \$50 million grant that is being made available to help fund Silex Systems, the new owners, to ensure that the research and development that takes place can be concluded and they can go to the next stage of this project, the next stage following the first stage. The first stage was a 140-kilowatt plant built at Bridgwater; the next stage is to build a much larger scale power station up near Mildura, at Carwarp.

This project is an example of how, over time, we are helping to try and draw large-scale solar power stations to Victoria. Why we are doing that in addition to helping domestic-scale solar generation is that the cost per unit of electricity generated from large scale is much cheaper than that generated from domestic-scale solar power facilities. That is one element that we are doing.

The second element is that we are developing a second large-scale solar power station which we think will be capable of supplying about 50 000 Victorian homes and we are allocating \$100 million towards the project. We think that during the next forward estimates, we will be in a position to make a decision on that. Why are we saying that? Because one of the preconditions of getting this \$100 million funding from the state government is that the proponent that is successful under Victoria must, first of all, also be successful with the Solar Flagships money; they have got to attract federal funds to their particular project.

Recently, the federal government announced that there would be eight proposals put on their short list, half for solar thermal, half for solar PV power generation, and three out of the four proposals for the PV have proposals to build either the entire power station or parts of the power station in Victoria. So the \$100 million we have put on the table to try and attract not only solar generation but funds from the federal government under their flagship payment are there. Money is being made available at the moment from the federal government to conclude feasibility studies and I understand they will be making a decision in the first half of 2011 as to where their Solar Flagships money will be going. If it is for a power station in Victoria, we have already indicated that, if it comes through that process, we would be prepared to put in \$100 million. So that is what we are doing at the large scale.

We are also working at the innovation end of the market in trying to identify through research and development grants how we might improve new technologies in solar. We have given \$6 million to Melbourne University and they are continuing that program over a number of years to develop organic solar cells. These are an alternative to the silicon-based solar cells and they will produce a really significant and important step change in solar production because of the relative cheapness in cost of producing them, and I have brought one of these along to show you today. The proposal is to develop a thin film of, for want of a better word, plastic-type material. Printed inside the film are several layers. It uses the technology that printed bank notes are made with.

The CHAIR — Polymer technology.

Mr BATCHELOR — Polymer, they are. That is right; that is the technical word — plastic-type stuff.

Embedded in here are organic solar cells. It is some sort of dye that, when exposed to sunlight, produces electricity. They are now working out, having solved the problem of how you print it, how you then might have a practical application for it. As you can see, this is a much more efficient way of producing solar power cells, and it would have a whole variety of different applications.

For example, part of the consortium that is involved in this is BlueScope Steel and other universities. They can see the benefit of perhaps having a flexible film or skin that you could perhaps apply to roofs and walls. You could also have applications where you might build dam covers with it to stop evaporation but also to generate electricity, or you can stretch it out over very large areas on the ground. It is limited by your imagination.

We have put \$6 million into that type of project. We have also put \$3 million into Swinburne University to develop the Suntech advanced solar facility, again who are interested in thin-film solar technologies.

Whether it is at the large scale, the domestic scale or the innovative edge of making solar, we are trying to do it. The big issue for solar is its cost to production, and we are particularly excited about this organic solar cell development, because of the ability to bring down the cost of producing electricity from the sun. While sunlight is free, solar power is not. You have got to have the black box, if you like, to convert the free sunlight into electricity, and that is what we are seeking to do.

The CHAIR — Thank you.

Mr RICH-PHILLIPS — Minister, I would like to take you back to the smart meters issue that Mr Wells raised. Firstly, I refer to the Department of Primary Industries' fact sheet on smart meters, and a section with respect to who is paying for smart meters. The fact sheet says:

In the same way you pay for the current meter and electricity infrastructure (the poles and wires), the costs of the overall smart meter upgrade will be included in your electricity bill over a number of years.

Are you aware of any instances where householders have been informed that before a smart meter can be installed in their property, they need upgrades to the electrical infrastructure in their property and that they will need to pay for that? Consistent with what the fact sheet says, can you provide an assurance that no householders will have to pay upfront for any of the works required for the installation of smart meters — that it will all be included in the bill as planned by the fact sheet?

Mr BATCHELOR — I am not aware of the specific instances you cite. If you would like to hand that information over, I will follow that through for you, and either answer it now, if you have got the material. It is a bit hard, Chair, to answer specific questions on generalised accusations without any information. I do not know whether the information is in fact true, however, so I will await the provision of such information, if it in fact exists. I do not know whether it exists, and I always try and bring along material and evidence.

