PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

EIGHTIETH REPORT TO THE PARLIAMENT

REPORT ON THE 2008-09 BUDGET ESTIMATES – PART ONE

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Parliament of Victoria

Public Accounts and Estimates Committee

Report on the 2008-09 Budget Estimates – Part One

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The series of reports on the 2008-09 Budget Estimates produced by the Committee will consist of three parts and include:

Part One

- an index of key matters raised at the first 16 budget estimates hearings to 16 May 2008;
- transcripts of proceedings of the budget estimates hearings to 16 May 2008;
- a list of further information to be provided and questions on notice for each portfolio; and
- departmental reviews that reproduce responses provided by departments and the parliamentary departments to the Committee's budget estimates questionnaire.

Part Two

- an index of key matters raised at the remaining 25 budget estimates hearings to 3 June 2008;
- transcripts of proceedings for the remaining budget estimates hearings to 3 June 2008; and
- a list of further information to be provided and questions on notice for each portfolio.

Part Three

- 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
- analysis, key findings and recommendations relating to the budget estimates for 2008-09.

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PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE MEMBERSHIP – 56TH PARLIAMENT

Bob Stensholt, MP (Chair)

Kim Wells, MP (Deputy Chair)

Greg Barber, MLC

Richard Dalla-Riva, MLC

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Wade Noonan, MP

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Research Officers:	Ian Claessen Charlotte Jeffries
Specialist Advisor:	Joe Manders
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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 INTRODUCTION

This report of the Public Accounts and Estimates Committee is presented to Parliament on the initial component of the Committee's round of 2008-09 Budget Estimates hearings.

The report, which follows on from the new style of presentation introduced for last year's estimates, covers the first 16 budget estimates hearings held up to 16 May 2008. The Committee intends to present a second report to Parliament on the remaining 25 hearings soon after their completion. A final report on the estimates will be presented to Parliament in the early part of 2008-09.

In addition to transcripts of proceedings for each of the 16 hearings, the report summarises on a portfolio basis:

- the key matters raised at the hearings in the form of the Committee's questions and responses from ministers (266 in total); and
- documents presented by ministers to the Committee at hearings.

The report also reproduces the responses received from departments to the Committee's 2008-09 Budget Estimates questionnaire (see Appendix 3). These responses address a range of issues associated with the impact of the budget on departmental operations and future directions.

The conduct of budget estimates hearings enables the Committee to pursue with the government questions surrounding operating revenue of around $37.8 billion and operating expenditure of $37.0 billion. On the capital side, substantial infrastructure investment is forecast to continue with a projected net investment of $4.0 billion in 2008-09.

With these large financial estimates, the issues canvassed at the estimates hearings become central to an awareness and understanding of the key strategic directions and initiatives underway within each portfolio flowing from the budget. Those issues also provide an insight into the thinking of the Committee on matters relating to productivity, performance and accountability in portfolios and across government.

The main purpose of the Committee providing early reports to Parliament is to assist in the consideration of the 2008-09 appropriation bills before Parliament. These bills, when passed, provide authority for the government to deliver planned services and commence new asset investment programs. The aim of the Committee is to enhance the information available to members on the budget and, in turn, to enrich the Parliament's debate on the bills.

I wish to thank Ministers, Presiding Officers and their accompanying staff for their time and quality input into the deliberations at each hearing. I also thank the members of the Committee for their commitment and cooperation at hearings. Finally, my particular thanks, on behalf of the Committee, go to members of the Committee's secretariat for their efforts in ensuring the competent and timely preparation of material for this report.

I commend the report to all Members of Parliament and encourage them to draw on the report's contents as they assess the merits of the 2008-09 appropriation bills.

Bob Stensholt, MP

Chair

CHAPTER 1: INTRODUCTION

1.1 Background

All moneys the government receives from taxes, imposts, rates, duties and other revenues (such as royalties) are paid into the Consolidated Fund. Each year, the government introduces appropriation bills into Parliament, so authority can be given to spend money from the Consolidated Fund.

On 6 May 2008, the government introduced two appropriation bills: the *Appropriation (2008/09) Bill* and the *Appropriation (Parliament 2008/09) Bill*, into Parliament. These bills, when passed, will enable the government and the Parliament respectively to deliver planned services and embark on new asset investments during 2008-09.

The appropriation bills seek parliamentary authority to draw an amount of $31,258.3 million from the Consolidated Fund in 2008-09 for government purposes and $93.4 million for the funding of Parliament's activities.

1.1.1 Budget estimates

Section 40 of the *Financial Management Act 1994* requires the government to submit to Parliament, along with the appropriation bills, the budget estimates for the forthcoming financial year. The budget estimates include, for the relevant financial year, particulars of:

- goods and services each government department will provide or produce;
- 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.

The budget estimates also deal with the application of funds that do not require annual parliamentary authority such as special appropriations, $2,287.3 million; where there is continuing authority derived from specific legislation, agency revenue credited to appropriations, $2,093.7 million; and prior year appropriations, $539.8 million, carried over to the budget year.

The 2008-09 Budget Estimates identify that the government expects total income from transactions of around $37,810.0 million and total expenditure from transactions of $36,982.4 million. In addition, substantial infrastructure investment is forecast to continue, with a projected net investment of $4.0 billion in 2008-09.

1.2 Process followed by the Public Accounts and Estimates Committee for its review of the 2008-09 Budget Estimates

The Public Accounts and Estimates Committee is responsible for undertaking a review of the budget estimates including revenues contained in the budget papers. This review assists Parliament to more effectively scrutinise the activities of government.

This part of the report summarises key matters raised and responded to by ministers for each of the first 16 hearings held up to 16 May 2008. The Hansard record of the hearings is attached at Appendix 1, as the Committee wishes to ensure it is available as soon as possible to inform debate on the budget in the Parliament.

Part two of the report will be presented to the Parliament on the remaining 25 hearings soon after their completion. It will include an index of key matters raised at the remaining 25 budget estimates hearings to 3 June 2008 and a list of further information to be provided and questions on notice for each portfolio.

Part three of the report will contain information relating to responses received to questions taken on notice and further information provided by Ministers; additional information sought by the Committee on departmental responses to the 2008-09 budget estimates questionnaire; and analysis, key findings and recommendations relating to the 2008-09 budget estimates.

The principal intention of the Committee, in presenting early reports to Parliament on the 2008-09 Budget Estimates, is to assist Members of Parliament in their consideration of the appropriation bills and, in turn, to enrich the Parliament's debate on the bills.

1.2.1 Departmental budget estimates questionnaire

Prior to the budget estimates hearings, the Committee sends 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. For the 2008-09 Budget Estimates questionnaire, the Committee focused on the following issues:

- departmental assumptions and performance measures;
- asset funding;
- efficiencies and savings;
- demographic factors;
- economic impacts, initiatives and improvement;
- environmental challenges;
- financial information;
- regional and rural considerations;
- communication, advertising and promotion;
- non government sector;
- revenue initiatives/departmental income;
- fees, fines, concessions and subsidies;
- staffing matters.

Responses received from departments are reproduced in Appendix 3 of this report.

1.2.2 Acknowledgment

The Committee is grateful to the Premier, ministers, Presiding Officers and their accompanying staff for their assistance at the budget estimates hearings held to date.

Ministers also during the hearings or at the end of each session agreed to provide further information or took questions on notice. The report also reproduces responses received from departments to the Committee's 2008-09 budget estimates questionnaire.

1.2.3 General

The cost of this inquiry was approximately $18,450.00.

CHAPTER 2: PARLIAMENTARY DEPARTMENTS

2.1 Introduction

The Committee received evidence from the Hon. Robert Smith, President of the Legislative Council and the Hon. Jenny Lindell, Speaker of the Legislative Assembly, on 15 May 2008. The Presiding Officers provided an overview of the Parliamentary departments at the start of the hearing, assisted by Ray Purdey, Clerk, Legislative Assembly; Wayne Tunnecliffe, Clerk, Legislative Council; and Stephen O'Kane, Secretary, Department of Parliamentary Services. The Committee thanks the Presiding Officers and accompanying officers for their attendance and assistance.

2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the budget estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec Documents provided at the hearings of the budget estimates (see 2.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

2.3 Key matters raised at the budget estimates hearing

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

Funding and financial management issues

- reconciliation of the Parliamentary Departments' output budget for 2008-09 with figures in the Appropriation Bill (p.3);
- subsidies and/or concessions managed within the Parliamentary Departments (p.3);
- funding for select, standing committees and Legislation Committee of the Legislative Council (pp.3-4 and pp. 10-11);
- recommendations in the Committee's report to Parliament on Strengthening Government and Parliamentary Accountability in Victoria (p.6); and
- redevelopment of the kitchen and potential for its commercial operations (pp.13-14).

Current and planned improvement initiatives for systems and infrastructure in 2008-09

- environmental management system (p.6);
- disability accessibility standards for electorate offices (pp.7-8);
- Parliament Heritage Asset Management Strategy (p.8);
- deployment of wireless broadband service to Members (pp.8-9);
- security infrastructure within the Parliamentary Precinct (pp.9-10);
- Parliamentary Precinct Master Plan (pp.11-12); and

- Legislative Assembly Practice Manual (LAPRAC) publishing, questions on notice database and electronic distribution (pp.12-13).

Other issues

- Electorate Officers' Enterprise Bargaining Agreement (pp.6-7);
- inquiry relating to meeting Melbourne's water supply requirements (p.12); and
- disposal of redundant laptops of Members (p.14).

2.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Presiding Officers to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

2.5 Documents tabled at the budget estimates hearing

The Presiding Officers provided a joint introductory slide presentation at the budget estimates hearing. The slides, and an additional document tabled at the hearing reconciling the Parliamentary Departments' output budget for 2008-09 with figures in the Appropriation Bill, are available on the Committee's website

CHAPTER 3: DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT

Review of portfolios

3.1 Education portfolio

3.1.1 Introduction

The Committee received evidence from the Hon. Bronwyn Pike, Minister for Education, on 14 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by Professor Peter Dawkins, Secretary; Mr Jeff Rosewarne, Deputy Secretary, Office of Resources and Coordination; and Mr Tony Cook, Deputy Secretary, Office of Planning, Strategy and Coordination, all from the Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.1.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1, for transcript of proceedings). Transcripts of the budget estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec Documents provided at the hearings of the budget estimates (see 3.1.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

3.1.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page reference refers to the transcript in Appendix 1):

Revenue foregone, subsidies and concessions addressed in budget

- outline of the revenue foregone, specific subsidies and concessions in the portfolio and any changes to these from prior years (pp. 4 – 5).

Performance measures

- discontinued performance measures on class sizes for years 3-6 and years 7-10 (pp. 27 – 28).

Operational funding arrangements for schools

- school reform resourcing package (pp. 7 – 8);
- funding for Catholic teachers (p. 10);
- equity-based funding for schools (pp. 12 – 13); and
- school voluntary contributions and locally raised funds (pp. 21 – 22).

Teachers' Enterprise Bargaining Agreement

- costings for the Enterprise Bargaining Agreement (EBA) for teachers (pp. 6 – 9); and
- negotiations (p. 8).

School maintenance and capital funding

- funding for schools' maintenance (pp. 13 – 14);
- outline of the Schools Upgrade program (pp. 14 – 15 and pp. 18 - 19);
- relocatable classrooms (p. 16);
- maintenance work backlog at schools (pp. 29 - 30); and
- modernisation of 30 technical wings at secondary colleges, and renewal of equipment at all secondary schools (pp. 30 -31).

Victorian Student Register project

- cost of the Victorian Student Register project for its establishment and over its lifetime (p. 31).

Ultranet project

- progress with the project including tendering arrangements and costings (p. 17).

IT in schools

- computer infrastructure in schools (p. 18); and
- Commonwealth's Computers program, including possible implications for the Victorian budget for maintenance (pp. 23 – 24).

Other issues

- 'full cost' recovery from overseas students (p. 6);
- system reform in schools (pp. 9 – 10);
- school workforce improvements (p. 11);
- interest payments on loans taken out by school councils/co-operatives (p. 20);
- 'regeneration project' as part of the Victorian Schools Package (pp. 20 – 21);
- the Mathematics and Science Education strategy a and numeracy and science skills testing (p. 23 and pp. 25 - 26);
- the Refugee Support Strategy (pp. 24 – 25);
- Public Private Partnerships and schools (pp. 26 – 27); and
- 'select entry' schools (p. 29).

3.1.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

3.1.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Minister also tabled the following documents at the hearing:

- the Department of Education and Early Childhood Development's *Blueprint for Early Childhood Development and School Reform*;
- '*Strengthening Outcomes' – Refugee Students in Government Schools* – a report by the Department of Education and Early Childhood Development to assist schools in meeting the highly specialised educational and personal support needs of students who are refugees; and
- *'Wannik': Learning Together – Journey to Our Future* – an Education Strategy for Koori Students, developed in partnership by the Department of Education and Early Childhood Development and the Victorian Aboriginal Education Association Incorporated.

The slides and other documents are available on the Committee's website.

3.2 Children and Early Childhood Development portfolio

3.2.1 Introduction

The Committee received evidence from the Hon. Maxine Morand, Minister for Children and Early Childhood Development, on 16 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by Professor Peter Dawkins, secretary; Mr. Michael White, deputy secretary, office for children and early childhood development; and Mr Tony Cook, deputy secretary, office of planning strategy and coordination, all from the Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1, for transcript of proceedings). Transcripts of the budget estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec Documents provided at the hearings of the budget estimates (see 3.1.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

3.2.3 Key matters raised at the budget estimates hearing

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

Students with disabilities program

- program for students with disabilities (p. 8);
- complaints lodged with the state and federal anti-discrimination bodies (pp. 8 – 9);
- confidential settlements (pp. 8 – 9); and

- assistance for students with acquired brain injury and autism spectrum disorders (pp. 8 – 9).

Other issues

- key subsidies within the portfolio (pp. 3 – 4);
- increased birth rate and extra funding (pp. 4 – 5);
- $49 million early childhood package, including implementing regulation and administering capital grants (pp. 5 – 6);
- early childhood intervention services package (p. 6);
- 'Kindergarten Inclusion Support Scheme' (pp. 6 – 7);
- Neighbourhood renewal projects, vulnerable families, and supported playgroups (pp. 7 – 8);
- Victorian early childhood initiatives compared with COAG action (pp. 9 – 10);
- comparative data on funding for demand for maternal and child health services (pp. 10 – 11);
- refurbishment and rebuilding of early childhood services (pp. 11 – 12);
- target for the number of prep age students being assessed by school nurses (pp. 11 – 12);
- increased funding for the maternal and child health Young Readers program (p. 12); and
- comparative data on the number of places being offered under the early childhood intervention program and the amount of funding to be allocated to this year and future years (pp. 12 – 13).

3.2.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 17 June 2008 and will be considered for publication in its *Report on the 2008-09 Budget Estimates – Part Three.*

3.2.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

CHAPTER 4: DEPARTMENT OF HUMAN SERVICES

Review of portfolios

4.1 Community Services portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

4.2 Health portfolio

4.2.1 Introduction

The Committee received evidence from the Hon. Daniel Andrews, Minister for Health, on 13 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Ms Fran Thorn, Secretary of the Department of Human Services; Mr Alan Hall, executive director, financial and corporate services; Mr Lance Wallace, executive director, metropolitan health and aged-care services; and Dr Chris Brook, executive director, rural and regional health and aged-care 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 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec Documents provided at the hearings of the budget estimates (see 4.2.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

4.2.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page references refer to the transcript in Appendix 1).

Revenue foregone, subsidies and concessions addressed in the budget

- specifics about revenue foregone, subsidies and concessions within the health portfolio (pp.4-5).

Emergency services

- appropriateness of timeliness targets set for 2008-09 (pp.8-9);
- support provided to emergency departments to meet the growing demand for emergency services (p.22); and
- the development of the emergency presentations target for 2008-09 (p.27-28).

Elective surgery

- expanding elective surgery services as part of the Council of Australian Governments' (COAG) Elective Surgery Waiting List Reduction Plan (pp.14-15);
- clarification of the number of additional elective surgery patients (12,400) to be treated over four years (pp.18-19); and
- urgent (category 1) elective surgery patients admitted within 30 days – effect of hospital initiated postponements on the list (pp.29-30).

Nursing services

- cost of the Nurses Enterprise Bargaining Agreement (pp.10 and 15); and
- the nurse-on-call telephone health line (p.34).

Ambulance services

- the new state-wide ambulance service and funding of ambulance services (pp.10-12);
- role of St John Ambulance (Australia) Victoria (p.12);
- reorganisation of Mobile Intensive Care Ambulance (MICA) services and the provision of additional MICA paramedics (pp.17 and 34-35);
- the replacement rate and source of associated funding for replacing ambulance vehicles (pp.21-22 and pp. 30-31);
- impact of the proposed merger of services on local ambulance auxiliaries and their funds (pp.21-22); and
- heavyweight vehicles to carry obese people (pp.31-32).

Cancer prevention and care

- Victoria's Cancer Plan and cancer research (p.9 and pp.28-29).

Maternity services and obstetric care

- maternity services (p.7);
- professional indemnity insurance for independent midwives (pp.22-23); and
- rural obstetrics service – recruitment incentives (pp.32-33).

HealthSMART Shared Information and Communication Technology (ICT) Operations

- activities under additional funding of $103.9 million for the Health SMART system (p.24-26).

Public dental service

- proportion of general dental services compared to the provision of emergency-type services (pp.12-13); and
- allocating dental services between general and children's services (pp.13-14).

Asset investment

- health asset investment program (pp.5-6);

- asset initiatives for rural and regional areas (pp.15-17);
- the Kingston Centre Redevelopment Stage 2 (p.18); and
- the redevelopment at the Royal Children's Hospital, including services and beds (pp.23-24).

Other issues

- the Chronic Disease Program (pp.19-20);
- HIV infection and other sexually transmitted infections (pp.26-27);
- impact of the Immunisation Program (p.32); and
- refugee health nurses under the Refugee Support Strategy (p.30).

4.2.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee to these questions is due by 16 June 2008 and will be considered for publication in a further report.

4.2.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

4.3 Housing portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

4.4 Mental Health portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 5: DEPARTMENT OF INFRASTRUCTURE

Review of portfolios

5.1 Major Projects portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

5.2 Public Transport portfolio

5.2.1 Introduction

The Committee received evidence from the Hon. Lynne Kosky, Minister for Public Transport, on 14 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by the secretary, Jim Betts; Bob McDonald, executive director of corporate resources; Alf Smith, deputy secretary, capital; and Hector McKenzie, director of public transport. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

5.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec Documents provided at the hearings of the budget estimates (see 5.2.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

5.2.3 Key matters raised at the budget estimates hearing

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

Revenue foregone, subsidies and concessions addressed in budget

- revenue foregone, specific subsidies and concessions in the portfolio and any changes to these from prior years (p. 4).

Acquisition of additional trains and trams to boost services

- leasing arrangements for additional trams from France and timelines for expected roll out of the additional trams services in Melbourne (p. 6);
- additional train sets for the forthcoming grain harvest season and subsidies provided for these trains (p. 9);
- the option to purchase additional/replacement trains (pp. 4 – 5);

- steps in the process for refranchising the rail and tram services and availability of tender documents (pp. 10 – 11);
- renegotiation of existing bus contracts (p. 18); and
- the extension of the OneLink and EOG Metcard program (p. 25).