Mr RICH-PHILLIPS — But you are not aware of any instances?

Mr BATCHELOR — I am not aware of the instances you are referring to, and you apparently are unable to supply the information.

Mr RICH-PHILLIPS — Minister, if you are not aware of instances I am referring to, are you aware of any instances where upgrades have had to be charged or where householders have been told upfront they need to pay for upgrades before a smart meter can be installed?

Mr BATCHELOR — I can understand there might be some circumstances where during the rollout of 2.5 million individual smart meters there may need to be some safety changes made at the meter box area. This has been envisaged and foreshadowed as an issue that might need attention.

There are a very limited number — a very small number — of cases where the technician turns up at a house and finds that the pre-existing wiring is unsafe and needs some adjustment to it. The level of adjustment ranges enormously, and the level of correction and upgrading ranges enormously. In some instances it is fixed then and

there as part of the meter installation. However, if it is unsafe, it needs to be corrected, and that is outside the scope of the smart meter rollout.

It is an issue that the property owner should have already addressed. The installation program provides the opportunity for it to be brought to the attention of the householder. If the existing arrangements are unsafe, the householder needs to make them safe, although under some instances if it is a small requirement, it can be done as part of the rollout, but the responsibility lies with the householder.

There are also other possibilities — and I am not sure if any have occurred yet — where households have been illegally bypassing the meter and tapping free electricity. In those circumstances they would have to pay to have the wiring done properly so that they pay for their electricity and are not bludging on the rest of us who have to meet that cost.

There may well be some of those circumstances that arise during it. But I think we have had about 100 000 meters installed to date and the occurrence of these types of circumstances is very small. I would be prepared to get the details from you, if you could send them to my office this afternoon — if they exist — that would be very helpful.

Mr DALLA-RIVA — So you do not know? That is a smart remark.

Mr BATCHELOR — I do not know whether he has got it.

The CHAIR — The minister, without assistance.

Mr BATCHELOR — I do not know whether he has got stuff. He said he had it. I want him to show us.

Mr DALLA-RIVA — You just told us you know about it and then you ask us for it. That is a smart remark, really. No wonder it has blown out.

The CHAIR — Without assistance, please.

Mr RICH-PHILLIPS — You said yourself it was a safety issue.

The CHAIR — Mr Rich-Phillips, do you wish for some clarification?

Mr RICH-PHILLIPS — The minister is saying ‘safety issues’. In how many instances within that 100 000 installations have safety issues arisen where remedial works have been required to be paid for by householders?

Mr BATCHELOR — I have not got those figures.

The CHAIR — You can take that one on notice.

Mr BATCHELOR — And I want on notice the case that he referred to.

The CHAIR — There are examples where people have got solar ones where they do have to make some sort of minor adjustments.

Mr BATCHELOR — No, that was not the one he was talking about.

Mr NOONAN — Minister, I want to ask about the Victorian renewable energy target, which is referenced on page 45 in budget paper 3. It talks about the transition process to the commonwealth’s expanded program that obviously seeks to increase the share of renewable energy in Australia to 20 per cent by 2020. I just wonder, for the committee’s benefit, whether you can indicate what impacts there are on renewable energy investment in Victoria and how the government will assist over the forward estimates period?

Mr BATCHELOR — Sure. As all members of the committee, both upper and lower houses, would know, in November last year the Victorian Parliament passed legislation transferring the VRET into the commonwealth RET scheme that took effect from 1 February. Participants in the VRET scheme automatically became participants in the RET scheme, and that took over from the Victorian scheme.

Just by way of background, the Victorian scheme has been a huge success. It has led to over 2000 jobs being created and about \$2 billion worth of investment; most of that has taken place in regional Victoria. It has led to outcomes whereby there has been renewable energy generated. It has led to a reduction in greenhouse gas emissions, and it has also led to the establishment of a new source of non-farm income for farmers who participate in this.

Of course it is not compulsory to have a turbine put on your farm, but there are lots of farmers who are benefiting financially because they are able to have a turbine placed on their property and continue the rest of their farming activities. So this provides them with a regular, non-weather-dependent form — it is dependent on the wind, but it is drought-proofed in the sense that it is not dependent on rain — of income.

I know that the VRET also not only brought on wind investment but it has brought on hydro investment. The member for Benalla was pleased to be at the Bogong hydro scheme that brought on 140 megawatts of renewable energy in his electorate. He is a great supporter of renewable energy.

VRET has seen eight wind farms established. There are another 20 permits for wind farms that have been approved and, as I understand it, about seven planning applications have been lodged. This is a critical time for wind farm development, because whilst that is not the only form of eligible renewable energy under either VRET or under the new commonwealth RET scheme, it is the cheapest to produce and it produces the lowest price in most circumstances — other than, say, perhaps some hydro schemes in the long run. But wind at the moment is the most affordable and accessible form of renewable energy, and we are waiting on the passage of the renewable energy scheme at the national level to be able to trigger some very substantial investment projects here in Victoria.

The Macarthur wind farm, which is a proposal being led by AGL, will produce one of the biggest wind farms, if not the biggest, in the Southern Hemisphere. I think from memory it is about \$800 million worth of investment and this will bring an enormous economic benefit. But it is dependent upon the commonwealth RET scheme being made more rigorous and more operationally effective in a similar way as the Victorian renewable energy target was.

A lot of effort, a lot of consultation, a lot of dialogue with industry went into the design details of the VRET scheme, and when it was transferred to the commonwealth there were some problems generated by the inclusion of small-scale renewable energy schemes. We hope that is now being addressed. The wind industry is eagerly awaiting it and I see that even in places like in Portland, where Denis Napthine is the member, they are keenly awaiting the outcome of this because of the impact it will have on the local industry, particularly the wind tower producers at Keppel Prince.

So there is an enormous amount of interest and benefit waiting to accrue to Victoria through the transition to the commonwealth scheme and in getting the design details and the legislation through the commonwealth Parliament this winter.

The CHAIR — Thank you for that.

Mr DALLA-RIVA — Minister, back to the issue of smart meters: can you confirm that an advertising campaign promoting the rollout of smart meters to Victorians will be undertaken in the forward estimates? If so, how much will the campaign cost, when will it commence and are there any prominent personalities to be engaged as part of the advertising campaign?

Mr BATCHELOR — Sorry, what was the last bit? Prominent personalities?

Mr DALLA-RIVA — Are there any prominent personalities to be engaged as part of the advertising campaign?

Mr WELLS — Prominent female personalities.

Mr DALLA-RIVA — Female, we understand.

Mr NOONAN — How do you classify them?

Mr WELLS — Prominent females.

Mr NOONAN — What is ‘prominent’?

Ms GRALEY — What is he talking about?

Mr BATCHELOR — ‘Prominent female’? What do you mean?

The CHAIR — I think it is self-explanatory. The minister, to answer.

Mr NOONAN — Where is it in the budget papers?

Mr BATCHELOR — I do not know.

Mr DALLA-RIVA — I will send you a dictionary.

The CHAIR — The minister, to answer, without assistance. The question has been asked.

Ms GRALEY — Where is the prominent female in the budget papers?

The CHAIR — Thank you, Ms Graley.

Mr BATCHELOR — I am not aware of any prominent females being in the forward estimates — —

Mr DALLA-RIVA — How much will the campaign cost, when will it commence and how much taxpayers money — —

The CHAIR — You have asked the question once, Mr Dalla-Riva.

Mr DALLA-RIVA — I am getting snide remarks back — —

The CHAIR — Without assistance. Minister.

Mr BATCHELOR — Part of the rollout of smart meters entails not just the physical rollout, house by house and small business by distribution business over a four-year installation period. It is not just that: it also requires retailers understanding how they might offer better products. It is also necessary for appliance manufacturers to be able to offer much more advanced products, and it is also important that communities and households understand how they might make use of smart meters. So we are envisaging that there will be an education campaign. I think it will be less than \$1 million next year, but we would envisage that there would be an education campaign trying to achieve those objectives.

In terms of the form and the content, I am not aware of the form or the content of what it would do, but I think it is important that people understand the benefits. You see the benefits on the presentation here, on the overhead. They are quite extensive, but people need to understand those. People are very pleased that there will be no more estimated bills, because the meter, having a two-way communication device, enables the information to be fed back, and the power companies will be able to read the meter. It will probably be done on a daily basis rather than a quarterly basis. When you move, you will not have to wait until the next turn for the meter reader to turn up. They will be able to organise it so it will be much cheaper and quicker to connect to power when you move house.