Bus service arrangements

- key performance indicators for bus operators, and penalties for not meeting set targets (p. 18 - 19);
- bus services in the Doncaster area (p. 20); and
- additional NightRider bus services (p. 22).

The myki ticketing system project

- capital and recurrent expenditure for the myki ticketing system project in 2007-2008 (p. 15 - 16);
- penalty payments for the late delivery of the myki ticketing system (p. 16); and
- timeframe for delivery of the myki ticketing system (p. 25).

Safety at level crossings

- the Level Crossing Safety Package(p. 14);
- risk rating state-wide of crossings from the Australian Level Crossing Assessment Model (ALCAM) (pp. 20 – 21); and
- prioritisation of upgrade works for level crossings (pp. 21 – 22).

Enhancing transport infrastructure and asset maintenance

- the country passenger rail network renewal and maintenance program, and maintenance and operation of the V/Locity cars (p. 5);
- South Morang rail extension and relationship to the Epping and Hurstbridge lines (p. 7);
- Laverton rail upgrade (p. 9);
- stage 2 of the metropolitan park-and-ride program (pp. 11 – 12);
- upgrade of the Noble Park train station (p. 24);
- Dandenong rail corridor project (pp. 26 -27); and
- the public transport service package for South Gippsland and the Bass Coast (p. 28).

Improvements in freight rail services

- improvements in interconnectivity between the rail lines and Melbourne ports, and including the Dynon Port Rail Link and direct loading facilities (pp. 7 – 8);
- the upgrade of the Mildura freight train line (pp. 7 – 8); and
- initiatives to increase rail freight to ports (p. 7 – 8).

Improvements in Taxi services

- investigating complaints by taxi customers (p. 12); and
- funding of security in taxis (pp. 12 – 13).

Other issues

- the Early bird train travel program (p. 17);
- performance penalties for train delays and cancellations (pp. 22 – 23);
- V/Line subsidies and financial results (pp. 27 – 28); and
- output costs for the integrated metropolitan public transport system ($1.9 billion) and payments to operators ($970 million) (pp. 28 – 29).

5.2.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

5.2.5 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.

5.3 Roads and Ports portfolio

5.3.1 Introduction

The Committee received evidence from the Hon. Tim Pallas, Minister for Roads and Ports, on 16 May 2008. The minister provided an overview of his portfolio at the start of the hearing, assisted by Jim Betts, the secretary; Alf Smith, deputy secretary; Bob McDonald, executive director, corporate resources; Gary Liddle, CEO of VicRoads; and Terry Garwood, executive director, freight logistics and marine, from the Department of Transport. The Committee thanks the minister and accompanying officers for their attendance and assistance.

5.3.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 5.3.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 17 June 2008. These answers will be considered by the Committee for inclusion in a further report.

5.3.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

Roads

- the Monash – West Gate project, including increased costs and projected income on the Monash CityLink section (pp. 4 – 5);
- the Keeping Melbourne Moving Package (pp. 7 – 8 and pp. 12-14);
- travel times on roads in Melbourne's outer suburbs (pp. 13 – 14);
- AusLink program funding (pp. 15 – 18);
- rural roads program and the regional roads network (pp. 21 – 23);
- initiatives to encourage safer speeds on our roads (pp. 24 – 25); and
- project delays (e.g. Geelong bypass) (p. 26).

Channel Deepening Project

- channel deepening project costs and co-contributions by stakeholders (pp. 18 – 19 and p. 21); and
- legal costs including any forward contingency funds (p. 21).

Other Issues

- portfolio regulatory exemptions (pp. 4 -5);
- improving efficiency and safety in the freight and logistics sector, and ports and marine environment (pp. 19 – 20);
- metropolitan pavement resurfacing, including phasing of funding (pp. 8 – 9);
- 'Arrive Alive 2' program (pp. 9 – 10);
- 'peer passenger number restrictions' under the new probationary licence regulations (pp. 10 – 12);
- tram super stops and impact on traffic (pp. 14 – 15); and
- expected benefits from rail freight projects (p. 23).

5.3.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the minister to the Committee on these questions is due by 17 June 2008 and will be considered for publication in a further report.

5.3.5 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.

CHAPTER 6: DEPARTMENT OF INNOVATION, INDUSTRY AND REGIONAL DEVELOPMENT

Review of portfolios

6.1 Industrial Relations portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.2 Industry and Trade portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.3 Information and Communication Technology portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.4 Innovation portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.5 Regional and Rural Development portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.6 Skills and Workforce Participation portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.7 Small Business portfolio

6.7.1 Introduction

The Committee received evidence from the Hon. Joe Helper, Minister for Small Business, on 16 May 2008. The minister provided an overview of his portfolio at the start of the hearing, assisted by Justin Hanney, chief executive, Regional Development Victoria, David Hanna, deputy secretary, strategy and coordination and David Latina, executive director of the Office of Small Business, Department of Innovation, Industry and Regional Development. The Committee thanks the minister 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 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 6.7.5 below) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 17 June 2008. These answers will be considered by the Committee for inclusion in a further report.

6.7.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

- Energise Enterprise Small Business Festival (p. 3);
- regulatory reform and cutting of red tape (pp. 3 - 4);
- automotive exports and support skills among automotive parts suppliers (pp. 5 – 6);
- 'Small Business' output group and funding allocations (pp. 6 – 7);
- performance measure for 'client satisfaction of small business information, referral or mentoring services' (pp. 7 – 8); and
- small business participation in the 'My Business My People Program' (pp. 8 – 9).

6.7.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the minister to the Committee on this question is due by 17 June 2008 and will be considered for publication in a further report.

6.7.5 Documents tabled at the budget estimates hearing

The minister provided an introductory slide presentation at the estimates hearing.

The minister also tabled a document which explained the difference between the 2007-08 expected outcome and the 2008-09 target for the Small Business output.

The slides are available on the Committee's website.

6.8 Tourism and Major Events portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 7: DEPARTMENT OF JUSTICE

Review of portfolios

7.1 Attorney-General's portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

7.2 Consumer Affairs portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

7.3 Corrections portfolio

7.3.1 Introduction

The Committee received evidence from the Hon. Bob Cameron, Minister for Corrections, on 15 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Dr Kelleher, the acting secretary of the department; Kelvin Anderson, acting deputy secretary (daytime position is the corrections commissioner); and Rod Wise, who is the acting commissioner. 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 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 7.3.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

7.3.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

- growing number of prisoners in Victoria (pp.3-5);
- measures to increase security and detect drugs and other contraband (pp.4-5);
- decisions to significantly expand prison capacity (p.5);
- new graffiti laws and their likely impact (pp.5-6);
- home detention, including breaches and resultant punishments (pp.6-7);

- cost of prisoners, including comparison with other jurisdictions (pp.7-8);
- expansion of prison facilities, in particular at Ararat, Port Phillip and Beechworth and composition of 594 new beds (pp. 3-4 and p.8);
- mental health issues and rates of imprisonment for female offenders (pp.8-9);
- role of inmates at Dhurringile and Beechworth prisons in post bush-fire activities (p.9); and
- drugs in the prison population (p.10).

7.3.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

7.3.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

7.4 Gaming portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

7.5 Police and Emergency Services portfolio

7.5.1 Introduction

The Committee received evidence from the Hon. Bob Cameron, Minister for Police and Emergency Services, on 15 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Dr Roslyn Kelleher, the acting secretary, Department of Justice; Christine Nixon, the chief commissioner, Victoria Police; and Kelvin Anderson, acting executive director, police, emergency services and corrections. 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 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 7.5.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should

be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

7.5.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

Community safety and crime reduction

- measures addressing family violence (pp.5-6);
- reducing the road toll and assisting the government's *Arrive Alive 2* strategy (pp.6-8);
- police numbers and results of an audit conducted on this matter (pp.6-7);
- measures to tackle the rise in alcohol-related assaults in the CBD of Melbourne and in other areas (pp.9-11);
- the Enterprise Bargaining Agreement between force command and the Police Association, and how inherent flexibilities will allow police to increase productivity and reduce crime figures (pp12-13);
- crime statistics including an increase in assaults against the person (pp.13-15);
- hoon driving (pp.20-21);
- the Purana task force success in dealing with organised crime and expected future use of the task force (p.22); and
- statistical basis for Victoria as the safest state (pp.25-26).

Operational issues in Victoria Police

- the provision of hand guns and equipment to members of Victoria Police (pp.4-5);
- firearm training for recruits at the Police academy (p.6);
- the monitoring of the use of force by members of Victoria Police and on management of the force register (pp.11-12);
- the Police Allocation Model and factors to be taken into account in the allocation of the additional 100 police planned for 2008-09 (pp.15-16 and p.26);
- recruitment strategies particularly in relation to Culturally and Linguistically Diverse (CALD) communities and women (pp.17-18);
- the introduction of digital audio recording equipment within Victoria Police (p.19);
- use of taser guns (pp.21-22);
- the maintenance program for existing firearms and safety issues associated with potential new firearms (pp.22-24);
- health and safety initiatives in Victoria Police and associated savings achieved in WorkCover premiums (pp.24-25);
- incidence and duration of stress-related work claims in Victoria Police (pp.26-27).

Other issues

- outline of concessions and subsidies managed within the portfolio and any changes included in this year's budget (p.4);

- police officers per capita over the forward estimates period (pp.16-17);
- police station upgrades identified within budget (p.20).

7.5.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee to these questions is due by 16 June 2008 and will be considered for publication in a further report.

7.5.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

7.6 Racing portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 8: DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

8.1 Aboriginal Affairs portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.2 Community Development portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.3 Local Government portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.4 Planning portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.5 Multicultural Affairs portfolio

8.5.1 Introduction

The Committee received evidence from the Hon. John Brumby, Minister for Multicultural Affairs, on 12 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Secretary of the Department of Planning and Community Development; Stephen Gregory, chief financial officer; George Lekakis, chairperson of the Victorian Multicultural Commission and James MacIsaac, executive director, and departmental officers. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearing of the budget estimates (see 8.5.5) are available on the Committee's website.

8.5.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

- the refugee support strategy (pp.4-5);
- community consultation in relation to the development of ethnic precincts (p.6); and

- content of the *Multicultural Victoria* publication (pp.6-7).

8.5.4 Questions taken on notice at the budget estimates hearing

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

8.5.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

8.6 Senior Victorians

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.7 Sport, Recreation and Youth Affairs portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.8 Veterans Affairs portfolio

8.8.1 Introduction

The Committee received evidence from the Hon. John Brumby, Minister responsible for Veterans Affairs, on 12 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Secretary of the Department of Planning and Community Development; Stephen Gregory, chief financial officer; George Lekakis, chairperson of the Victorian Multicultural Commission and James MacIsaac, executive director, and departmental officers. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.8.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 8.8.5) are available on the Committee's website. The Committee has agreed that written answers to questions taken on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

8.8.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page reference refers to the transcript in Appendix 1):

- initiatives to address the mental health of veterans (p.4);
- programs to support veterans attend medical appointments (p.4); and

- participation in the Spirit of ANZAC Schools Competition (p.5).

8.8.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee to these questions is due by 16 June 2008 and will be considered for publication in a further report.

8.8.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

8.9 Women's Affairs portfolio

8.9.1 Introduction

The Committee received evidence from the Hon. Maxine Morand, Minister for Women's Affairs, on 16 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by Mr Terry Healy, Deputy Secretary; Rhonda Cumberland, Director, Office of Women's Affairs; and Kath Kelly, Manager, Policy Development, Office of Women's Affairs. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.9.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 8.9.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

8.9.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

- Centenary of Women's Suffrage Celebrations (pp.3-4);
- new family violence legislation (p.4);
- intervention program for men and men's behavioural change ($6.1 million) (p.4);
- *Prostitution Control Act* (pp. 4-5);
- financial literacy program (p.5);
- timing of introduction of the family violence bill (p.5); and

- occupancy levels at the Queen Victoria Women's Centre (p.6).

8.9.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

8.9.5 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.

CHAPTER 9: DEPARTMENT OF PREMIER AND CABINET

Review of portfolios

9.1 Arts portfolio

9.1.1 Introduction

The Committee received evidence from the Hon.Lynne Kosky, Minister for the Arts, on 15 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by Penny Hutchinson, director, Arts Victoria; Greg Andrews, deputy director, policy and programs, Arts Victoria; and Dennis Carmody, deputy director, agencies and infrastructure, and Arts Victoria Departmental officers. The Committee thanks the minister and accompanying officers for their attendance and assistance.

9.1.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec Documents provided at the hearings of the budget estimates (see 9.1.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 17 June 2008. These answers will be considered by the Committee for inclusion in a further report.

9.1.3 Key matters raised at the budget estimates hearing

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

- revenue foregone, specific subsidies and concessions in the portfolio (p. 3);
- Australian Centre for the Moving Image (ACMI) - attendances, financial outcomes and future support (p. 3);
- the Centre For Books, Writing and Ideas at the State Library of Victoria (pp. 4 – 5);
- arts in regional Victoria (pp. 5 – 6);
- economic impact of 'blockbuster' exhibitions in Victoria (pp. 6 – 7);
- health of the live music scene and government assistance (pp. 7 – 8); and
- renewal of the permanent exhibitions at Museum Victoria, and extension of funding to e.g. the Immigration Museum and Scienceworks (p. 8).

9.1.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the minister to the Committee on these questions is due by 17 June 2007 and will be considered for publication in a further report.

9.1.5 Documents tabled at the budget estimates hearing

The minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

9.2 Premier's portfolio

9.2.1 Introduction

The Committee received evidence from the Hon. John Brumby, Premier, on 12 May 2008. The Premier provided an overview of his portfolio at the start of the hearing, assisted by the Secretary, Helen Silver; Mark Duckworth; Michael Kane and Adam Fennessy. The Committee thanks the Premier 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 At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec Documents provided at the hearings of the budget estimates (see 9.2.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

9.2.3 Key matters raised at the budget estimates hearing

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

National Reform Agenda and productivity

- intergovernmental relations – examples of engagement between the Victorian and commonwealth governments (pp. 4-5 and p.22);
- planned implementation of the National Reform Agenda (NRA) in the forward estimates (p.24);
- support for working groups under the NRA now known as the COAG Reform Agenda (pp.25-26); and

- new national reform group within the Department of Premier and Cabinet (DPC) (p.26).

Education, skills and lifelong learning, including early childhood development

- role of DPC in assisting the Premier deliver these priorities (p.9);
- machinery of government changes – shift of children's services (p.11); and
- budget initiatives in relation to skills (p.15).

State debt

- the level of projected state debt (pp.5-7);
- major infrastructure projects assigned to the projected level of debt (pp.15-17);
- implications of public private partnerships (p.24); and
- strategies to repay debt (pp.26-28).

Superannuation plan assets

- decline in the estimate from the December 2007 budget update compared to the opening balance of plan assets for 2008-09 (p.8).

Drought, water supplies and the farming sector

- assumptions regarding the duration and impact of the current drought in formulating the budget (pp.9-10);
- matching announcements concerning drought assistance with actual expenditure (p.20);
- securing Victoria's water supplies – impact on the cost effectiveness of the food bowl modernisation project of lower than projected water savings (pp.20-22); and
- improving services to farmers – additional funding (pp.19-20).

Cancer and chronic diseases such as diabetes

- explanation of initiatives to tackle these health issues (pp.17-18).

Urban development and planning

- role of DPC in assisting in improving urban development and planning, particularly in the outer suburbs (pp.12-13).

Government information

- action taken to improve the transparency, openness and availability of information about the services available through government (pp.7-8); and
- allocation and disclosure of funding for major advertising campaigns (p.11).

Other issues

- comparison of the movement in total expenditure to services (pp.13-14);
- discussion on budget parameters (e.g. slower economic growth, impact on projected revenue increases) (pp.18-19);
- funding through the budget for the Greens and other parties including the Democratic Labor Party (pp.22-23);
- public private partnerships, value for money and the public sector comparatives (p.25);
- spending from the Tsunami Disaster Reconstruction Fund (pp.28-29); and
- contingent liability – gambling licences (p.29).

9.2.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Premier to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

9.2.5 Document tabled at the budget estimates hearing

The Premier and the Secretary, Department of Premier and Cabinet each provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

CHAPTER 10: DEPARTMENT OF PRIMARY INDUSTRIES

Review of portfolios

10.1 Agriculture portfolio

10.1.1 Introduction

The Committee received evidence from the Hon. Joe Helper, Minister for Agriculture, on 16 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Richard Bolt, secretary; Mr Dale Seymour, deputy secretary, energy resources and major projects, Dr Bruce Kefford, deputy secretary, agriculture and fisheries, and Mr Chris O'Farrell, chief financial officer, Department of Primary Industries. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.1.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec Documents provided at the hearings of the budget estimates (see 10.1.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion its *Report on the 2008-09 Budget Estimates – Part Three.*

10.1.3 Key matters raised at the budget estimates hearing

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

Revenue foregone, subsidies and concessions addressed in the budget

- specific or implicit subsidies, concessions and revenue foregone (pp.4-5).

Future Farming strategy

- *Future Farming* strategy, including funding over the forward estimates and action to improved productivity (pp.8-9 and p. 15); and
- precision agriculture – use of global positioning technology and expected benefits in terms of productivity (p.16).

Drought relief

- measures associated with on-farm productivity grants and the full funding of full-time drought coordinators (pp.9-10); and
- drought-proofing works, future farm productivity, mental health services and sporting grounds (p.13).

Plant pest, disease and residue control programs

- funding and management of weeds and pests (pp.10-12);

- Victoria's grape vine industries e.g. grape vine phylloxera management (pp.17-18);
- fox and wild dog control – reactivation of bounties (p.18); and
- applying lessons learnt from the equine flu campaign to combating the abalone virus (pp.20-21).

Food Bowl Modernisation project

- strategies and funding, including assistance to small irrigators (pp.16-17 and pp. 22-23).

Budget Papers

- key budget assumptions and the Victorian economic projections (p.23);
- reduction in 'general government expenses by purpose' for agriculture, forestry and fishing, including the government's drought response (pp.5-8);
- machinery of government changes (p.6); and
- communicating the specifics of the agriculture budget to the agricultural farming community (p.19); and

Other issues

- industry standards for animal welfare – inspections and prosecutions (p.14); and
- community information regarding genetically modified (GM) technology (pp.19-20).

10.1.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 16 June 2008 and will be considered for publication in its *Report on the 2008-09 Budget Estimates – Part Three.*

10.1.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

10.2 Energy and Resources portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 11: DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT

Review of portfolios

11.1 Environment and Climate Change portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

11.2 Water portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 12: DEPARTMENT OF TREASURY AND FINANCE

Review of portfolios

12.1 Finance, WorkCover and Transport Accident Commission portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

12.2 Treasury portfolio

12.2.1 Introduction

The Committee received evidence from John Lenders, Treasurer, on 13 May 2008. The Treasurer provided an overview of his portfolio at the start of the hearing, assisted by Grant Hehir, secretary; Stein Helgeby, deputy secretary, budget and financial management division; Ms Lynne Williams, deputy secretary, economic and financial policy division; Tony Bates, director, budget and financial management division; and Steve Schinck, director, strategic management division. The Committee thanks the Treasurer and accompanying officers for their attendance and assistance.