They will also have the ability during a blackout, instead of relying on you ringing up and telling the distribution companies that you have some problem at your place or in your street, to report that information automatically for you. So if you are at work and there is a blackout, it will be reported in your absence and they will then be able to send out the right sort of team to deal with it. These types of meters are easier to connect with the distributed energy generation that is fed back into the power grid. Particularly with solar, you cannot have a solar system and the feed-in tariff with the old-fashioned meters; you have to get an upgraded meter, and of course these new smart meters will have that capacity.

If you want, you will be able to get real-time readings of electricity in your house. So if you want to monitor and better understand your energy consumption and then hence change your behaviour, you will be able to save money. You will be able to make a contribution to the environment. Really big changes will come through lower network charges due to the design and construction of a smarter grid. You cannot have a smarter group without smart meters.

An example of that is that there is a cultural phenomenon at the moment, particularly in the more established suburbs, of people putting in air conditioning where it has not been installed previously. It is an individual choice and activity. You are not required to report it to the electricity company. They do not know what is happening. Then suddenly on a day of peak demand — and there are a couple of those a year — you find that the sudden increase in energy demand brought about by these new electrical products puts pressure on the system. We even saw some instances where there were localised blackouts in the heatwave of 2009.

Smart meters and a smart grid will be able to feed back information to distributors, and they will be able to work out if there needs to be an upgrade of the capacity of the supporting wires and poles, the distribution network, to try to prevent the sorts of outages that occur when it is not possible to know this sort of information at the moment.

Also benefits will accrue under this category of savings because the distribution and the network will be able to be better designed and be able to even the load. That will help defer the need for construction of additional generating capacity. Those benefits, either through the actions of consumers or those network benefits, will need to be passed back to consumers as they are the people that have been paying for them. They will be passed back to consumers, and the Australian Energy Regulator has already given a commitment that it in fact will be doing that.

Mr DALLA-RIVA — Just to clarify, in the forward estimates where would the money come from in the budget for the expenditure on the advertising campaign?

Mr BATCHELOR — It is in the line items for department expenditure.

Mr DALLA-RIVA — What page?

Mr O'FARRELL — It is not separately identified in the budget papers.

The CHAIR — It is in the appropriation to the department in the bill, is it?

Mr O'FARRELL — Yes. As the minister said, the preliminary estimates are that the cost of any sort of education campaign could be up to or less than \$1 million next year, and subject to the appropriate approvals. I understand this sort of stuff has to go through a committee of cabinet — —

The CHAIR — It has to go through a special committee.

Mr O'FARRELL — And the minister's approval and so on. Then the department looks to allocate that money.

Ms HUPPERT — Minister, of great interest to Victorian consumers is the price paid for power, particularly electricity and gas. I note that on page 84 of budget paper 4 there is a reference to the ceasing of operations of the Victorian Energy Networks Corporation, which at the time it operated was responsible for the efficient operation of the gas and electricity industries. Could you please explain for the committee how the government will be involved in electricity and gas pricing in Victoria into the estimates period?

Mr BATCHELOR — Certainly. As you rightly refer to, the operation of the market was undertaken by VENCORP. The regulation of cost applications was conducted through the Essential Services Commission. In establishing the national electricity market these have moved to a national structure. VENCORP has ceased to exist, but it has been taken over by AEMO, and the Australian Energy Regulator has taken over most of the functions of the Essential Services Commission. The one remaining area that has not been transferred and is the subject of negotiations and discussions at the moment is in relation to consumer protections. At the moment they are still regulated the Essential Services Commission, but the rest of it has been undertaken by the AER.

As I indicated earlier on and is acknowledged by Sydney's leading daily newspaper, the *Daily Telegraph*, we have got the most competitive energy market not just in Australia but in the world.

Mr DALLA-RIVA — Who is he? He is a Twitter; I just checked his name on it.

The CHAIR — Without assistance. Minister, to continue, please.

Mr BATCHELOR — We have got excellent competition here. On 1 January the *Herald Sun* reported that the highly regarded energy retail markets authority, first data, had rated Victoria as the world's most competitive energy market. Over the last two years it has also been independently rated by another international agency as the most competitive in the world. This means that we are able to produce savings. If you shop around, if you go from one retailer to the next, you can produce savings, and they are reported. We have seen studies where it is around 10 per cent. The *Daily Telegraph* in Sydney reckons that it is about 11 per cent at the moment, if you shop around. They did a comparison between a part of Sydney in the western suburbs with a similar part of Melbourne in the eastern suburbs and a similar household. They have identified that because of the cheaper prices and because you can shop around and through competition get better deals here in Victoria, your electricity bills would be something like \$200 a year cheaper than the comparison in the western suburbs of Sydney.