12.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec Documents provided at the hearings of the budget estimates (see 12.2.5) are available on the Committee's website. The Committee has agreed that written answers to questions taken on notice should be submitted to the Committee by Monday 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

12.2.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

Taxation, revenue foregone, subsidies and concessions

- revenue foregone, subsidies and concessions contained in the budget and advice on any specific revenue foregone, subsidies and concessions relating to the Department of Treasury and Finance (pp. 4-6);
- concessions to help country Victorians cope with the rising cost of living (pp.11-13);
- initiatives for taxation of business (pp.19-20);
- measures to address housing affordability, specifically by way of grants and/or taxation reform (pp. 22-23); and

- projected payroll tax revenue and payroll tax rates over the forward estimates period (pp.29-31).

Financial management strategies including the management of debt

- level of net debt in the non-financial public sector over the forward estimates period (pp.6-8);
- financial objectives of the budget (pp.8-9);
- possible funding via debt of the desalination plant (pp.16-17); and
- financial management activities to be undertaken by the government (pp.17-18).

Funding of infrastructure projects

- investment in major water projects, especially the desalination plant and the food bowl irrigation infrastructure projects (pp. 16-17 and pp.23-24);
- funding of transport projects and impact on *Meeting our Transport Challenges* Reserve (pp.25-26);
- proposed infrastructure investment program (almost $30 billion over the next four years) and projected percentage breakdown between traditional procurements and public/private partnerships (pp.27-28); and
- phasing of expenditure under the Regional Infrastructure Investment Fund in terms of the expected outcome for 2007-08 and estimated output cost in 2008-09 (pp.33-34).

Budgetary issues relating to education, children and early childhood development

- the regeneration of facilities and education projects (pp.24-25);
- maternal and child health (pp.26-27);
- assistance to at-risk students and completion rates in Victorian schools (p.34); and
- Improving School Outcomes in relation to the apparent disparity in school performance across the state (pp.35-37).

Budget approach to addressing social, economic and environmental challenges

- global and domestic economic challenges (pp.10-11);
- Victoria's comparative performance against other Australian states in addressing contemporary economic challenges (pp.13-14);
- challenges over the forward estimates period (pp.15-16);
- *A Fairer Victoria* statement, including allocation to continue the reform of disability services (pp.28-29);
- family violence reforms (p.31); and
- assistance to indigenous Victorians (pp.32-33).

Clarification of specific financial data in budget

- impact of the teachers' enterprise bargaining agreement and estimated impact of other enterprise bargaining agreements (pp.18-19);
- estimated fall in value of superannuation assets ($2.2 billion) between 2007-08 budget update document and 2008-09 budget papers (pp.21-22);

- employee benefit expenses (pp.37-38); and
- estimated general government sector borrowings (pp.38-39).

Victorian Funds Management Corporation

- performance of the Victorian Funds Management Corporation equity investments (pp.9-10); and
- performance bonuses paid to senior staff of the Victorian Funds Management Corporation (pp.31-32).

Other issues

- congestion levy on city car parking spaces (pp.14-15);
- Treasurer's direction on commercial issues to VicForests (p.35); and
- the COAG National Reform Agenda working parties (p.38).

12.2.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

Written responses by the Treasurer to the Committee on these questions are due by Monday, 16 June 2008 and will be considered for publication in a further report.

12.2.5 Documents tabled at the budget estimates hearing

The Treasurer provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

CHAPTER 13: GOVERNMENT RESPONSE TO THE PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE REPORT ON THE 2007-08 BUDGET ESTIMATES

13.1 Legislative requirement to respond to the Committee's recommendations

Ministers are required by legislation to respond within six months of the report being tabled, to recommendations in the Committee's reports.[1]

13.2 Report on the 2007-08 Budget Estimates (Part Three) – previous recommendations

The Committee's *Report on the 2007-08 Budget Estimates* was tabled on 20 September 2007. The government's response was tabled in the Legislative Assembly on 8 April 2008.

Table 13.1: Government response to PAEC recommendations in the Report on the 2007-08 Budget Estimates

Department	Accept	Accept in part	Accept in principle	Under review	Reject	Total
Education	-	-	4	-	-	4
Human Services	-	-	-	-	1	1
Infrastructure	1	1	1	-	-	3
Innovation, Industry and Regional Development	-	-	-	-	-	-
Justice	-	-	-	-	1	1
Premier and Cabinet	1	2	-	-	-	3
Primary Industries	4	-	-	-	-	4
Sustainability and Environment	-	1	1	-	-	2
Treasury and Finance	-	3	3 (a)	-	5	11
Planning and Community Development (previously Victorian Communities)	-	-	-	-	-	-
Parliamentary departments	-	-	-	-	-	-
Victorian Auditor General's Office	1	-	1	-	-	2
Whole of government	6	1	11	3	-	21
Total	**13**	**8**	**21**	**3**	**7**	**52**
Percentage	**25**	**15**	**40**	**6**	**14**	**100**

Note: (a) Recommendation 42 relates to the tabling of the report by Professor Garnaut on the national study into the economic impacts of climate change on Australian jobs and the economy.

For the purposes of this summary, where the government has responded separately to parts of a recommendation, each part has been counted separately. There are 31 recommendations or parts of

[1] *Parliamentary Committees Act 2003, s.36(1)*

recommendations to departments, discounting 21 recommendations which are recommendations to whole of government.

Of the total number of recommendations 80 per cent were accepted, accepted in part or accepted in principle; 14 per cent of recommendations were rejected; and 6 per cent of the recommendations are under review by government.

Recommendations that were rejected

A listing of the recommendations that were rejected by the government is contained in table 13.2.

Table 13.2: Report on the 2007-08 Budget Estimates
Summary of recommendations rejected by the government

Chapter	Rec. No.	Recommendation	Action Taken to Date
Chapter 4 – Impact of portfolio spending including new budget initiatives on improving productivity in Victoria	5	A more consistent framework for addressing productivity improvements be articulated by the Department of Treasury and Finance that includes local workplace efficiency gains as well as macro-economic impacts through program initiatives	Productivity improvement may be encouraged or facilitated by government directly and indirectly through many varied instruments including policy positions, funding programs, structured reforms, infrastructure investment and regulatory instruments. Direct improvement occurs when government instigates productivity gains in the services it provides (in schools, hospitals and justice) and indirectly when its policies provide an environment in which private businesses can achieve productivity gain (by encouraging market oriented environments, reducing tax and regulatory burdens, promoting innovation, education and skills, and research and development and so on). The Government has established the Victorian Competition and Efficiency Commission (VCEC), which is the Government's foremost body on business regulation reform and for identifying opportunities for improving Victoria's competitive position. Victoria has an ongoing and diverse program which promotes reform to encourage greater productivity. The National Reform Agenda and the VCEC are examples of this work.
Chapter 4 – Impact of portfolio spending including new budget initiatives on improving productivity in Victoria	7	The Department of Treasury and Finance disclose in the budget papers specific productivity targets to be achieved as a result of the introduction of budget initiatives where considered appropriate.	The Department of Treasury and Finance (DTF) notes that output performance measures in Chapter 3, Budget Paper No. 3 demonstrate the services delivered for the funding provided. Departments report actual service delivery in their annual reports. Performance can be assessed through comparing target service delivery with actual service delivery. DTF currently publishes, as appropriate, efficiency initiatives and their associated savings targets within the budget papers.
Chapter 5 – Departmental asset investment	15	The Department of Treasury and Finance disclose in the budget papers how the Total Estimated Investment (TEI) is determined over the forward estimates period and beyond and its reconciliation to the application of cash resources.	The Department of Treasury and Finance has previously provided the Committee with an explanation of the calculation of unallocated capital and Total Estimated Investment (TEI) over the forward estimates period.
Chapter 9 – Regional Victorian initiatives and related issues	30	Coordination of funding for regional investment initiatives including services and whole of government reporting could be conferred on a central or other appropriate entity to facilitate dedicated streamlined reporting within budget papers.	The Department of Treasury and Finance (DTF) is responsible for budget coordination, and the form and content of budget papers, including whole-of-government reporting on budget initiatives for regional Victoria. Regional Development Victoria (RDV) in DIIRD is the responsible agency to 'facilitate the co-ordinated delivery of government programs, services and resources in rural and regional Victoria' [s.5(1) of the *Regional Development Victoria Act 2002*]. RDV has responsibility for managing the key regional funding programs, the Regional Infrastructure Development Fund (RIDF) and the Provincial Victoria Growth Fund (PVGF). It is not the role of RDV to coordinate funding for regional elements of state-wide services.

			DTF does not consider there is a need to consolidate the funding coordination and reporting role to one single agency.
Caring communities	47	To determine the extent and underlying causes of deaths on Victorian roads due to suicidal intent and assess whether any budget related strategies need to be formulated to address this issue, the Department of Justice consider commissioning a research project that includes focus on country Victoria and includes pedestrian deaths.	In August 2003, the Monash University Accident Research Centre published a report entitled *Suicide and Natural Deaths in Road Traffic – Review*. The study found, amongst other things, that road traffic suicides comprise a very minor proportion of both suicide statistics and road fatality statistics. The study also found that general road traffic injury prevention strategies were considered to have application to driver and pedestrian suicides. Significant investment is made in road traffic injury prevention in Victoria and it is not considered that further research on this topic would add to that injury prevention program.
Caring communities	48	As occurred in the 2007-08 budget, consideration should be given in future years to applying a significant portion of any budget surplus in excess of the initial prediction to increase the level of public housing.	As part of the 2007-08 Budget, $500 million was provided to increase the supply of social housing.
Caring communities	49	To enhance accountability, the government develop quantity and timeliness performance measures concerning housing affordability for inclusion in the budget papers and the Department of Human Services' annual report.	The causes of, and solutions to, housing affordability are complex. Among the issues currently impacting on housing affordability are increases in house prices, interest rates and in the cost of rental accommodation. The Office of Housing is responsible for providing social housing and homelessness assistance to low-income and disadvantaged Victorians. Therefore, addressing the causes of, and solutions to, housing affordability and by extension, the development of quantity and timeliness measures concerning housing affordability, largely falls outside the scope of the Department of Human Services responsibility. Low-income Victorians have access to public housing assistance, and a rental rebate, which ensures that tenants pay no more than 25 per cent of their income in housing costs (one of the measures of housing affordability is that households do not pay 30 per cent or more of income in rent or mortgage repayments). Victoria will pursue broader reforms to Commonwealth Rental Assistance as part of the new *National Affordable Housing Agreement*. In order to this address this issue, in September 2006 the Victorian Government released *Towards an Integrated Victorian Housing Strategy*, which sets out a suite of integrated actions to: • facilitate the efficient operation of the housing market; • ensure housing and residential development supports the Government's wider economic, social and environmental sustainability objectives; and • minimise 'housing stress'.
Chapter 17 – Quality of material provided by Ministers and departments in response	52 (part)	To ensure the estimates hearing process is conducted in the most efficient manner and to further improve the quality of information	Department planning processes assist departments to identify the relationship between Government outcomes and departmental strategic priorities and outputs. Departmental strategic and corporate plans outline how departmental

to questions raised by the Committee.		provided to the Committee, the following measure be considered: (e) departments should include a key result area in their corporate or business plans that aim to obtain favourable feedback from the Committee on the quality of information provided in response to its lines of inquiry.	objectives and outputs align to government outcomes.

APPENDIX 1: TRANSCRIPTS OF EVIDENCE

Chapter 2: Parliamentary Departments

Chapter 3: Department of Education and Early Childhood Development

3.1 Education portfolio
3.2 Children and Early Childhood Development

Chapter 4: Department of Human Services

4.1 Community Services portfolio
4.2 Health portfolio
4.3 Housing portfolio
4.4 Mental Health portfolio

Chapter 5: Department of Infrastructure

5.1 Major Projects portfolio
5.2 Public Transport portfolio
5.3 Roads and Ports portfolio

Chapter 6: Department of Innovation, Industry, and Regional Development

6.1 Industrial Relations portfolio
6.2 Industry and Trade portfolio
6.3 Information and Communication Technology portfolio
6.4 Innovation portfolio
6.5 Regional and Rural Development portfolio
6.6 Skills and Workforce Participation portfolio
6.7 Small Business portfolio
6.8 Tourism and Major Events portfolio

Chapter 7: Department of Justice

7.1 Attorney-General's portfolio
7.2 Consumer's Affairs portfolio
7.3 Corrections portfolio
7.4 Gaming portfolio
7.5 Police and Emergency Services portfolio
7.6 Racing portfolio

Chapter 8: Department of Planning and Community Development

8.1 Aboriginal Affairs portfolio
8.2 Community Development portfolio
8.3 Local Government portfolio
8.4 Planning portfolio
8.5 Multicultural Affairs and Veterans portfolio
8.6 Senior Victorians portfolio
8.8 Sport, Recreation, and Youth Affairs portfolio
8.9 Women's Affairs portfolio

Chapter 9: Department of Premier and Cabinet

9.1 Arts portfolio
9.2 Premier's portfolio

Chapter 10: Department of Primary Industries

10.1 Agriculture portfolio
10.2 Energy and Resources portfolio

Chapter 11: Department of Sustainability and Environment

11.1 Environment and Climate Change portfolio
11.2 Water portfolio

Chapter 12: Department of Treasury and Finance

12.1 Finance, Workcover and Transport Accident Commission portfolio
12.2 Treasury portfolio

CHAPTER 2: PARLIAMENTARY DEPARTMENTS

Transcript of Evidence

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 15 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Smith, President of the Legislative Council,

Ms J. Lindell, Speaker of the Legislative Assembly,

Mr R. Purdey, Clerk of the Parliaments and Clerk of the Legislative Assembly,

Mr W. Tunnecliffe, Clerk of the Legislative Council, and

Dr S. O'Kane, Secretary, Department of Parliamentary Services, Parliament of Victoria.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolio of parliamentary departments. On behalf of the committee I welcome the Honourable Robert Smith, President, Legislative Council; the Honourable Jennifer Lindell, Speaker, Legislative Assembly; Ray Purdey, Clerk, Legislative Assembly; Wayne Tunnecliffe, Clerk, Legislative Council; and Stephen O'Kane, Secretary, Department of Parliamentary Services. Departmental officers and members of the public and the media are also welcome. I should note that the bill deals also with the Auditor-General, but maybe that is something we can take up in another year.

In accordance with the guidelines for public hearings I remind members of the public 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 presiding officers, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in this room. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn; however, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript, and the committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice, the transcripts and PowerPoint presentations — if you have one — will then be placed on the committee's website.

Following a presentation by the presiding officers, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly — my apologies to the President. In other words, we try not to have supplementaries and try to keep the responses to around 4 or 5 minutes. I ask that all mobile telephones be turned off, and I invite the presiding officers to give a brief presentation of no more than 10 minutes on the more complex financial and performance information related to the budget estimates for the portfolio of parliamentary departments.

Overheads shown.

Mr SMITH — Thank you, Chair. On behalf of both the Speaker and myself the following is our report in response to the invitation from PAEC. The departments that come under our appropriation group are the departments of the Legislative Council, the Legislative Assembly and the Parliamentary Services and the parliamentary investigatory committees.

The annual appropriations estimated for 07–08 are 75.1 million. The special appropriations are 19.5 and the total appropriations are 94.6. For 08–09 we are suggesting 83.8 for annual appropriations, special appropriations being 20.3 million, with the total being 103.6 million.

There are some significant challenges confronting us for 08–09. They include the development of the infrastructure to deliver audio webcasting of parliamentary sessions in the Legislative Council and the Legislative Assembly, including the provision of video streaming at a later stage of the project; improvement of our business processes, including LAPRAC publishing, questions on notice database and electronic distribution; support for the committees of the Legislative Council; rectification of the Council chamber, as opposed to renovation; continuing the Parliament heritage asset management strategy; in October 2008 the houses will undertake regional sittings in the Gippsland townships of Churchill and Lakes Entrance, with the Assembly going to Churchill and the Council going to Lakes Entrance; development of a parliament-wide environmental management system; and the renegotiation of the electorate officers and parliamentary officers EBA.

Under parliamentary achievements for 07-08 there have been the establishment of select and standing committees in the Legislative Council. We have facilitated the inaugural conference of the Australian members of Parliament. We have introduced a regional parliamentary information talks program, and transition of new members following by-elections, which, believe it or not, was quite an exercise for Parliamentary Services and, in our opinion, done very well.

There has been the continuation of works under the Parliament heritage asset management strategy; the rollout of new computers and network-related infrastructure to electorate offices, including upgrading the wide area network to 4 megabytes; the creation of a series of educational DVDs and resources for use in primary and secondary curriculum; the practical completion of the chamber sound system upgrade; and the commenced development of an environmental management system in conjunction with Sustainability Victoria. We have completed renegotiation

of the parliamentary officers EBA, and completed in excess of 25 relocations or refurbishments of electorate offices. We are reporting that we had a very well-attended open day for the parliamentary precinct — I think in excess of 5000 on the Sunday — which was highly successful.

The CHAIR — Thank you very much. My question may be for Stephen O'Kane insofar as we have got the appropriation bill, which comes to 93 million, but the actual money available to Parliament is 131 million, or something. Can you tell us how these figures work? The Auditor-General is also included there, I know, but even subtracting his out it is 12 million.

Dr O'KANE — Chair, we had this issue last year, I remember, with the way that the budget papers were represented. What I have done this year is I have got a complete reconciliation prepared in advance and which I have provided to the members and secretariat of the PAEC.

The CHAIR — You are brilliant.

Dr O'KANE — I am happy to table that if you are wanting to look at that.

The CHAIR — That would be terrific. I am sure it will help, and I am sure it will give members of the committee, when they speak on the appropriation bill for the Parliament, lots of things to talk about.

Dr O'KANE — If I can incorporate that.

The CHAIR — I noticed in your response to the questionnaire that you said you had no subsidies or concessions or anything; is that right? I thought the parliamentary dining at some stage in past years had provided some sorts of concessions in terms of cost.

Dr O'KANE — Essentially the question asks about whether we are a revenue-raising entity, and in fact we are not. But the dining room operation is essentially run as a separate business unit. I am happy to take that one on notice and give you a detailed response.

The CHAIR — That would be great. Across the board we are trying to get an idea on what subsidies are there in terms of various departments and what concessions.

Dr O'KANE — Yes. I understand it is a bit of a theme for Parliament.

The CHAIR — It is not just the fact of revenue-raising money, but are there any implicit subsidies or whatever.

Dr O'KANE — Sure.

The CHAIR — I know it is a question of definition and it may not be always an easy thing to do, but we are asking right the board. We even asked about people getting into national parks this morning. Of course there are some subsidies for members of Parliament in terms of accessing the railway network and things like that.

Dr O'KANE — I am very happy to respond to that in detail if I get a question from the committee.

Mr DALLA-RIVA — In respect of the Parliament achievements for 2007-08, the establishment of the select and standing committees in the Legislative Council is mentioned as an achievement. I am trying to find where the additional funding provisions are in the forward estimates, into 2008-09, for these select and standing committees, given that they are a new phenomenon in the now-reformed upper house. Given that there are now these new committees being established, what form of funding is there provided? Should there be a separate line item for those committees, and who would you suggest should have establishment and control of those funds if they were to be established.

Mr SMITH — I have some notes here on the funding of the Council committees which are reasonably extensive. What I would like to do, Chair, is to ask the Clerk to explain, given that he is much more au fait about this than myself.

The CHAIR — Okay; no problem.

Mr SMITH — But also to provide this for the committee.

Mr TUNNECLIFFE — The position with the committees is that, as you are aware, in the current Parliament two select committees have been appointed pursuant to standing orders, and the new Standing Committee on Finance and Public Administration has been appointed pursuant to sessional orders. If the Council moves to establish a committee, we have an obligation to service it. To attempt to establish a Council committees office we made application for a Treasurer's advance of 380 000 for 2007-08, and a similar increase in ongoing funding for the remainder of the Parliament. That amount comprised 320 000 in staff salaries, for four positions, and 60 000 for ongoing expenses, such as postage, printing, report costs and travel. Because the committees had already been appointed, we did move as a matter of urgency to appoint two staff — a secretary to the Council committees office and a research assistant — both of whom have been servicing the two select committees that have been operating to date, and we have met their salaries out of the Council's existing budget.

The request for the Treasurer's advance was not approved by the Treasurer, and in his letter he said the reason for that was due to limited Treasurer's advance capacity for 2007–08 and given that it may be possible to absorb those costs from our existing appropriation. After we received the Treasurer's letter we did review our budgetary position, and we now believe that we can continue to absorb the two additional staff salary costs on an ongoing basis, but to do anything further presents some difficulties. It presents difficulties simply because we have got a number of ongoing priorities within the Council's output funding. A good example of that in the next financial year is the Lakes Entrance regional sitting, which will probably cost us about $100 000, for which specific funds have not been provided.

At this stage we are left with looking at our capacity to absorb all of the standing committee costs from within our existing budget. One other thing we did do in our submission to the Treasurer is we proposed that a dedicated amount for Council committees be allocated in the Parliament's appropriation bill. This was the case up until 1997, when a specific amount for the operation of select committees was included in each bill, and it followed a recommendation from the Joint Select Committee on the Parliament Of Victoria which was tabled in Parliament in 1991. That was the report that led to the creation of a separate appropriation bill for the Parliament. In that report the committee noted that the Parliament must have the financial capacity to adequately source a committee of inquiry if it sees fit to appoint one, without the necessity to seek funds from the executive. In its report the committee went on to say that this would be particularly critical in the case of an upper house without a government majority which may seek to establish a committee against the government's will and then find it has to curtail its activities due to a lack of funding.

What I am saying at the moment is that we have already appointed two staff, and we can continue to fund their positions. Our ability to adequately service the committee's ongoing expenses or even appoint any additional staff is arguable. You have got to appreciate that the Standing Committee on Finance and Public Administration has precisely the same terms of reference as this committee, so it is pretty wide. It also has the ability to operate as subcommittees, so conceivably it could have more than one inquiry going concurrently. It has already received a reference into the economic assessments of the dredging of Port Phillip Bay. It has the capacity under the sessional orders to appoint consultants. So all I am saying at this stage is our ability to service the committee to the extent that we believe it needs is a little bit limited.

Mr DALLA-RIVA — In terms of the President's speech on the establishment of select and standing committees, have you done an analysis as to how many could be in operation before you hit the ceiling; in other words, three committees and then no more? And what is the process once that occurs?

Mr SMITH — One, I would like to say that initially being asked by Treasury to look to thyself — physician heal thyself, if you like — in terms of funding, we have been able to successfully cater for the needs of the committees to date within the current budget constraints. How long is a piece of string in terms of your question? It can be at the whim of the house; it can establish a committee at any time on any matter it chooses. Therefore it is almost impossible for us to actually budget to cope with the costs that will be incurred. We have, I think, a degree of confidence that we can, up to date, comply with the requirements of those committees. If, for instance, we were confronting another three or four committees, then obviously we would have to look elsewhere. There are some funds that we have internally that are available by agreement between the Treasurer and the presiding officers, but that is for the whole Parliament, not simply for the upper house. But it will come down to, at the end of the day, in my personal view, that committees will hit a financial wall at some stage, and that is a matter to be addressed, I think, either politically or for the house itself.

The CHAIR — I note that the average cost per member of the Legislative Council according to the appropriation bill is $66 000 and for the Assembly it is 46 000. I know it is not a simple arithmetic — —

Mr SMITH — What costs are talking about?

The CHAIR — In the appropriation bill there is 2 637 000 applied for the Council, which is the equivalent of 65 925 per member, and for the Assembly there is 4 076 000, which is equivalent to 46 318 per member.

Mr PAKULA — It is probably because there are only half as many of us, but we take up the same amount of room.

The CHAIR — Yes, but is there any scope there? I know it is smaller, and there are certain overheads et cetera — —

Mr BARBER — You have already reduced the size of the house. I do not know what else you can do.

Mr SMITH — I am listening to the answers. I am quite interested.

The CHAIR — I have just stirred them up, but that is okay. It is a difficult situation you are in, obviously.

Mr SMITH — Yes, and we are coping, I think, reasonably well. We are not curtailed, I do not think, in terms of our responsibilities, and that is the best benchmark, or the only one that really matters. At the end of the day, the way the house is actually functioning at the moment, it will get to that point where we have run out of money and we would have to source it from somewhere. I am confident that, at the end of the day, that will happen.

Mr TUNNECLIFFE — Mr Chair, can I make one final point in relation to the funding issue?

The CHAIR — Sure, yes.

Mr TUNNECLIFFE — There is one alternative source for funding, I think principally the standing committee, and that is that in the Parliament's appropriation bill one of the output groups is the parliamentary investigatory committees, which of course provides funds for the 12 committees, including this one. Given that the standing committee is of an ongoing nature and its terms of reference and methods of operation will not be dissimilar to this committee, I do not see any reason why it could not have access to some of those funds. Of course I appreciate that that is subject to the approval of both the President and the Speaker. I do not believe that is the ideal situation, because obviously it then becomes a matter for joint responsibility of the presiding officers. I think the most appropriate situation would be for the Council to have some dedicated funds, which are subject to the President's approval.

Mr SMITH — I think it is also worth flagging that it is my personal opinion that at some time in the future it will not be inconceivable to have presiding officers from opposing parties. I think that will pose a great difficulty.

The CHAIR — It has happened before.

Mr SMITH — Yes, but in these circumstances, where the majority is in opposition to the government and the Presiding Officer, I just think it is a situation that puts the presiding officers in a very difficult situation; compromised almost.

The CHAIR — Okay, fair enough. Just for the record, as chair of the committee and probably speaking for the committee, I just would not agree with what the Clerk of the Council is suggesting.

Mr BARBER — Can I just clarify though, there is nothing in the appropriation that stops that money being pulled over — the structure of all that?

Mr TUNNECLIFFE — The committee output group — no, I do not believe there is. It would be a matter for determination by the President and the Speaker.

Ms MUNT — I noticed in your presentation that mention was made of the development of an environment management system in conjunction with Sustainability Victoria. That is under the achievements of 2007–08. I was wondering if the Speaker could update us on where that has progressed to.

Ms LINDELL — Thank you for the question. The Parliament has had the assistance of Sustainability Victoria in a pilot program to put together our environment management system. We are now in the position that we can actually measure all our electricity use and keep records of our electricity use both at Parliament and in the electorate offices. That has been a huge resource issue, because the Parliament has always paid bills but never recorded how much electricity we have used, so it has been a manual process to go back to get the benchmark two-year figures, which is what is suggested before you move forward with the environment management system itself. We need to be able to measure what we have been doing in the past so that we can actually learn to manage that properly. So we now have very accurate readings of our past energy use, our past water use, and we continue to work with Sustainability Victoria on moving forward with our actual documentation. To now the only resources that have been used have been staff resources, but we will be moving more into addressing capital shortfalls going forward, but that is still some time in the future.

Mr WELLS — Speaker, I refer to the report that PAEC did in regards to strengthening government and parliamentary accountability in Victoria. I am just wondering whether any costings have been done by parliamentary officers about the impact of some of the recommendations made in this report where Parliamentary Services will be responsible over the forward coming estimates, or is it a matter of how the government responds and then find out what happens after that?

Ms LINDELL — A little bit of a mixed answer to that, Mr Wells, in that some of the recommendations — if I can come to a couple — recommendation 15, for example, that funding should be provided for the video webcasting, that has actually now been received. So audio is scheduled for our first sitting week in August and then the video webcasting will be probably 18 months to two years away. We still have an enormous amount of work to do on the tender to purchase the cameras, the criteria on which they are used, the guidelines et cetera.

Recommendations 26 and 27 really need to go the Standing Orders Committee to be progressed. They both will need some further investigation and discussion and obviously standing orders. On recommendation 17 — that consideration be given to the appropriate resourcing of other parties or formal briefings — the Parliament supports other parties at the moment with the paying of the rent for the opposition rooms at 157 Spring Street, and obviously the IT infrastructure is also provided to the opposition rooms. To my mind this is not really a recommendation for Parliament; it would need resourcing, and unless we were resourced, we could not on our own volition comply with recommendation 17.

On recommendation 13, we would probably need to seek some input from the House Committee. This is about amending the policy relating to overseas travel by members. The presiding officers and I think the House Committee would need to progress that change; not that is a large change. We would not do that on our own. We would have some further discussions of that. I am not sure of other recommendations that you might have had in mind.

Mr WELLS — No, that is fine. I just needed to sort those things out.

Mr PAKULA — I refer to your presentation. You talk about one of the significant challenges for 2008–09 being the renegotiation of the electorate officers EBA. I want to ask you a couple of questions about that. Firstly, who is principally responsible for the negotiation from the parliamentary departments' side? Have they commenced? Will there be any opportunity for members to express a view to the Parliament about the outcome? Speaking for myself, I have recently lost one of my staff and found it very difficult to replace that person with an appropriate person, given the pay scales and particularly given the challenges that confront electorate offices these days both with the technical aspects of their job and also some of the constituent-related issues. I suppose the question is: have the negotiations begun? Who is primarily responsible from the parliamentary departments' standpoint. What, if any, opportunities exist for members to express a view about some of the elements of the agreement? I am particularly interested in the pay levels and, as I understand it, the inability of anybody to come in at greater than level 3. I do not mind who answers that.

Mr SMITH — I will start and there will be others who can supplement it. Ultimately it is the responsibility of both the presiding officers. However, these negotiations are being conducted. Once they start formally between our departmental head in human resources, Bronwen Edwards, and we get regular updates as to where it is at, we, collectively as presiding officers and departmental heads, discuss the sorts of things we want to see in the outcomes of the EBA and of course discuss all the relevant claims that are put before us. The issue of whether or not electorate officers should have or could have a direct say is a matter between them and their union, I would suggest. But if you are actually suggesting that they could have access to the presiding officers, I would say no.

Mr PAKULA — No, President, my question was whether members of Parliament have an ability to express a view to Bronwen Edwards, for instance.

Mr SMITH — They are not the employer, so I do not believe they have a formal role in this process. Maybe some gratuitous advice would be that they should keep out of it because it can only complicate matters.

Ms LINDELL — The President, the secretary of the CPSU and I have signed a memorandum of understanding or guidelines around the negotiations going forward. We have identified our director of organisational development and finance and two other people to lead the negotiations on behalf of the Parliament. Members of Parliament have ready access to the presiding officers. That would be the appropriate input. Certainly the President and I would welcome all views. You should, however, understand that the entry scale for state electorate officers is actually higher than the entry scale for federal electorate officers. The limitation on electorate officers starting in level 3 and no higher than that was actually inserted at the request of the union in the last EBA. As I say, the President and I would be more than happy to speak to any members as to which way they would like to move forward on this.

Mr BARBER — I just have one question about disability accessibility standards for electorate office buildings. What are the standards that are in place? When were they created and when have they been updated? I think the Human Rights and Equal Opportunity Commission is now recommending compliance with the enhanced standard, which is AS 1428.2. Is that advice that we are taking on board, and how many of our offices currently comply with that standard?

Ms LINDELL — I will get Stephen O'Kane to answer the technical sides of the question. Can I perhaps premise Stephen's remarks, though, by saying that the Parliament leases all electorate offices. One of our greatest challenges is to find offices with disabled access. Even in the offices that we currently lease and then are looking to re-lease, to go back to the landlord and ask for disability access works to be done, even when the landlord agrees to do that there is some resistance from members to have that inconvenience, change of work practice, change of layout of office actually completed. While I understand the importance and indeed the great desirability, and Parliament actually wanting all of our electorate officers to be fully disabled compliant, it is not always within the hands of the Parliament. Stephen can answer the technical details.

Dr O'KANE — I would support the Speaker's view in the way that she has described that situation, Mr Barber. Disabled access has always been a very difficult issue for the Parliament to deal with. We have a very strong association with the Human Rights and Equal Opportunity Commission. We regularly talk to their officers about what the best practice standards are and so on. In terms of the legal position, standards formally are not binding in law; however, we seek to follow the standards that you described.

The other issues that we are faced with, particularly with electorate offices, are things like the desirability of agencies to actually comply with those activities. I will give you an example of that. When we search, as part of our electorate office searching criteria, we look at things like the topography of the area, the availability of supply and so on. After we do our comprehensive analysis of an electorate office, one of the key components of that is an architectural assessment, which looks specifically at how the electorate office is configured or might be configured; also, where necessary, we get a disabled access consultant in to have a look at the particular property. We do have practical difficulties, though, with, for example, councils issuing certificates of occupancy. When an occupancy certificate is issued, the assumption is that it complies with all legal requirements, including disabled access. Often you will have situations where one part of the council — often the community services area — will be an advocate for disabled access but its own building department within the council does not necessarily look at disabled access issues. The Parliament is entitled to assume that the councils have done their job, but over and above that, we do our own assessment of offices and seek to comply with the standard. I guess the short answer is that the best way of

dealing with that is to put in as good a process as possible, and we try and do that, but we have constant dialogue with human rights and equal opportunity officers, and they update us on those changes as they occur.

Mr NOONAN — My question goes to something that came through on the estimates questionnaire on asset funding and specifically the 08–09 period in terms of the Parliament House heritage asset management strategy. Perhaps for the committee's benefit can we get an update on how that is progressing?

Dr O'KANE — I am happy to take that one. The heritage asset management strategy is a very important part of what the Parliament does. We have got a building and its surrounds which are listed on the Victorian Heritage Register, and that of course is in relation to items of outstanding significance and special character. There are various modifications that have happened to Parliament House in its 150-year history, and we are now starting to see the effects of weather, pollution and age that have taken their toll on the actual fabric of the building. From the 05–06 budget the Parliament applied for $9 million over three years to deal with heritage asset management, and we identified a number of priorities in relation to that. One was the restoration of the external stone facade of the building, and members would have noticed around on the southern side of the building near the Council the work that has been done there, which I think is of particularly good quality. Other priorities include the restoration of external stone balusters and balustrades on the building; waterproofing works over the library dome; window refurbishment and replacement, which is an ongoing activity around the Parliament; a floor and tile audit; and then restoration of the plaster finishes.

We have done a lot of work in that area, and we are at the stage where we have completed stage 1 of the external stonework, which is the area over here that I have mentioned. Stage 2 of the works is the area at the rear of the building behind where the library is, and that is due to commence at the end of this month. We have got a project schedule to complete that in about 300 days, and that will cover quite large stone pieces of the building. Some of those blocks are actually 6 tonnes in weight, but it is an area of significance to the building. If you look very carefully when you stand on the lawn at the back of the building you will notice that various attempts at patching it in the past have not actually worked; the stain discolouration is actually quite a difficult problem. We have had to source the stone, and also we have had to work out the logistics, and all of this is done in the context of the Parliament with its ongoing sitting patterns and members accessing the precinct, so it has actually not been an easy thing to do.

As part of that second stage, which we are commencing at the end of the month, that will also look at those external balustrades and balusters. If you actually have a look at the back of the building, you will see bits chipping off here and there. The waterproofing over the library dome will also take place after the completion of that stage 2 work, so that is of lesser priority. In terms of the window refurbishment and replacement, we are progressively doing that, and that is an ongoing project. At the moment we have done quite a detailed tile and floor audit of the building, and we are now looking at ways in which we might replace some of the intricate tile work that is actually in the building. It is an extremely complex project and we are using a heritage architect to help us with that. But it is on schedule, and we are continuing. It is an ongoing thing, but our priority is definitely to fix the areas where there is the highest risk and then work progressively through that.

Mr WELLS — It is the only thing in Victoria that is on schedule!

Mr SMITH — It is the place to be. I just want to also say that the cost involved in this is quite significant, and one of the principal reasons for that is that in decades gone by it is unquestionable that piecemeal jobs have been done — short term, on the cheap et cetera. We have taken the view that we should take the long-term view. Whilst the cost is greater, it will last decades and subsequently be cheaper for the Parliament. Those 6-tonne blocks, for instance, we thought we could source easily, but it has proven to be quite difficult. I think that is one of the examples of the complications or difficulties we have in doing it properly. When you look at the safety aspect, we talk about timing and why it is difficult to do these things during the course of the normal year when Parliament is sitting. I think Stephen suggested that parts of the balustrades or whatever had chipped away; I think some of them are the size of a house brick, and if they dropped down on someone I have got no question they would do enormous damage to an individual, a car or whatever. So it is quite important that we do it properly, and I am confident that the way we are going about it is absolutely correct.

Dr SYKES — My question relates to getting an update on the rollout of the wireless broadband for laptop access out there in rural and regional Victoria and I guess elsewhere, because I recall earlier in the piece having problems with wireless access even within the dungeons of the Parliament here.

Dr O'KANE — If I could respond to that, Chair: we have had quite a successful year in IT in terms of rolling out projects with the wide area network upgrade to 4 megabytes — and members would have noticed an increase in bandwidth performance — and now non-metropolitan electorate offices receive the same level of service delivery as metropolitan electorate offices. We have looked at uninterrupted power supply being installed in every electorate office. We have looked at smaller footprint desktop PCs. The pending deployment of wireless broadband is an important issue as part of that program, and that is really to overcome the slow dial speeds and the high expense associated with non-metropolitan usage. What will be happening is that my department will be deploying the latest and fastest 3G wireless network broadband service to all members. The service will be available in mid-June to early July this year. The service has been tested already by a number of non-metropolitan members who found it of particular benefit to them. I might say to members present that we would actually have already had this out had Telstra not had some issues with its software. The parliamentary IT group did this presentation some time ago to the House Committee and they were quite satisfied with it. I think members will notice a significant difference when the wireless broadband is deployed. We have also done a number of other activities to do with data storage and backup, so we have actually had quite a busy year in IT.

Ms LINDELL — I will just add to that: members notebooks are scheduled to be replaced in early 2009, and towards the end of this year we will be upgrading to version 8 of Lotus Notes, so there is still some continual improvement of the system.

The CHAIR — That will be good. There seem to be some problem with Lotus Notes, and trying to open and save documents from it.

Dr O'KANE — Actually that is an issue, Chair. One of the reasons for that is the size of the mailboxes. We are actually attempting to put some automated archiving software in place to combat that problem, and we hope to do that by the middle of the year because we have had that feedback from other members as well.

Mr SCOTT — Just before I ask my question, I would like some clarification about the previous question. What sort of download speeds are we expecting from the wireless broadband?

Dr O'KANE — I would need to take some further advice on that, but I am happy to respond to that.

Mr SCOTT — In terms of the planned upgrade of security infrastructure in the Parliament precinct, I would like to know what the time frame for that planning is, and also I suppose by way of gratuitous comment, if the Chair will indulge me, I have a plea that we keep the fairly open feel that Parliament has with whatever security we have. Security is a difficult balancing act. I think at the moment the Parliament does it quite well. We are reasonably open to the public, but there is a level of security that protects members' interests. If you could give me some information on the sort of time frame for that rollout?