Dr SYKES — Not if you are in country Victoria.

Mr BATCHELOR — You can see that our prices are not just lowest in Melbourne; they are lower right across the state because of this competitive outcome. The comment by the *Daily Telegraph* of the advantages of people south of the border, that starts at Wodonga and makes its way all the way down the Hume Highway to Melbourne.

Members interjecting.

The CHAIR — Without assistance, please. The minister to conclude his answer.

Mr BATCHELOR — I have.

The CHAIR — Thank you for that.

Ms PENNICUIK — Minister, on page 6 of your presentation you talk about ageing infrastructure being a challenge for the system. My question is about the greenhouse gas reduction deed between the state and Hazelwood, a power partnership signed in September 2005, which agreed to limit CO₂ emissions to the equivalent of 445 million tonnes over the operating life of Hazelwood, and if Hazelwood exceeded, they would have to pay the state \$10 per tonne for every tonne over this limit. My question is: has Hazelwood paid anything to the state over this period, and is it expected that it will do so in the budget period forward? Are you able to inform the committee if Hazelwood is on target to meet its cap of 106 million tonnes equivalent for its first report date due this year in December?

The CHAIR — Minister, as it relates to budget estimates.

Mr BATCHELOR — In 2005 I think it was International Power, the owner of the Hazelwood power station, entered into an arrangement with the state government called the greenhouse gas reduction deed. It was to cap future greenhouse emissions from Hazelwood and to put it on a trajectory to see those emissions reduce over time — over the period to 2030, as I recall. The company is currently meeting all its obligations under that agreement and has been able to do that since the signing of the deed. I think they have been successful in doing that. They are currently below it, so they do not have to pay the penalty that you referred to. I do not believe, accordingly, that it would be contained within the estimates for this year in terms of a penalty payment.

It entered into this agreement in order to obtain an additional mining licence. As a consequence, it was required to change its mining operations. The deed for Hazelwood required it to use its best endeavours to reduce greenhouse emissions intensities from the power station, to report on the progress of its internal research and development into the use of new technologies and to facilitate the establishment of new technology projects that were supported by the ETIS project.

To date they have been successful in bringing about efficiencies. They have also trialled alternative technologies. They have looked at a number, in terms of drying technologies for application in the plant. They have looked at burning of biomass to complement or replace the coal. They are also participating in a pilot plant for carbon capture. They have also participated in looking at how they might use the carbon dioxide from the power station, part of its emissions, to accelerate the growth of algae and then that algae be used for diesel or ethanol or protein production.

You can see that whilst it is our oldest power station, the power station that produces 25 per cent of our emissions, it is a power station that has got a commitment to reducing its greenhouse gas emissions over time. You can see from what I have described as a number of initiatives that it is taking, has taken and that are currently under way, that they are the sorts of initiatives that will help it meet its long-term commitments now or into the future, so that it can play its role in reducing greenhouse gas emissions overall.

Ms PENNICUIK — Chair, I want to follow up just on — —

The CHAIR — A clarification?

Ms PENNICUIK — Yes, a clarification, Chair. In 2006 Hazelwood was granted \$30 million to undertake the coal drying which you mentioned. What is the status of that project? Has it commenced?

Mr BATCHELOR — The design work and early preparation have commenced, but it was predicated around technology coming from Germany. It was dependent upon a technology trial concluding in Germany, and that technology trial has not concluded, so they are waiting on that. They do not want to purchase technology until it has been demonstrated that it works satisfactorily in Germany.

Ms PENNICUIK — So that \$30 million is sitting there waiting for them to commence?

Mr BATCHELOR — Under our ETIS program, the payment for initiatives is based on milestones being agreed, and money is not handed over when the announcement is made. As I explained with, say, the solar ETIS grant, they get the money when they meet various milestones. In relation to this question and this plant, the milestones come from implementing or constructing the plant.

Ms PENNICUIK — So has any of the \$30 million been handed over to Hazelwood yet?

Mr BATCHELOR — No.

Ms PENNICUIK — So how long is that going to sit there before they start?

The CHAIR — I think we have had enough on that one.

Mr BATCHELOR — Sorry, no, just to clarify, not for the coal drying, but they have got another project under way at the moment to which they have received funding because they have reached the respective milestones.