Mr SMITH — We have a committee to oversee and review our current safety standards, security standards et cetera. I have to say I am not convinced that the current standards are as good as you might think. I think there is a huge question mark on the security of the Parliament as such. You are right to point out that it is a balancing act which we need to get right to service everyone. There has to be public access and the like. It is an area where we are seeking expert advice to do the best possible job we can for everyone. We are not too far away from that meeting, are we?

Ms LINDELL — No.

Dr O'KANE — Just to take up your point, we absolutely agree. With all these matters of security it is a bit of a continuum. At one end you have laissez faire and at the other end you have Fortress Parliament, and I do not think anyone wants to go there. It is about working out where you are on that and trying to retain the flavour of having an operational and functional building but at the same time, perhaps limiting the public and private spaces, for example, and just getting it to work in together. I think every public authority has the same sort of dilemma. I know local councils have it as do other government departments. It is about retaining the look and feel, but also maintaining a greater security presence. Members still need to meet constituents at Parliament House.

Mr DALLA-RIVA — I will just follow on from that substantive issue. I think it was during the last sitting week — on the Friday — one of our members observed a break-in on a staff member's vehicle in broad daylight, and I was quite astounded about that. We have enough on our plate without also having to watch our cars.

Mr SMITH — It is a valid point, and it deserves a response. It is a matter that will be discussed at our review in that particular committee. Clearly there are some shortcomings in the system there. For example, the current cameras do not actually rotate, so there is no ongoing surveillance behind the building without a foot patrol. And while a foot patrol takes place, it cannot, as you know, be everywhere at all times. That is the bad side. The good side is the perpetrator was apprehended very quickly.

Mr DALLA-RIVA — I digress, but it is interesting. I pursued it with security — not the PSOs — and sort of said, 'What has happened since that person was arrested?'. They had no idea that there was an arrest, which I would have thought would have been part of a debrief. We do have an increase in people wandering through, so I was quite surprised. I know it is not relevant to the forward estimates but it is an interesting point. You would have thought there would be an internal process for advising, or at for least advising members, that there is a risk of their motor vehicles being broken into in broad daylight.

Ms LINDELL — Can I say that there is fairly general information though. Members are warned that it is foolhardy to leave laptop computers on the back seats; they should be locked in the boot if they are going to leave them in the cars. I think members are reminded regularly of all of that. I have to say that to leave a GPS system just sitting in the car is foolhardy, wherever it is parked. While yes, we have foot patrols, they cannot be everywhere in an area like this at the one time. I think the security is a challenge for the Parliament, because we do have a lot of people coming and going, which is a terrific thing, but there does need to be a lot of resourcing with a lot of, I would have thought, clever things happening as well — cameras that swing, various technology solutions, not just personnel solutions and behaviour change for members but some fairly smart technological applications that can help us as well. Anyone who has been here for any length of time will know that the security we have now is a vast improvement on the security that we had 20 years ago when you just walked in the door. I think it is just one of those continuums.

Mr DALLA-RIVA — I just want to take you back to my initial discussion. The report on strengthening government and parliamentary accountability included consideration as part of the investigation by the government-dominated committee. On page 19 in relation to the Legislation Committee, which I spoke about earlier, it states:

> While it is too early to determine the value of the Legislation Committee, the committee is of the opinion that the Legislation Committee's role to consider legislation enhances the Council's traditional role as a house of review and strengthens the accountability function of the parliamentary committee system.

I just note that the Chair made a comment on the way through in finalising it, saying that he did not support it. In fact, recommendation 1 from this committee was that:

> Adequate funds be provided to the parliamentary joint investigatory committees via the annual appropriation (Parliament) act.

Given that PAEC has actually recommended that there be adequate funding, and we made that recommendation as recommendation 1, do you still think there ought to be adequate funds provided for the Legislation Committee?

Mr SMITH — Of course. To perform its role — the chamber, that is — it has to have the necessary resources. As I said earlier, I am not yet of the view that it cannot. The question is when it might not be able to — then what happens? I cannot give you a definitive answer to that, it is not within the scope of certainly me to determine what funds would be available when extra funds were needed. But in terms of whether they should be able to do the job, I think it is an obvious yes.

Mr TUNNECLIFFE — Can I add something to that?

Mr DALLA-RIVA — Yes.

Mr TUNNECLIFFE — The Legislation Committee has now been in operation for about 18 months and there have been four bills referred to it. I thought we had a really good example of its value earlier this year when we had an impasse in committee of the whole in relation to some amendments that were being proposed to a bill. It really was very unclear what the impact of those amendments would be, on both sides of the house. They were opposition amendments. In fact, I think, Mr Dalla-Riva, they may even have been yours.

Mr DALLA-RIVA — I totally deny that, but they may have been.

Mr TUNNECLIFFE — The point I am making is that there was agreement reached to refer, at very short notice, the bill to the Legislation Committee. It was called together, met and reported back within, I think, the space of about 24 hours. Some amendments were made and the bill proceeded. I thought that was a really good example of its value.

Mr DALLA-RIVA — Given that we have identified the importance of the house of review, I think it is important to note that there needs to be some adequate funding. That is my strong view; the Chair may have a different view.

Mr PAKULA — Can I just say, Chair, I am just hoping Mr Dalla-Riva is not misunderstanding the recommendation, which refers to joint investigatory committees rather than — —

Mr DALLA-RIVA — I read it out.

Mr PAKULA — That is good. I just want to make sure we are on the same page, that's all.

Mr TUNNECLIFFE — I think the principle applies to the Council investigatory committees as well.

Mr DALLA-RIVA — It is the principle; that is what I was about to say.

The CHAIR — Speaker and President, in your response to the questionnaire you talked about the development of a parliamentary precinct master plan. Can you tell us what the intention is there, what you are proposing and how you are proposing to go about it? We are going to do the dome, are we?

Mr SMITH — No.

Ms LINDELL — No, that would not be my intention.

Mr SMITH — No lions.

The CHAIR — I was not sure if it was going to be the tunnel or the dome.

Ms LINDELL — Most members would be aware that significant space has been freed up by the move of Parliamentary Services to 55 St Andrews Place. Rather than make hasty decisions about what to do with the space that has been freed up, the view of the President and me was that an overarching, long-term view of the best utilisation of office space would be in the interests of all members.

I think we all know we have members on the third floor; I think Mr Scott is one of those members who shares with two other members on the third floor. We have people out in the temporary accommodation, running up and down those steps in the dark, in the rain in coming across to the house. I think it is fairly widely acknowledged that we do not have professional office space accommodation in Parliament House; or many of us do not — some of us are lucky enough to have it. The ministerial corridors really do not equip ministers to have an adviser with them, working. The view is that if we take some time and consider the whole of the space that is available, we can in fact do a much better job than making some ad hoc decisions about putting 'members A and B over there' and 'members C and D in another corner'. Let us look at the whole and see if we cannot actually have areas where they may be predominantly opposition members or predominantly government members with joint workspaces, with photocopiers or printers or coffee and tea-making facilities — just modern, efficient, professional workspaces. But this is a plan that will not take resources for a long time, because it really is in its embryonic stage. But by no means are we talking about the completion. There is no mention of the dome. It is a long-term look at how we actually make the building that we have sustainable for use of the Parliament for another 50 years.

The CHAIR — I am sure the committee will give you great support in that, Speaker, and may be you might even change the chookhouse or something! I would not necessarily be too modest in your ambitions, but of course you do have to take some notice.

Mr BARBER — I could cope with sharing if we could get some decent committee funding.

The CHAIR — We also need some decent accommodation. You will find the Assembly offices are not as well catered for.

Ms LINDELL — Yes, I should make that point: the offices available to Council members are much grander than those available to the Assembly members.

The CHAIR — Thank you for that, Speaker. I notice there is different membership on this committee and I am sure there are various views.

Dr SYKES — I am just looking for a clarification in relation to the conduct of parliamentary inquiries, particularly the one that was put up by Peter Hall in the upper house in relation to meeting Melbourne's water supply requirements. Where is that at, and is funding an issue in relation to that one?

Mr SMITH — That was the one that was unconstitutional.

Mr TUNNECLIFFE — No, that was the one that was referred to Environment and Natural Resources. Is that the one you are talking about?

Dr SYKES — Yes.

Mr TUNNECLIFFE — Yes, it has gone to that committee. I could not tell you offhand where it is at with the committee, except to say that under the Parliamentary Committees Act a joint investigatory committee has to give priority to a reference received from either of the houses. But I could find out from that committee and report back.

Dr SYKES — I would be interested, because at some stage along the way I thought lack of money was a constraint on that inquiry being undertaken.

Mr SMITH — It is about priorities.

Dr SYKES — It is a pretty important priority to some of us north of the Divide.

Mr TUNNECLIFFE — It is with the Environment and Natural Resources Committee.

Mr SMITH — As the Clerk said, it is a matter for them to determine where it fits in their order, given that it has come from Mr Hall, and not one of the houses.

Dr SYKES — But it was endorsed by your house.

Mr NOONAN — It would be remiss of me at my first opportunity not to compliment you on the assistance to transitioning members following last year's by-elections. I certainly appreciated the support through a pretty hectic time, so I thank you and your staff for that. There is a dot point in the challenges for 08–09 just in terms of improvement of business processes. It might just be useful to get a fuller description of what in particular those three bullet points might ultimately mean.

Dr O'KANE — Sure, I will take that one. There is an ongoing process of reviewing a number of areas in our finance arrangements, our human resources systems, how we actually report and so on, which we commenced a number of years ago, and we are continuing that cycle. A lot of that relates to the administrative processes. In terms of the parliamentary executive group, we have actually taken a fairly joint approach to business planning for the Parliament as a whole, and we have actually been cascading that down, in terms of what we need to do in terms of excellence in customer service delivery and how that might play out in the Council, the Assembly and Parliamentary Services. Then we have broken that down within each of our areas to look at particular systems. That is an ongoing process and it just depends on the particular area as to what that process is.

Ms LINDELL — I might get Mr Purdey to talk about the LAPRAC publishing and the questions on notice database because they particularly relate to the house. With regard to the electronic distribution of proofs — this is pinks and greens — instead of coming in paper form, members can elect to have them go onto their email systems straight off. It is a simple way of helping members with their jobs, but of course the background and the work from Hansard and IT to get that system to where it is now is quite significant. But Ray will talk about the LAPRAC and the questions on notice database.

Ms MUNT — It is a great system too. I was in the initial rollout, and it is very helpful.

Mr PURDEY — LAPRAC stands for the Legislative Assembly practice manual. Over the last 12 years staff have been documenting our own procedures, so it is in some form writing our own version of *May* in a lot of ways. It has basically been written to assist staff in procedural research and things like that. What we are attempting to do is find some sort of software to enable us to take the written word version and put it into a format that is searchable and more readily usable for staff to be able to find things easily when information is required.

The questions on notice database is a database that is being developed for both the Legislative Assembly and Legislative Council to allow questions on notice to be put into a database, and out of that database to produce our question papers. That would allow management of the questions on notice to be done much more efficiently. We would be able to search information, provide statistics to members and various things like that. That database is well on the way to being developed, and we hope to have that completed before the end of the calendar year.

Ms LINDELL — Can I just add, there is one thing that is not there, and that is the e-petitions that have been worked up, and I think that was a recommendation from your report also. The Assembly Standing Orders Committee has done significant work on the e-petitions and it is now in the hands of the IT and Assembly staff to try to deliver a program for us.

Mr SMITH — Just as late as last week the Council members were reminded of their capacity to opt out of receiving the hard copy of *Hansard*. Some people had expressed a view that maybe they ought not to be getting the hard copy any more. There were difficulties associated with removing it entirely, but I certainly reminded them that they did not have to get one, that they could actually opt out; and I think one or two may have done that.

Mr DALLA-RIVA — Just a last question, without fear of being sliced up literally.

The CHAIR — You are not going to raise the chips issue again, are you?

Mr DALLA-RIVA — I may raise the issue of chips.

The CHAIR — Mr Rich-Phillips is not here today.

Mr DALLA-RIVA — Because the absence of the chips has been noticeable ever since I raised the matter.

Ms MUNT — It has taken 12 months to get them back on the menu.

Mr DALLA-RIVA — Correspondingly the reduction in his waistline as a result. The redevelopment of the kitchen was completed over the last 12 months, I think; is that right?

Mr SMITH — I think it might have been longer.

Mr DALLA-RIVA — Yes, about that. I am just trying to work out: how has that has improved the efficiencies in terms of the kitchen and has it made the kitchen a commercial kitchen as such? If it is now such that it could be considered to be a proper commercial kitchen in the real sense, is it able to be used for outsourcing by other organisations?

Mr SMITH — In terms of the redesign, it has certainly improved the efficiency and, I would argue, productivity but more importantly the safety of people working in there. It was quite frankly diabolical — the previous model — and I think we all know it cost a fair bit of money but it is completed now. I do not think that it is arguable that it could not cope with what you are suggesting. There is no intent from the Parliament or certainly the Presiding Officers in this case to commercialise it or have it outsourced, which I suppose is what you are asking or suggesting. None. But in terms of: if that did happen, could it cope? I think unquestionably. The kitchen is well fitted out on a significant scale.

Dr O'KANE — I think that also the catering team has actually undertaken a number of commercial events which were quite significant in the last year as a result of having those works done: for example, there was the inaugural conference of the Australian members of Parliament where there were 80 members of Parliament from around Australia for an all-day event; the Victorian Employers Chamber of Commerce and Industry had the Victoria Summit where there were 170 political and business leaders looking at sustainability; Australian Unity has the Australia Day breakfast that has been run on 13 or 14 occasions; the Premier's Climate Change Summit where there were 140 political and business leaders. We have done a lot of large-scale functions utilising a number of areas and our catering group has run all of those and done them very successfully.

Ms LINDELL — If I can just add, I think one of the limiting factors for the ultimate or full utilisation of the kitchen as far as functions that happen in the Parliament are concerned, is that we must remember our core business is Parliament and committees. We do have clashes where we have a function booked and then a committee hearing, and obviously the function has to be cancelled. You lose not only that business but the ongoing business. It is a very delicate balance. We try to service as much outside work as we possibly can, but we always do have to face the limitation that we have to service Parliament first.

The CHAIR — I have found the afternoon tea for two vouchers is very popular with my preschool visitors.

Ms LINDELL — Yes, the afternoon teas are indeed very popular.

Mr SMITH — They are very successful, I can tell you. I have on numerous occasions — —

Ms LINDELL — Can we put in a plug that there is now an afternoon tea and tour that is available? You can do both for the price just of the afternoon tea.

Mr SMITH — As I was saying, I have had discussions on numerous occasions with visitors to the Parliament who have come only for the afternoon tea; the feedback I have had from numerous people there has been very positive.

The CHAIR — Is it better than the Windsor?

Ms LINDELL — Yes.

Mr PAKULA — Speaker, you mentioned earlier that MPs' laptops were going to be upgraded — —

Ms LINDELL — In 2009.

Dr O'KANE — Maybe earlier.

Mr PAKULA — What happens to the old ones? Do they get reconditioned and reused or sent to a computer graveyard? What happens to them?

Ms LINDELL — First they are cleaned of all information on them to defence standard security, and then I believe they are recycled.

Dr O'KANE — Yes, they are. The issue with the Parliament disposing of them — I think we canvassed this in the hearings last year — is that the Parliament cannot itself recycle, those because new equipment under legislation needs tagging and testing. The Parliament is not in a position to do that and does not want the residual liability for that, so that is passed to a third party to do.

Mr PAKULA — Passed to a third party?

Dr O'KANE — Yes.

The CHAIR — Although there was an arrangement with regard to the fax machines at one stage. Any more questions? I thank the efforts of particularly the Clerk and others to get additional staffing for our committee over the last few months so I am sure we will able to continue our efforts in that regard. It is a busy committee and we appreciate the work being done. I thank the Speaker, the President, the clerks and Dr O'Kane for their presence here today. There will be transcripts obviously and you will be able to look at them and return them within three days. We would appreciate responses on any follow-up questions we put on notice within 30 days. Thank you very much for your attendance today.

Witnesses withdrew.

CHAPTER 3: DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENTS

Transcript of Evidence

3.1 Education portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne— 14 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms B. Pike, Minister for Education,

Professor P. Dawkins, Secretary,

Mr J. Rosewarne, Deputy Secretary, Office for Resources and Infrastructure, and

Mr T. Cook, Deputy Secretary, Office for Planning, Strategy and Coordination, Department of Education and Early Childhood Development.

Necessary corrections yet to be notified to executive officer of committee

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolio of education. On behalf of the committee I welcome Bronwyn Pike, the Minister for Education; Professor Peter Dawkins, secretary; Mr Jeff Rosewarne, deputy secretary, office of resources and coordination; and Mr Tony Cook, deputy secretary, office of planning strategy and coordination, all from the Department of Education and Early Childhood Development. Departmental officers and members of the public and the media are also welcome.

In accordance with the guidelines for public hearings I remind members of the public 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 and recording proceedings in this committee room. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn; however, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript, and the committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. 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 — in other words, there will be no supplementaries, and we expect the minister's responses to be no more than 4 or 5 minutes. I invite 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 education.

Ms PIKE — Thank you very much, Chair, and good morning to members of the Public Accounts and Estimates Committee. Thank you for the opportunity to present to you concerning the education portfolio. We have a presentation, which finally got here, and members have copies in front of them.

Overheads shown.

Ms PIKE — In August last year the Premier announced the formation of the new Department of Education and Early Childhood Development. This new department reflects the government's awareness of the importance of integrated services from the early years right through to adulthood. Much of the work of the department is reflecting that new emphasis on education and development during those periods, and particularly around the kind of support that is needed at those critical transition times for young people.

To recap, there has been a lot of investment in education since 1999, and those additional resources — those additional teachers et cetera — is such that the new focus on curriculum is really bearing fruit, with class sizes down, more young people completing year 12 and a world-class framework through the Victorian essential learning standards. The government's reform agenda, as I said, to date really has made a difference. The first *Blueprint for Government Schools*, which was released in 2003, certainly focused on improving leadership and to a professional development, introducing more accountability and introducing VELS.

One of the great advances, I think, in education in the last few years is that we have a very good understanding of the kind of preconditions that must exist for effective schools to develop and for excellent education to take place. That particular diagram indicates that there are a number of elements that are absolutely critical, and they are certainly the elements that we have been pursuing through the blueprint 1 and now into the blueprint 2 process. It is about having high expectations about the possible achievements of all of our young people, wherever they are, and then the kind of leadership that will develop the focus on teaching and learning, the creation of a stimulating learning environment through the development of learning communities and an emphasis on being accountable for those outcomes.

Students themselves in fact say school is improving. There is an 'attitude to school' survey, where 11 factors are measured, and in all of those factors students have indicated their view that school is improving. In these particular areas — I just highlight two of the 11 factors: student safety and teacher effectiveness — that chart shows the increase above, zero being the baseline and the increase above that.

Mr WELLS — Minister, will you release the questions that you asked these students?

Ms PIKE — Yes; I cannot see why not. It is a survey that goes to all young people, so that is fine.

The CHAIR — You can use it for your schools then, Kim.

Ms PIKE — One of the other elements around school improvement is the Victorian schools plan, which was announced in 2006. We have made a commitment to rebuild, renovate or extend all government schools by the 2016–17 year, and this particular period from 2006 will see 500 schools rebuilt or modernised at a cost of $1.9 billion, and we are halfway with this budget through that commitment.

The other thing that I think has been happening in education is that Victoria has been leading national education reform. Many of the elements that have emerged through COAG working groups et cetera have been initiated through Victoria's work. A number of these elements are picked up in now the national partnership programs — the new National Curriculum Board, some of the initiatives around training centres, digital revolution et cetera. That environment is very good; the collaborative and cooperative environment is very good for Victorian schools. But we are never static in this area and we need to continue to build, and there is more to be done.

Mr WELLS — More to be done?

Mr DALLA-RIVA — There is more to be done.

Ms PIKE — I think everyone would concur that education is an area where we need to continue to drive for improvement, innovation and positive change. We have now released the discussion papers for the second blueprint, given that the first blueprint was such a success. I have copies of the discussion papers for members.

The CHAIR — Thank you. They are being circulated.

Ms PIKE — I would be very interested in people making submissions and would encourage members of the committee to read them and do so. The framework within these discussion papers around assisting our young people to thrive, learn and grow are these essential elements of system development and reform. We have got a government school system; we have got an overall school system, including non-government schools. What can we do to continue to reform, develop, grow, professionalise and add expertise into that system? We know that workforce is critical and workforce enhancement, reform, development and growth — all of these things are essential elements. Finally, I think a growing area of partnership with parents and communities in children's development and learning is critical. That is the framework for the blueprint, and much spills out of that.

When it comes to this budget, Chair, you will see that in two critical areas, both in assets and outputs, that we have a nearly $1.3 billion investment in education and early childhood development. I will be going through that shortly, but it is part of the largest-ever asset program, part of now the second instalment in the $1.9 billion and $71 million over four years to have the resources available to support the forthcoming blueprint.

I want to quickly focus on that $71.4 million, because there are some essential elements in there that are about driving continual improvement in our school system. We are now providing a workforce of 67 regional school improvement leaders who will be working to develop their network strategies for school improvement right across our state. Then we have a number of other strategic interventions. I want to also identify that we are providing extra student support through our SSSO area — that is the allied health professionals, speech therapists, psychologists and others that people will be aware of.

Literacy improvement teams: we are providing extra funding to maintain the existing 45 literacy specialists and provide funding for an extra 15 Koori literacy specialists and an additional $7.3 million to make sure that particularly students from disadvantaged schools can have access to VET and other TAFE-based programs.

There are, as I said, initiatives in the workforce area and some funding here to look at how we can engage the community more intentionally as partners in children's learning. Other initiatives that are funded in this budget — you have documents before you, Chair.

The CHAIR — Thank you, Minister.

Ms PIKE — Wannik is the major strategy designed to improve outcomes for Koori students within all of our schools. A number of schools have at least 10 or more Koori students and there is a particular focus on those

students. That is around a redesign of the Koori support workforce, additional literacy and numeracy programs, professional development and focus on individual pathways.

The second area is $6.5 million for programs specifically designed to assist refugee students, and I have another document here that I have made available to you. Just to finally go through the record investment in education and infrastructure — —

The CHAIR — I thought the overhead was a golf course.

Ms PIKE — It is not a golf course actually; it is a beautiful rural campus. These rural campuses have been terrific initiatives, Chair, because they have — —

Dr SYKES — Is that Marlo?

Ms PIKE — That is the Marlo campus of, now, the three schools. What a fantastic initiative within the public system, that students have the opportunity at the year 9 level to have an out-of-school experience, which is a comprehensive educational experience. Thank you very much, and I will be very happy to give you more information about that.

This shows the breakdown of the funding that has been provided in the capital area, the $598 million. We have modernisation, with major projects in 26 schools; the upgrading of the science rooms; regeneration programs in Broadmeadows, Bendigo, Altona, Dandenong, Colac and Sunshine; new schools in growth areas — the Partnerships Victoria model for 11 new schools and a further $29 million for schools under the traditional procurement method; and the Better Schools Today program, which is about modernising and upgrading up to 70 small to medium schools.

We are continuing to work at delivering brand new relocatable classrooms, which are essential for the movements in school population that inevitably occur within a system that has so many schools; funding for the select entry schools at Berwick and Wyndham Vale; replacement schools in Anglesea, Bass Coast and Wodonga; funding for small rural schools — nine small rural schools are now being provided with permanent, high-quality facilities; the John Monash Science School and then land acquisition, which is something that is an important feature of our capital program, because we always need to make land available so that we can continue to build new schools.

There is $1.3 billion extra for early childhood development and education — a massive budget with a massive commitment. If you look now at the progress, $73 billion since — sorry, $7.3 billion; it would be nice if it was 73 — since 1999. Education is the government's no. 1 priority.

Mr DALLA-RIVA — Is that cabinet? Is that the latest picture?

Ms PIKE — It is actually the artwork in the blueprint, really recognising the diversity of people that we have. Chair, I would like to quickly correct the record. I said '598' about 1 minute ago, and it is 595 8, so I will correct that mistake.

The CHAIR — Thank you very much for that presentation. It is a lot of money anyway, whichever way you look at it.

Mr DALLA-RIVA — Thanks for that, Chair.

The CHAIR — That is all right.

Mr BARBER — My apologies, Chair.

The CHAIR — That is all right, thank you, Mr Barber.

Minister, one of the areas which the committee is looking at this year is in terms of revenue foregone, subsidies, concessions in the budget and in the forward estimates. Could you advise the committee of any specific subsidies, concessions, revenue foregone within your portfolio and whether there are any changes to these in this year's budget?

Ms PIKE — In fact there some items in all of those categories that do occur within education. In terms of subsidies, the education maintenance allowance is a payment made to low-income families to assist them with the cost of educating their children. In 2008 the EMA payments are $215 for primary school students and $430 for secondary school students. This payment is indexed to make sure that it keeps pace with education costs.

The eligibility criteria for the EMA is that the person must be a parent or guardian of a primary or secondary student up to the age of 16, be the eligible beneficiary of a Centrelink pension, allowance or benefit within our own State Concessions Act, or be a Veterans Affairs pensioner or a foster parent and must submit the application to the school by the due date.

The second area is the School Start bonus, which was introduced in 2006 and provides $300 in a one-off payment for parents when their students are starting prep or year 7 in both government and non-government schools. That is a bonus to help parents purchase essential items like books, school uniforms et cetera. There is often an additional cost at that particular time, at a transition time, and it is important that students have a good opportunity to be fully equipped to have the best possible start in schools. That is a very important bonus.

The department also oversees the kindergarten fee subsidy, which ensures that all children attend a kindergarten program which is longer than the free 10 hours per week — sorry, it ensures that any remaining fees are provided for low-income families. This is obviously an initiative that is there to promote participation.

The CHAIR — Some of the fees anyway, not all of them.

Ms PIKE — Yes, that is right. Eligibility for this fee concession is based on parents and children having a health-care card, a pensioner concession card, a Veterans Affairs gold card and an applicable visa. The kindergarten fee subsidy fees policy provides operational guidelines for services where fees are charged above or below the kindergarten fee subsidy.

The next area is the conveyancing allowance. Members will be aware that in some regional and outer metropolitan locations, eligible students are unable to access free school buses, and these students may receive a conveyancing allowance to assist with their travel costs. It helps cover the costs resulting from transport gaps in our system. We do have a pretty comprehensive system, and there is public transport available, but sometimes there are some gaps. The allowance can be applied to the use of public transport, private cars, private buses and taxis. It is available for an eligible student at government and non-government schools to attend a school located in all non-metropolitan regions and certain postcodes in those fringe areas with limited public transport. Eligibility is based on strict criteria. Students must attend the nearest school, and students must live at least 4.8 kilometres from that school. These rules ensure that it is well targeted, particularly at those in remote areas or who have a disability or who are in most need of transport assistance. In 2006–07 approximately 46 500 students received payments totalling $26.9 million for this particular subsidy, so it is a fairly big program, and it does support a large number of our students.

We also have special school bus services for young people with special needs who are going to special development schools. Again, the department contracts 326 special school bus services, which carry approximately 6400 students with disabilities each day to school across the state, and the budget for that particular program is around $38 million, so it is a big investment if you look at those things added together. Finally, Chair, you asked about revenue forgone?

The CHAIR — Yes.

Ms PIKE — The only area where the department does not collect revenue to which it is entitled is in respect of rental costs to its statutory bodies that occupy space within the department's buildings. The notional rent provided is recorded as a service, and the buildings are occupied free of charge. At a total of $1.9 million for last year — in other words, 1.9 if they were rented on a commercial basis, and we are talking about the VCAA, which is the curriculum assessment authority, et cetera, the VRQA and other bodies. That $1.9 million represents less then 0.03 per cent of the department's total expenditure for the year.

In addition to all of this, non-government schools can access a range of resources and opportunities available to government schools, which include a range of tax concessions or exemptions, including land tax, payroll tax and fringe benefits tax exemptions. They are the subsidies, concessions and revenue foregone matters within the education portfolio.

The CHAIR — Thank you, Minister. Are we still getting full cost recovery from overseas students?

Ms PIKE — I certainly understand that we are getting full cost recovery from overseas students. It is a very big program. In fact education is the largest export in Victoria. We had the huge number of 1699 international students recruited to government schools in 2007. That is an increase of 23 per cent. It is a big program. My understanding is that it is a full cost recovery program.

Mr WELLS — Minister, the teachers' EBA was signed on the day before the budget — so the figures would not have been included in the budget — to make Victorian teachers the highest paid in the country. What is the cost of that EBA for this financial year and in the forward estimates moving forward?

Ms PIKE — The Treasurer has certainly dealt with the matter of the EBA and the funding of that matter. Regarding the specific elements of that — —

Mr WELLS — No, just the cost; what is the cost?

Ms PIKE — I think we need to be very clear. Government's wages policy is 3.25 per cent. That has been now passed on to the teachers. Any additional wage increase, as the one that has been agreed upon, is to be funded by service improvements. This particular EBA of course has provided a number of service improvements; certainly the changes to the pupil-free day arrangements and the additional six days of teaching time.

Mr WELLS — Minister, it is a straightforward question. I just needed the cost of the EBA.

Ms PIKE — What the Treasurer has said when he dealt with the question of the financial impacts of the EBA is that the cost was in order of $2 billion and that matter is fully funded in the budget.

Mr WELLS — So, is it $2 billion? How much of it is relevant to this year and then can we talk about the forward estimates?

Ms PIKE — The EBA has not been ratified.

Mr WELLS — No, we are just worrying about the costs.

Ms PIKE — There is no payment until the ratification of the — —

Mr WELLS — No, but what is the cost, please?

Ms PIKE — There is no payment until the ratification of the EBA. The Treasurer has said on the public record that the cost of the EBA is in the order of $2 billion. He has dealt with that question. The matter of the financial impacts are a matter for him, and he has given assurance that those matters are fully covered in the forward budget position.

Mr WELLS — No, let us not overcomplicate the issue. The Treasurer did not answer the question when we put it to him. Actually who signed off on the EBA? Was it you as minister?

Ms PIKE — The EBA — there has been a public announcement. The matter has to be of course ratified, and there is a fairly extensive industrial process that needs to be gone through before that matter is concluded. That is the normal circumstance with all enterprise bargaining agreements. It has to be ratified by the membership, and that process is under way at the moment. The final documentation then has to be lodged within the Industrial Relations Commission. It is an agreement as such that has of course got very significant improvements that the government has been able to — —

Mr WELLS — Minister, we just need — —

The CHAIR — You have asked your question. The minister is answering.

Mr WELLS — And we are not getting anywhere. We just need to know — —

The CHAIR — We have an answer.

Mr WELLS — Who actually negotiated this? Did you sign off the EBA? We just want to know what the costs are.

Mr PAKULA — Did you not get the bit about where the workers have to vote on it? Did you not understand that bit?

Mr WELLS — This is about forward estimates. Are you telling me, and the Public Accounts and Estimates Committee, that we do not even get an answer about — —

The CHAIR — Mr Wells, you have already — —

Mr WELLS — What sort of committee is this?

The CHAIR — It is a very good committee. We would like you to desist from interrupting and bullying. I would like to move on to the next. The minister has answered the question. I move on to the next one — Ms Munt.

Mr WELLS — Hang on, what was the answer?

The CHAIR — She has given an answer. She gave an answer twice.

Mr PAKULA — I heard the answer $2 billion.

Mr WELLS — It was around $2 billion.

Mr PAKULA — It has got to be voted on.

Mr WELLS — It was around $2 billion. It has not even been agreed to.

The CHAIR — Thank you for your performance. Let us move on to the next one.

Mr WELLS — What a ridiculous situation! We do not even know what the cost of the EBA is. What a disgrace! Open and transparent?

Mr PAKULA — Grandstanding idiot.

Mr WELLS — Did you get the answer?

Mr PAKULA — Yes, I did. Clean your ears out.

The CHAIR — Mr Pakula, we have had enough, thank you.

Ms MUNT — Yesterday in my electorate, in Dingley Village in fact, there was a forum on the new blueprint for education. Local kindergartens attended, child-care centres, primary and secondary schools. I notice here on page 302, under education and early childhood development output initiatives, there is a line item for school reform resourcing, and it ranges from 15.3 million in 2008–09 through to 18.7 million in 2011–12. I wonder if you could please expand for me what that resourcing will entail for all of those organisations, for the education community.

Ms PIKE — Thank you very much for the question. It is true that this budget includes $71.4 million for a school reform package. That funding is the beginning of the rollout of a number of initiatives that will emerge from the very substantial process around the Blueprint for Early Childhood Development and School Reform. We have released discussion papers, and members have copies of these discussion papers before them. We are now in the middle of a very broad consultation process. The forum that you referred to that occurred yesterday is one of four that is being held both in regional and urban Victoria. We have also had a major summit, and we have had a number of round tables with special interest groups.

All the feedback that will now come from those consultations will help in the development of the final blueprint. What the blueprint is really about is making sure that we can do everything that we possibly can to build upon the success of the 2003 blueprint so that our young people have the skills and capabilities and the support in their development so that they can fulfil their greatest potential and contribute to the economic, social and cultural wellbeing of our community.

By international standards our students are performing very well, but we need to consistently improve the way our schools are performing. What we do know is that there are some areas where young people are progressing very significantly, but there still remain some areas where we need to continue to improve the educational experience for those young people. We also know that young people in certain socioeconomic areas need some additional support and resourcing and some very intentional teaching and learning strategies so that they can be given the best possible chance.

This blueprint which this funding begins to support is a very comprehensive reform agenda which really says that we believe our system is important; we need to underpin, strengthen and reform our system; we need to work with the workforce in a way that drives improvement, professionalism and greater leadership capacity; and we need to engage the community and parents much more effectively so that we have a greater number of partners in the educational enterprise. The $71.4 million school reform package really includes elements for all of those three dimensions. As the final report for the blueprint is completed, I think we will have a significant framework to move forward with in terms of implementing cultural change within our school system, driving further excellence and of course pointing to the most effective additional financial investments in the system.

Mr RICH-PHILLIPS — Minister, I would like to take you back to the EBA issue. Can you tell the committee, firstly, who in government was responsible for negotiating the EBA — was it you as education minister, the Premier or the Treasurer; will there be an impact on the budget in the current financial year, 07–08; and, moving forward to the new year, will schools be funded for anything in excess of 3.25, which is government policy — will they be funded for any additional cost beyond the 3.25?

Ms PIKE — I will just take note of that: one is who negotiated this year's budget effect?

Mr RICH-PHILLIPS — Yes.

Ms PIKE — And then how it will flow through the schools' bottom line?

Mr RICH-PHILLIPS — Yes; will the schools get more than the 3.25.

Ms PIKE — In terms of negotiating all enterprise bargaining agreements across government, each of the specific departments has staff who are qualified and responsible for the ongoing relationships with unions and the negotiating of those particular agreements. In the case of our department we have an industrial relations unit whose responsibility it is to negotiate the agreement. These are people with a high degree of expertise in industrial relations. In our case, they have been doing these negotiations for years and years. They understand all relevant legislation, et cetera. They meet on a regular basis with the unions throughout the process of the negotiations.

The process of course is that there is a government position and then the union will put in an ambit claim, and that really forms the basis of negotiations. Those staff of course are accountable to the secretary through the line arrangements within the department. From a government perspective the economic review committee (ERC) has an industrial relations subcommittee, which of course is the government mechanism for receiving information and making major policy decisions about the shape and negotiations of enterprise bargaining agreements, and of course all decisions are signed off finally through ERC, through relevant cabinet subcommittees, upon advice from the department. So in terms of who negotiates — —

Mr RICH-PHILLIPS — It came back to the ERC after departmental negotiations?

Ms PIKE — Yes, that is always the process: these things come back to relevant subcommittees.

The CHAIR — Can we go to the estimates and the impact on the budget?

Ms PIKE — That is the process. It is the same process that has been undertaken by governments for ever and ever, so it is nothing particularly unique or new. You would anticipate that government sets the broad policy framework and makes the determinations about government wages policy and about issues like productivity and service improvement offsets — the kind of framework we sit within for all industrial relations negotiation; and then of course the department, through its good offices, negotiates within that framework. That is a tried and true method of negotiation. I might say that in my time as a government minister over eight years now I have had the opportunity to negotiate many, many enterprise bargaining agreements, and this has been a process that has worked

extremely effectively. I think Victoria is well known as a state that has had a very robust industrial relations negotiating system and that has achieved very responsible and appropriate outcomes.

In terms of payment for some elements of this budget in this particular enterprise bargaining agreement, this matter is yet to be ratified. That will determine the final outcome of the enterprise bargaining agreement. But I can indicate to the committee that the government has offered a one-off payment as a sign-up bonus to the union, and that component would be paid for out of this year's budget, and other matters, of course, will be in the forward estimates — sorry, next year's budget.

Mr RICH-PHILLIPS — Which one is it?

Ms PIKE — I think we will clarify that, sorry. We are just going to clarify that.

Mr ROSEWARNE — All the payments associated with the EBA will be made once the agreement has been certified. Our expectation is that will not occur until it has been ratified by the union and then taken to a ballot with the employees. Our expectation is that would not occur before July or August, which means any payments associated with the EBA will occur in the 08–09 financial year. We are currently in discussions with the Auditor-General about the treatment of any expenses or accruement of expenses associated with the EBA, which is something we have done once the in-principle agreement was reached with the union last week.

The CHAIR — Okay, so this means there is still some more work to do.

Ms PIKE — So that reflects my comments about that. Now in terms of, 'Will it be passed on?'; yes, of course. I mean, once the agreement is ratified, then the appropriate resourcing to meet the cost of the EBA will be passed on to schools.

Mr RICH-PHILLIPS — And that will be the full cost of the EBA, not just the three and a quarter?

Ms PIKE — Yes.

Mr SCOTT — Minister, I, like Ms Munt, would also like to refer you to budget paper 3, page 302, and the output initiative headed 'School reform resourcing to support the forthcoming blueprint', and the question I would like to ask is: could you please advise what the government is doing, particularly under this budget, to work towards system reform in our schools?

Ms PIKE — Thank you very much. I identified that in the blueprint we had the framework of system development of reform of school and community, parent and community partnerships and workforce reform, and we certainly want to make sure that we have a culture of excellence that delivers results in all schools for all students. The blueprint discussion paper reflects this philosophy by embedding, I guess, three principles. We want to ensure that every child makes good progress. You know, every child starts at a different point and every circumstance is unique, and every context that people are within is unique. But what is not acceptable is where children do not make progress, because every child, I believe, has the inherent capacity to make that progress. The other thing is improving transitions to and from school, because they are really critical, and establishing clear expectations and providing greater support for all schools.