Ms PENNICUIK — How much?

Mr BATCHELOR — Three million, I think. Less than three. I will get it; I will tell you.

Ms PENNICUIK — Thank you. I would like those figures, if we could have them on notice, Chair.

Mr BATCHELOR — It is a carbon capture project at Hazelwood, and we have reported on it previously.

The CHAIR — Of course we reported on this in our last report — including on the particular project that you mentioned — which was just tabled in the Parliament earlier this month and in which you will actually find some details of the question you asked in regard to that, Ms Pennicuk.

Ms PENNICUIK — Yes, thanks, Chair. There are lots of reasons for asking questions here.

The CHAIR — You should read our own reports.

Mr SCOTT — Minister, I would like to ask about the Energy Saver Incentive. On page 195 of budget paper 3 it outlines that DPI contributes to key government outcomes, including the efficient use of natural resources. How will the energy saver initiative encourage the residential sector to save energy over the next four years?

Mr BATCHELOR — We have an ongoing program called Energy Saver Incentive — it was previously known as the Victorian energy efficiency target — which sets a projection of greenhouse gas abatement. The

first year target was 2.7 million tonnes, and it sets a target for each year. I can report that in the first year it achieved its target. In fact, it achieved slightly more than its target.

It is a scheme that works by issuing tradeable certificates. Each certificate represents a tonne of greenhouse gas avoided. As a consequence, it is a driver for household energy efficiency improvements. Retailers are required to accrue a prescribed number of certificates, depending upon their position in the retail market, and this ultimately translates or reflects into energy savings in the homes of Victorians. In a sense, retailers can purchase certificates from an organisation that is accredited to create them, they can undertake the prescribed activity themselves and if they fail to meet their requirements, they have got to meet a penalty.

The scheme has been very successful and, whilst it is a scheme that has its measurements around greenhouse gas avoidance, or abatement, it does translate through into energy efficiencies. So the scheme, as it is designed, is to help households reduce their energy consumption to achieve the twin goals of abatement and lower costs. The sort of things that it is doing at the moment: it is seeing the installation of compact fluorescent lights, and under some circumstances these are able to be offered at very low or no cost to the householders; and there are other projects such as the installation of double glazing and the purchase of new energy efficiency products. As I mentioned before, the scheme is administered by the Essential Services Commission who are taking industry advice at the moment as to what additional activities may be undertaken in the scheme in the years ahead. But it has started off. We think that it can save the average household about \$45 per annum for those who participate in the scheme. In essence, the quicker you are involved in the scheme and you capture these benefits and savings, you then will be able to have those accrue to you or your household year after year in the years ahead.

Dr SYKES — Minister, I refer you to budget paper 3, page 112, in relation to electricity concessions. On that page we see that the number of households receiving mains electricity concessions has increased from 747 347 in 2008–09 to a target of 780 000 in 2010–11. If you then look at budget paper 4, page 241, the top line, table 5.5, there the cost to the government of electricity concessions has fallen from \$69 million in 2008–09 to \$68 million projected in 2010–11. Can you explain why an increase of 32 000 households receiving electricity concessions will cost the government \$1 million less?

Mr BATCHELOR — The concessions provided by the government come within Minister Neville's department. I cannot provide the answer to that at this stage. I will take it on notice and either she or I will get back to the Chair with the answer.

The CHAIR — Thank you for that. There are various categories of energy concessions as well; that may provide the answer there. I thank Mr Bolt, Mr Naughton and Mr O'Farrell for their attendance.

Witnesses withdrew.

9 Department of Sustainability and Environment

Portfolios

9.1 Environment and Climate Change

9.2 Water

The hearings for these portfolios took place in week one of the budget estimates hearings and the transcripts of proceedings appear in Part One of this series of reports.

10 Department of Transport

Portfolios

10.1 Public Transport

10.2 Roads and Ports

The hearings for these portfolios took place in week one of the budget estimates hearings and the transcripts of proceedings appear in Part One of this series of reports.

11 Department of Treasury and Finance

Portfolios

11.1 Finance, WorkCover and Transport Accident Commission

11.2 Treasury

The hearings for these portfolios took place in week one of the budget estimates hearings and the transcripts of proceedings appear in Part One of this series of reports.

12 Parliamentary Departments

Portfolios

12.1 Parliamentary Departments

The hearing for this portfolio took place in week one of the budget estimates hearings and the transcript of proceedings appears in Part One of this series of reports.