We want to make sure that teachers have a very clear idea of where their students are up to, and that they also have the skills and tools in hand to help their students to progress. So what we have here in this budget is some funding that will really transform the role of support staff at our regional level to work much more intentionally with schools to make sure that they have the leadership in place and that the teachers are very clear about their expectations about best practice teaching methodology, about appropriate curriculum content, and they have all of those elements to have high expectations and high-quality teaching and learning.

The budget in the $71.4 million school reform package provides for funding for school improvement leaders who will take the place of senior education officers, and there will be more of these leaders. They will work within networks of schools and develop strategic plans for each of those networks and then be able to identify specific interventions that will really be targeted to lift the performance of the teachers and subsequently, of course, the students within those schools.

The other element is a change in the way that we are managing the SSSO staff; they are the allied health support staff. We are providing coordinator positions in every region, and we are giving far greater accountability to the

regions so that the disbursement of those staff and the utilisation of those staff will be consistent with the strategic plans for reform that are being developed with all of the networks. This is really a package about undergirding the system, about recognising that in some circumstances we do need to intervene more intentionally in providing greater levels of professional development and opportunities for higher performing teachers and principals to go into those places with a shared agenda around continuous improvement. So it is all really identified in the discussions, and the shape and form of it, of course, will be informed by the dialogue, but it is a very significant package about how we can continue to reform our schools and make sure that they are really driving best practice and helping their children to progress wherever their children may be.

Dr SYKES — Minister, I refer to the question on the EBA. I refer you to a statement of intention on how the public system could forge stronger relationships with Catholic schools in Victoria, as recently described in an article in the *Age* of 21 April at page 3, and I ask: if it is the government's intention to seek closer ties with Catholic schools, have you ruled out providing funding for pay rises for Catholic schoolteachers as well as their independent system counterparts to equal those that the government has now offered to the teachers in the public system, and if you have ruled out funding, why?

The CHAIR — Dr Sykes, you need to relate it to the estimates, so your question is: why do the estimates not contain funding for Catholic teachers? Is that your question?

Mr RICH-PHILLIPS — That was it.

Dr SYKES — Yes.

The CHAIR — I mean, we are dealing with the estimates not in terms of other policies which are outside the estimates process.

Dr SYKES — Nicely summarised, thanks, Chair.

The CHAIR — So the question is: why do the forward estimates not contain funding for Catholic schoolteachers?

Ms PIKE — Obviously I need to give a bit of background to this question. People will be aware that non-government schools educate around 35.5 per cent of all Victorian school students, and 61.6 per cent of those students attend the Catholic school system. Since 1999 the recurrent and targeted funding provided to non-government schools by the Victorian state government has risen almost 63 per cent, so the increase has been $154 million. Around $399 million of funding from the Victorian budget is provided not just for recurrent funding but for specific purpose grants and capital funding to the non-government system of which the Catholic system is a significant part. I have also indicated in response to an earlier question that taxation benefits are also provided to non-government schools — land tax, payroll tax and fringe benefits tax — so the resources are significant.

But of course the commonwealth is the primary funder of non-government schools. It provides $1.4 billion including GST to Victorian non-government schools through its funding model, which allocates funding on the basis of the relative socioeconomic status of the school community. We are not the major funder; we are the secondary funder, if you like, to the non-government school system, and that funding has increased enormously over the last few years. The comments that were made around partnership with the Catholic school system were genuine comments, and they are indicated in the enterprise — sorry, I looked at Kim and nearly said enterprise bargaining agreement then.

Mr PAKULA — You saw the whites of his eyes.

Ms PIKE — It must be something about your face, Kim.

Mr PAKULA — He looks like a union heavy.

Ms PIKE — They are identified in the blueprint. There are many opportunities for partnership. Some of the developments that are happening in the growth corridors include possible partnerships around capital — for example, the sharing of ovals and joint-use facilities et cetera. Really what I wanted to indicate, and I have raised in conversation with Catholic education, is that I think there are many more opportunities for us to collaborate, because in many cases, particularly in some of the lower socioeconomic communities, the Catholic school system is dealing with and supporting some of the families that the government school system is supporting. There is an

opportunity for, I think, real partnership and collaboration to help our children in terms of getting more shared support.

As you correctly identified, Catholic teachers salaries are linked to the Victorian government school teachers EBA whereas the other independent schools salaries are not. The negotiation of the EBA will obviously be a matter for the Catholic schools, including the service improvement agenda. Certainly it is not the intention that the government will provide specific additional funding for the EBA, but of course we are always in conversation with the non-government school system about our overall funding and partnership arrangements with them.

Dr SYKES — Can I just explore a little bit further, Chair; I was very quiet and let the minister go through — —

The CHAIR — We try to avoid supplementaries.

Dr SYKES — Yes, but I just want to clarify, and I did not interrupt the minister — —

The CHAIR — If you clarify it simply.

Dr SYKES — The first thing is I acknowledge the moves towards cooperative interaction. Certainly that is occurring at Myrtleford and Benalla and at other locations in our area, and that is very good. But in relation to the funding of Catholic and non-government schools you indicated that there have been increases during the term of this government, but it is my understanding that that was off a very low base, and the funding per student to Catholic and independent schools, unless it has changed substantially in the last 12 months, Victoria is the lowest funder of students in Catholic and non-government schools.

Ms PIKE — I thank you very much for reminding us about what a low base it was off. In fact — —

Dr SYKES — With a massive budget surplus you have not fixed it.

Ms PIKE — That is a bit of a misunderstanding. We are talking about recurrent funding here, not one of budget surpluses. I think that is a misunderstanding of how the budget works. The reality is that we inherited a very, very low base and this government has, in fact, made substantial moves to increase the amount of funding to non-government schools. Over time we will continue to work with non-government schools in terms of shared programs and their own financial arrangements, but it was very, very low, and we kicked in — —

Dr SYKES — But you have had eight years in government, Minister.

Ms PIKE — There were seven before that where nothing happened, so — —

Dr SYKES — But you have had eight years to fix the issue. It is time we — —

The CHAIR — We will move on. Everyone has made their statement. This is really a time for questions, it is not an opportunity to make statements. You can do that in the house.

Mr NOONAN — I want to go to the workforce reform issue. You covered it somewhat in your PowerPoint presentation, in fact there was a slide there. In relation to the budget, page 302 of budget paper 3 relates to school reform resourcing to support the forthcoming blueprint. I note on page 5 there are some dot points in terms of the overview. Could you advise what the government is doing, particularly under this budget, to support and improve the workforce in our schools?

Ms PIKE — Thank you very much. You have correctly identified that workforce reform is an issue that we have got some specific initiatives in this budget to develop and sustain, but also the blueprint indicates that we need to do some more work when it comes to our workforce.

The recent McKinsey report, which has really been universally acclaimed, talks about the characteristics of top performing education systems and analyses education systems right around the world. With all the initiatives that people have taken over years and years and years, what that report really identifies is that workforce quality is at the core of success of every high-performing education system. The best systems get the right people to become teachers, so have incentives to get good high-performing students in with high results, develop these people into

effective instructors and put in place systems to ensure that every child succeeds, so intensive monitoring and then strategic intervention for every child to make sure they are progressing.

We recognise that we need to continue to attract and retain the best people, and we have to continue to make people accountable for their professional practice. This is a change. When I was a teacher many years ago — and I do not know if there are any other teachers around the table — teaching was a much more individualistic enterprise where as a secondary school teacher you went into your classroom, you shut the door and there you were with this group of kids, and in those days there were 40 of them.

The CHAIR — Is that all?

Ms PIKE — There were 40 or 45 in some of my classes I can remember, which of course is not the case now, but I will not digress. Education is now a much more accountable exercise, and anyone who goes into our schools these days will see much more open interaction between teachers, much more shared learning experiences, team teaching and planning and preparation and execution that is much more accountable. These are some of the initiatives that are really highlighted in the blueprint, and they are also initiatives that go to the heart of what we want to achieve with our teaching workforce.

We want to further develop school leaders by focusing on leadership through development and accreditation of principals and school leaders. If we want high-performing teachers to go into underperforming schools and we are going to give them more money, we want to make sure that they are accredited, that they have very clear understanding of how to improve teaching and learning within their school and are prepared to sign up to accountability measures for that. We consistently have high-quality teaching and learning through providing an instructional model that ensures excellence, because we know what works. What the challenge is in a sense is to get everyone to embrace those instructional models.

Skilling teachers in the use of technology — all of that has changed dramatically. You cannot just assume that a teacher who was trained 20, 30 years ago is adept at using technology, and yet it is absolutely fundamental in terms of instruction and also sharing of professional development. There is, as I said, a lot in this space. We also have identified the development of a program called 'Teach First', which is a program that exists in the UK, and in America it is called 'Teach for America'. It is a program which encourages high-performing graduates from other fields to enter teaching and to in a sense give something in a very intentional way to our education system, particularly in poor performing schools, as a way again of boosting the expertise and enriching the professional groupings within our schools.

This budget identifies funding particularly for the workforce area, some $7.6 million for the 'Teach First' program and intensive teacher training internships et cetera, but of course the blueprint I think sets in place a framework. I might come back to the EBA just in a final comment in that one of the very critical things within the EBA is setting in place very strict criteria about people's willingness to participate in the school improvement agenda if they are to progress in some of those higher teaching categories. People will not just automatically progress under the new EBA. When they reach that expert teacher level they will have to sign up to mentoring, they will have to sign up to shared professional development, classroom management development, curriculum development, all of those things, and that will be part of that framework.

Mr BARBER — Minister, I would just like to get a bit more information about the equity funding within the resource package. My understanding is that 60 per cent of schools used to get equity funding, which is very equitable that everybody gets something but I think it was the work of Professor Richard Teese that recommended increasing and ramping up that amount to about 15 or 20 per cent of schools most in need. Are you able to tell me within the whole resource package what percentage of that funding is equity based; how many dollars is that; and what percentage of schools currently qualify?

Ms PIKE — Sorry, I will just get that. It is the percentage of the package — —

Mr BARBER — Percentage of the package that is equity based; how many dollars — —

Ms PIKE — The overall package?

Mr BARBER — Yes, that is right; the total.

Ms PIKE — The number of schools?

Mr BARBER — Yes, and the actual dollar amount that is equity based as well as the percentage.

The CHAIR — How ever one defines equity based, of course.

Ms PIKE — Thank you for talking about the equity funding because it is obviously a very critical component of our education budget, and it is provided to schools so that they can offer specialist services and they can acknowledge that there are some disadvantaged young people within their midst.

The direction of the blueprint again recognises that we do need to provide additional support into lower socioeconomic areas and areas of underperformance. I guess I am indicating to you that this is a matter of quite high priority for me, and I want to make sure that whatever funds we are putting in are being used appropriately and effectively and are maximising the benefit to those schools which really do need them. Specifically regarding your question, I might ask Jeff Rosewarne to comment. My understanding is that we are talking about, at the moment, about 50 per cent of our schools, but some of those other details we probably do not have here with us today. Jeff might like to add some more to my comments.

Mr ROSEWARNE — Just a couple of comments, Minister. The equity funding is delivered by two means to schools. Some of it is contained within the student resource package — the specific formula that Richard Teese reviewed. But there is also a range of other programs and initiatives that deliver equity funding directly into schools, not via the SRP. We have not got the specifics with us here, but I am sure through the minister we can provide that. The basis of Richard Teese's work around equity funding was that there should be an increase in the amount of equity funding going to schools, and over the last three to four years the government has delivered on an increase. The other component of Richard's work was that there should be decrease in the number of schools receiving equity funding. When the SRP got introduced, those two components happened. There was a specific increase in funding but a reduction in the number of schools. At one point there were probably in excess of 70 per cent of our schools being deemed disadvantaged. Richard's work and analysis and evidence said the number should come down to somewhere between 20 to 30 per cent.

Mr BARBER — Is there a dollar increase in this budget?

Mr ROSEWARNE — Not in this particular budget. In previous budgets — —

Mr BARBER — But you said there have been three increases.

Mr ROSEWARNE — There has been an increase over the last three years, since the SRP was introduced. In previous budgets there were specific initiatives, which we could bring back to the committee.

Mr PAKULA — I am also on budget paper 3, page 302. There is a line item there 'Schools maintenance'. You also covered it in your slide presentation. In regard to that I would just like you to outline for the committee what the government is doing in this budget to invest in schools maintenance specifically.

Ms PIKE — Obviously school maintenance is very, very important. The government does provide funding each year for regular maintenance within schools. That allocation is $42 million for regular maintenance, and a further $20 million on top of that was made available to schools to finance priority maintenance work. That was in 07–08, so that is not in these budget papers — that was in the 07–08.

The CHAIR — It actually is in the budget papers.

Ms PIKE — It is identified there, is it?

The CHAIR — You will find it on page 302.

Ms PIKE — I beg your pardon. That is the $20 million of the 07–08.

The CHAIR — I pointed this out to the member for Nepean.

Ms PIKE — Yes, you do not want me to miss out on something that is important. Thank you very much, Chair, for your assistance.

On top of that this government has made a commitment to rebuild or modernise every single school in Victoria up until the year 2016–17. In this term of office there is $1.9 billion, and I have talked about the money that is specifically in this budget for that initiative. I think it is fair to say that we are improving the overall stock, which had really been underinvested in for many, many years. We are improving the overall stock. As these redevelopments flow through, there is a significant improvement in the fabric of these schools. We continue to embed maintenance funding, which is absolutely essential, and obviously some of the funding may have come out of the maintenance budget previously — in fact people are getting extra because they are getting brand-new buildings and facilities.

The maintenance planning is supported by regular audits that are done of each school. They provide schools with professional advice about how they might actually plan their maintenance more effectively. I would have to say that I think schools are also looking at partnership arrangements. We provide advice about ways in which they can deal with procurement in a more appropriate and effective way, so that they can make their dollar go further, quite frankly.

The other thing that I think is important is to talk about the public-private partnership schools that will be put in place. They have been announced, they are all out to tender and work will commence shortly. One of the elements of the PPPs is the inbuilt long-term maintenance payment that will provide, I think, a lot of relief for principals and teachers in those schools because that will be part of the contractual arrangements that the private sector signs up to. It will be built into their forward payments schedule that they, in a sense, maintain the facility up to the standard that it was built at. I think that is an initiative that will see further development in the maintenance area within the education arena. As those kinds of arrangements are put in place — call centres and those kinds of things — I think you will see possible application more broadly across the system, even for the non-PPP schools, to assist in rationalising maintenance, if you like, and making it more effective.

Mr DALLA-RIVA — Just a supplementary, and maybe you could take it on notice. There was discussion about the EBA with my colleagues here. When the EBA is signed can you provide the committee with the cost into the forward estimates, so we at least have an idea what it is going to be in the forward estimates moving forward?

Ms PIKE — The Treasurer has dealt with this matter. Obviously the department is provided with the appropriate supplementation when all these matters are resolved, but this is a matter for the Treasurer.

The CHAIR — The Treasurer has promised us further information, and we will be looking for that.

Mr WELLS — No, he didn't.

The CHAIR — He did.

Mr WELLS — He just said that it would be in the education department's reports as of 30 June.

The CHAIR — No, the Treasurer said that he would provide us with some further information.

Mr DALLA-RIVA — Related to that. That was my supp.

The CHAIR — We don't really have supplementaries, so can you get on with your question.

Mr DALLA-RIVA — Thank you, Chair, for your advice.

You announced in last year's budget that 131 schools would be upgraded or modernised, and I notice in the current budget there is a further notation in the overview on page 18. It says here that this budget delivers funding for a further 128 schools. I am just curious, given that in table 4.3 on page 284 in the service delivery budget paper under 'Modernisation, regeneration, replacement schools and other projects' there was $186.5 million provided in this current financial year with 326.8 into the next financial year. I am curious about how many schools you anticipate will get started. I know there are 128, but in a particular financial year, if you have allocated 128, what lag time do you anticipate? In other words, 131 from the previous year — how many were started? At the end of that financial year how much carries over into the next financial year? And in the forward estimates 128 are nominated for 2008–09; what do you anticipate in terms of commencement, as opposed to processed before it gets commenced, because there is a lag as I understand in the project development stage?

Ms PIKE — I guess the short answer to your question is 'It depends'. It depends on the individual circumstance of the school. Some projects are very large and complex, and they take a longer time to roll out. They may require decanting of students; they may require some kind of staging; they may in fact hit rock, or hit rain.

Dr SYKES — Not likely!

Ms PIKE — There may be unforeseen circumstances. What this process is really about is when a school is identified in the budget, that is a clear signal to that school that their money is in the bank, if you like. They can absolutely proceed with their development. Most of the schools will be at a ready-to-go stage of their development, particularly, for example, those big modernisations where you are talking about your $5 million to $10 million modernisations. They will be all ready to go; they will be able to put out to tender. They would have had all the architectural work done et cetera, they will be able to put out to tender, and off you go. But the project itself may take 1, 2, 3 years depending on the size and scope of the particular project. What we reflect here is the cash flow, in a sense, in the budget papers. The bottom line for schools and what schools know is that when their school is announced in the budget, that is the green light for them to absolutely go ahead and start purchasing, if you like. But what I can say to you is that out of those 131 schools, 125 schools have been announced. They know they've got the money; the schools know, there has been a public announcement of those — —

Mr DALLA-RIVA — That is for the financial year — 131.

Ms PIKE — Yes. So they know they have got their money. It has been announced somewhere publicly, locally or in a statewide release. Six of the schools are under what we call the Better Schools Today component. The Better Schools Today program is a larger number of schools; they will be notified about when they come to the top of the list and they proceed.

Mr DALLA-RIVA — They will run into this financial year, that remaining number?

Ms PIKE — They are very small numbers. No, they were funded last year.

Mr ROSEWARNE — They were in this year's budget.

Ms PIKE — 'This year', I meant, yes.

Mr ROSEWARNE — What the minister is saying is that there are six projects in Better Schools Today that are still to be announced.

Mr DALLA-RIVA — Which will bring it up to the 131?

Ms PIKE — Yes.

Mr ROSEWARNE — Correct.

Mr DALLA-RIVA — And you will go through the same process into the forward estimates?

Ms PIKE — Same process.

Mr DALLA-RIVA — So 128 — you have identified probably 120 or whatever — —

Ms PIKE — Yes.

Mr DALLA-RIVA — And the remaining number will be for that — —

Ms PIKE — Because there is a cluster of projects that are in that smaller cohort.

Mr DALLA-RIVA — Yes, and they are publicly announced and everyone knows which schools?

Ms PIKE — Everyone knows. I am very confident about the numbers here. We are counting very carefully because we have made a commitment, and we intend to meet that commitment. Jeff may want to add a bit more to that.

Mr ROSEWARNE — Minister, just to help the member, on page 306 of budget paper 3 there is the actual cash flow of the capital program announced in the 08–09 budget. Whilst all the projects will be announced and commenced, that gives you a very good indication of the actual cash flows associated with those projects. And as the minister indicated, the majority of those projects will be completed in two years; some will actually take three years to complete. But that gives you a good understanding of the cash flow. All 28 will certainly be announced in this next 12-month period.

Mr DALLA-RIVA — One hundred and twenty-eight.

Mr ROSEWARNE — One hundred and twenty-eight, sorry.

Ms PIKE — One hundred and twenty-eight.

Mr DALLA-RIVA — Thanks.

The CHAIR — Some schools take a lot of it. It is like the John Monash Science School; it takes a couple of years to build.

Ms PIKE — Yes, they take longer.

The CHAIR — Thank you, Minister. Mr Pakula asked you about maintenance. I would like to follow up on that one. On the same page Mr Rosewarne mentioned, page 306, there is funding for relocatable classrooms which in many schools in my area are seen as a way of getting rid of the old portables, on which we did a lot of maintenance, and putting new ones in. And of course the new modified ones are very good. Can you tell us a bit more about what you are intending on the maintenance rollout, because quite a lot of schools are interested in what is becoming available and what type of relocatables there are?

Ms PIKE — Sure. Relocatable classrooms are a very critical part of the facilities management within the education system because they provide temporary accommodation within schools whose enrolments may be fluctuating or who get a sudden rush of students and there is a lag between building the permanent facilities. They also are facilities that have been damaged, so if there is a fire or storm or something like that, or, as I have identified, during the construction process you need to have relocatable classrooms. Relocatables are transferred around schools during school holidays, because schools have an ideal allocation on the basis of their student population. We have to make sure that we are using these resources wisely and sending them to the most appropriate place to meet the short-term and peak-growth facilities entitlements. So the government has committed to a classroom replacement program, and that has seen the replacement of the older-style portables with new relocatables.

It is a very interesting story, because the contract for the new relocatables was won by a Bendigo company. In fact they have what I call nicely 'the relocatable graveyard' that some of you may have seen. If you are travelling up the Calder Freeway there is an area that has been set aside where people can go and purchase old relocatables, and the company is actually selling the old relocatables. A total of $26 million has been provided in this budget. This will add to the 600 relocatable classrooms that have already been delivered to schools between 2005 and 2007. It is a really important program. I would encourage you to have a look at the buildings — the BRB modulars that are being built by Bendigo Relocatable Buildings builders — because they are very attractive buildings

The CHAIR — We would like to have more of them.

Ms PIKE — They really are serving our schools very well.

Dr SYKES — How many have we got located at the moment? You said 600?

Ms PIKE — The 600 is the new ones. There are still some existing older ones, because not all were ancient. I would have to take that question on notice.

Dr SYKES — Can I have a question on notice that explores that a bit further?

The CHAIR — Fine. I think somebody mentioned portables with asbestos in them. I thought we had replaced all of them. Is that correct? Have you done a replacement process on them?

Ms PIKE — Yes.

Mr ROSEWARNE — They are part of the replacement process that occurred with the 600.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the ultranet project. The budget papers note the $60.5 million allocation for it. Can you tell the committee why has there been a delay in announcing the tenderer for ultranet; when will you make that announcement; will the project be delivered entirely within the $60.5 million that has been allocated; and how much of the $21 million that was set aside for the current financial year has been expended on that project?

Ms PIKE — As we know, the ultranet is an online learning environment that will integrate teaching and learning, school administration and other dimensions. It will be accessible to a wide range of users, including students, parents, teachers, school administrators and people within the education system. It is a very comprehensive IT solution. In terms of the actual rollout of the program, the request for tender was released in August 2007, and those tenders are currently being evaluated.

There are a number of aspects that people are looking at: privacy and the compatibility with broader legislation like the Information Privacy Act and the Health Records Act. There are a number of security safeguards that are being discussed and being developed, and of course it has been all worked through within the probity framework that ensures the government's probity requirements are being met, and there is very strict compliance with those particular probity requirements. Those tenders are currently being evaluated. We anticipate that an announcement will be made in the second half of this year. It is correct that the project is a little behind schedule. That is because the department, with concurrence from my office, has made a conscious decision to invest additional time in the selection of the vendor and to make sure that the evaluation is as thorough and as comprehensive as it can be.

Mr RICH-PHILLIPS — Have problems been encountered in assessing the tenders?

Ms PIKE — That is a matter that the department has been working through. It is a big and complex project, and it is important that we invest adequate time in working that through with the tenders. This is a characteristic of a number of these complex IT solutions.

Ms MUNT — It is a world first, too, I think, so it is breaking new ground — a fantastic program.

Mr WELLS — A world first, like myki.

Ms PIKE — Yes. It is a relationship — —

Ms MUNT — Ultranet for schools.

Mr WELLS — But it is not even up and running.

The CHAIR — Can we have less commentary and more answer.

Ms PIKE — In answer to your last question, it is not anticipated at this stage that there will be additional budget requirements.

Mr RICH-PHILLIPS — And the $21 million allocated for 07–08, how much of that has been spent to date?

Ms PIKE — I will ask Mr Rosewarne to help me with that.

Mr ROSEWARNE — It is anticipated that by 30 June the majority of that 21.5 will not have been spent on the basis, as the minister said, that there has been a delay and a contract will not be signed this quarter. It is estimated that somewhere between 2 to 3 million of the 21.5 would be expended this year, with the balance being carried over into the next financial year as part of the aggregate 60 million.

The CHAIR — Thank you. I am sure we will look at it in the outcomes report, as we do when there are any exceptions of 10 per cent or more for projects which are over $10 million. You will find it recorded in one of the chapters of the outcomes report.

Ms MUNT — I would like to follow up on that topic a little bit. In the last term of government I was on the parliamentary committee for education, and one of our briefs was to investigate IT and technology in our schools. I think we actually came up with a recommendation for the ultranet after going to many schools and spending a lot of time talking to schools about what would be good for them. What became apparent to us was the importance of having quality computer infrastructure in our schools so that we can keep up with the world in our learning and our education. Is there anything that you can advise me and the rest of the committee of regarding what is being done now to ensure that we have quality computer infrastructure in our schools?

Ms PIKE — Thank you very much. Obviously computer infrastructure is really critical in our schools, and students having access to that has been a very high priority for the government. In fact the 2007 census of computers in schools showed results that were the very best to date. The performance target for the computer to student ratio in Victorian government schools is 1:5 or better for 95 per cent of schools statewide, and the 2007 census revealed that 92.3 per cent of primary and 89.7 per cent of secondary had achieved that target. That really has been a marked improvement. The statewide average curriculum computer to student ratio was 1:3.5. Obviously we continue to collect these census results, but we are certainly doing well in accessibility. That has also been further enhanced by the connection of government schools to the VicSmart broadband network. Some 99.3 per cent of all schools are on 4 megabytes-per-second scalable fibre, and of the 11 remaining sites, 10 are going to be upgraded from 2 to 4 by the end of 2008. There is one school that is a bit of a problem, but that is not of our making; it is because of the owner of the land.

The CHAIR — It is one of Bill's, is it?

Ms PIKE — We can talk about that another time. What we have done here in Victoria is make sure that we are at the forefront in this area and that we have the architecture in place to build upon. If you add that on to the ICT grants, we have committed an additional $28 million over four years in ICT grants to schools. We also have the notebooks for teachers and principals program which is making sure they are connected as well.

That really leads me to the next part of this story, which of course is the National Secondary School Computer Fund that has been announced by the commonwealth, and last night's budget delivered on the first tranche of that program. Round 1 will deliver $100 million nationally by 30 June this year, and I think the whole total of it was in last night's budget. We will have to get details on the remaining components, but a large amount of the remaining initiative was in last night's budget that the commonwealth delivered. I am advised that it did provide $1.2 billion over five years, so I was correct; it was in last night's budget

We are working closely in partnership with the commonwealth to make sure that this rollout of additional computer resources is done in a collaborative way that maximises the investment that we have already put in and builds on the substantial architecture that we have provided for the system, because Victoria is a long way ahead of other states. We want to make sure that Victorian kids get a fair deal out of this $1.2 billion, and we are working with the commonwealth to ensure that happens. So it is a very exciting time. If you add to that the electronic whiteboards and the kinds of innovations that those sorts of projects have built, it is a very exciting time in ICT within our school system.

Mr DALLA-RIVA — Minister, I note in the service delivery budget paper that page 284 — and I have touched on this earlier — deals with the upgrade and modernisation of schools. Since 1999 to 2006 as part of the Victorian schools plan there was a series of 400 schools that were upgraded, I understand. I am seeking answers to a question in two parts. In terms of the forward estimates in the determination of a school's funding, if, for example, a school has received a sum of money in that particular period between 1999 and 2006, are those schools still eligible for moneys out of the forward estimates or are they are excluded leading into the forward estimates because they have already received funds under the Victorian schools plan for those previous years?

Ms PIKE — The answer is the same as I gave to the other one; it depends. Clearly if a school, under the Victorian Schools Plan, had a major upgrade and all stages completed and it is a very significant upgrade, then you would not be prioritising them as part of the ongoing work. There may be some cases where there is a requirement for additional work that may fit in the Better Schools Today category, but by and large where schools have received major upgrades or where they are brand new schools, you would not be providing them with extra upgrades. There may be some circumstances in some where there is a requirement to do another stage or to complete that school, but by and large we are taking a sensible, prudent approach. We are dealing with many years of underinvestment in our school system, so we are having a very appropriate response to that underinvestment. Clearly from 1999 to

2006 we put a lot of capital in. We are accelerating that capital investment now with the 1.9 billion and then of course following the next election there will be some additional funding.

What we do is a very comprehensive evaluation of schools to identify their eligibility for the Building Futures program. We have a published framework that schools know about, which they need to work within as part of the Building Futures process. There are six stages to that: project identification, educational rationale — it is not just about building new buildings; schools have to have a very clearly articulated educational rationale; they have to talk about partnerships with other schools in their vicinity; they have to be clear about the kind of teaching methodology that they want to sustain and support within their capital project — feasibility study, prioritisation and approval, implementation and evaluation. That process helps us to identify the priority of projects that we intend to fund and also to fund those projects which will deliver long-term benefits and improve student outcomes. We offer a lot of support for schools as they go through this Building Futures program. We brief principals, we give them written feedback, we assess them very rigorously, we work with them on employment of architects, et cetera. So it is a pretty comprehensive program all over.

Mr SCOTT — Minister, I refer you to one handout in your presentation this morning which refers to the educational strategy for Koori students, and to budget paper 3, page 292, and the item 'Improving outcomes for indigenous children in early childhood and at school'. Could you advise the committee what the government is doing, particularly in this budget, to improve outcomes for indigenous students?

Ms PIKE — Thank you very much. I have provided members of the committee with a copy of our strategy, *Wannik — Learning Together — Journey to Our Future*. This particular strategy has been developed after some very significant consultancy work that was done by Professor Peter Buckskin from South Australia who had a very close look at our existing Koori workforce and how it was facilitating the educational attainments of Koori young people and supporting them; and also Dr Chris Sarra from Queensland, who did an evaluation of our existing stand-alone provision for Aboriginal young people. Also, David McCrae did a piece around what works best, and we had a huge amount of consultation. The reason we did this is that we ourselves were dissatisfied with the performance of Koori students and we believe very strongly that we need to redouble and triple our efforts and bend over backwards in this state to do everything we possibly can to improve the educational outcomes for Koori young people.

We have indicated in this budget that we are prepared and want to invest more substantially in this area, but we are also working very closely with schools to bring about a genuine cultural change in those schools. We want our schools to have high expectations of the performance of Koori young people and to work with individual development plans so that those students' performance can be monitored and all the additional support can be put in place so that those students can actually progress. We want our schools to engage more effectively with the Aboriginal communities that the young people are drawn from so that parents can be better partners with the schools and the students in kids' educational performance. We want our schools to actually take responsibility for having a culturally appropriate curriculum for the whole school so that Koori students know that their culture is valued and respected within the school community.

These are a very comprehensive range of strategies. Some go to additional resources, which we have identified in the budget, but some go to a lot of professional development support that is going to happen in our schools to make sure our schools do take responsibility and accountability for the performance of students, do have the appropriate level of support services in place, do engage the Koori community more appropriately, and of course do work within a statewide framework.

The initiatives in this budget, particularly the $30.8 million to underpin the Wannik strategy, will see an expansion and redesign of the Koori support workforce. These are people who have been working often as Koori liaison officers or Koori educators, but we want to now give this workforce the opportunity to have professional development, to have qualifications, to access further development for qualifications, and to be accountable to the regions for the way that they are distributed amongst the schools. Other aspects of the money will support literacy and numeracy programs, professional development for teachers, and other initiatives that are identified in Wannik. I certainly commend it to the committee because it is a very serious statement that embeds explicit accountability for our system. When you couple that with initiatives from the commonwealth around meeting high targets for improved performance for our young Koori people, people will understand this is a very intentional program and process to show a much greater level of commitment to our Koori young people in this state.

Dr SYKES — My question relates to whether there is anything in the budget allocation this year for interest payments on loans taken out by school councils or school cooperatives. I note that in your earlier commentary you made mention of the substantial amount of money going into the upgrading of 128 schools, but there are still school groups out there that seek to invest with local funds. You have situations where school co-ops are formed, they borrow money and they contribute to the cost of upgrading. It is my understanding that the interest subsidy that the government has traditionally paid may no longer be being paid. By way of background, historically the school co-ops used to be able to borrow 100 per cent of the project costs and a couple of years ago that was reduced to 70 per cent. Can you provide guidance on what the budget situation is?

Ms PIKE — Sure. I will make a broader introductory comment and then ask Mr Rosewarne if he can give us some more detailed information that you are requiring. It is true that that program has been in place for schools. In fact I am aware of a school in my own electorate that is seeking to form such a cooperative arrangement. I might say that the $1.9 billion in this budget for capital investment and the ongoing commitment post-2010 to upgrade, modernise, rebuild, refurbish and all those things for our government schools means that schools are getting substantial capital investment that they have not had over previous years except, of course, for the 400 that received upgrades in the previous eight years. I think that there is a lot of support in terms of capital for schools, and that means that some of these arrangements are not necessarily being utilised to the same extent that they may have in the past.

Mr ROSEWARNE — If I can just add that in budget paper 4 at page 100 under 'Operating statement' and 'Expenses' there is a line called 'Finance costs', and I believe that is the interest subsidy line in terms of where the expenses are recorded. Whilst I will follow up the detail for the member, I am not aware that the program has actually been ceased, and previously it has been undersubscribed. We have had difficulty getting schools and cooperatives to actually take up what the government has offered by way of support. That number there clearly indicates that the program is continuing, and I think the reduction is more about the fact that it has been undersubscribed, but we can certainly follow that up.

Ms PIKE — We are happy to provide more details.

The CHAIR — That would be good. Also, we asked about subsidies before and it was not one of the ones mentioned, so you can give us some further details on that particular aspect of the subsidy.

Dr SYKES — Can you clarify, firstly, whether the program remains in place with the two-thirds interest subsidy, and secondly, this other issue of the reduction in how much percentage of the project costs can be borrowed by the school, which I understand is reduced from 100 per cent to 70 per cent? If so, can you provide some rationale for that?

Mr ROSEWARNE — Yes, we will follow that up.

The CHAIR — You might need to discuss it with the Department of Treasury and Finance in preparing your additional response.

Mr NOONAN — Minister, I want to go to the issue of the regeneration projects, and specifically you outlined in your PowerPoint presentation 101.1 million for these projects over the estimates period. I wonder whether you could advise how these projects form part of the Victorian schools plan, and specifically I should declare a bit of an interest in projects such as Broadmeadows, Altona and Altona North in my question.

Ms PIKE — The regeneration projects are a very important part of our plan to renew, reform and reinvigorate public education in this state and our work in that area. They are a planned response from groups of schools but also broader service providers, local government et cetera, to really look at ways that education can be enhanced in a local community. Whilst they centre in some ways around buildings, the buildings are not necessarily even the most important part of the program; it is about improving student outcomes, it is about addressing disadvantage, and it is about working with the provision of education in that local community to really make it shine. The new buildings, of course, help facilitate that, but it is also a program around really changing expectations and outcomes for young people. We are very committed to adopting that approach and working with school communities to provide better learning outcomes that meet more modern teaching requirements and therefore help kids improve.

There are a number of regeneration projects under way, and they have been funded previously and are funded in this budget. There is a lot of interest in regeneration, particularly in some of our disadvantaged areas, and it really is something that communities are embracing. They provide, as I said, a broader and more relevant teaching and learning model; often expanded curriculum options, because two or three schools are coming together; better school design and organisational arrangements; better utilisation of facilities, because you are consolidating and you are expanding access to facilities; and of course this partnership approach, which I just think is so important. There are a lot of opportunities for local government to get on board to talk about developing shared use facilities and for other organisations and business to be partners and show interest in the education of young people in their area, and of course the now enhanced and broadened department gives us even further opportunities to add on with early childhood services et cetera.

There are 25 schools in this $101.1 million budget allocation that are going to benefit from regeneration, and they are in Colac, Sunshine, Dandenong, Broadmeadows and Bendigo. The Altona Bayside regeneration encompasses the Altona North campus of Bayside Secondary College, Altona Gate Primary School, Altona West Primary School and Altona Secondary College, and it consists of these projects: the merger of the Altona Gate Primary School and Bayside Secondary College onto the Altona North campus, and, on the Bayside Altona North campus site, the forming of a new P–9 school. Stage 1 was announced in last year's budget and is under construction, and this is stage 2. It is a big program, but what it is really designed to do is to expand opportunities for young people in the area; to provide a broader curriculum, better teaching and a design more appropriately linked to new teaching, methodology and curriculum offerings; and to provide a chance, I think, for those communities to really make a statement about how important their education is and about reinvigorating public education in some of those communities.

Mr BARBER — Minister, this is an oldie but a goodie, and I am sure you have an answer in your folder there. How much money is going into Victorian public schools as a result of voluntary contributions and locally raised funds?

Ms PIKE — As people will be aware, schools do have an opportunity to garner voluntary contributions from their local community, but that of course is within very strict criteria and is identified in our policy framework. There are ways in which schools can request payments from parents and guardians for students for essential educational items such as stationery, textbooks and school uniforms which people are required to provide or pay the school to provide. Optional extras are offered on a user pays basis, which are things like school magazines, extracurricular activities and also voluntary financial contributions where they can be invited to donate to the school et cetera. The policy is very clear that beyond these areas, and with absolute clarity, the school must provide the educational requirements for its students. The other requirement is that students are not to be treated differentially, are never to be denied access to standard curriculum programs, or refused instruction on the basis of payments not being made for those items that I have identified. Schools also must not coerce or harass parents to obtain payments.

To make sure this is standard behaviour, because I am conscious of complaints that come forward from time to time about this matter, an audit of 100 schools commenced in 2008 to ensure that schools are complying with the new policy. Schools have been chosen to cover a representative sample, and information gained from that audit will be used to further refine the advice to schools to make sure they are complying with the new policy requirements.

The voluntary contributions are there. Schools also of course undertake fundraising activities, and that is an essential part of the fabric of our school community interface. I am sure many members around here have been to terrific fetes and partnerships. That partnership between the public and the school community is about building stronger communities and engaging parents effectively within the school process. Those matters are of course understood and under way. Schools keep their own bank accounts. There is a matter within the papers, which I am sure you were referring to, which is around the movement in that bottom line. Schools have raised more money this year but in fact have expended less of those resources. Mr Rosewarne might like to add some more detail.

Mr ROSEWARNE — Minister, could I refer the member to budget paper 4, which is the operating statement of the department — sorry I have just lost the page — on page 100 — —

Dr SYKES — Don't lose the plot!

Mr ROSEWARNE — No, I will not lose the plot. There is a commentary on page 99 which the minister just referred to which indicates that the operating surplus projected for 08–09 is $125 million, and the primary reason for that is anticipated third-party revenue in excess of local expenses at the school sector. The point there is that there is an increase in the revenues that schools have raised projected for 08–09.

In terms of the financial accounts the difficulty with that is that the revenue from other parties and from other income in the income line for the 06–07 year includes the previous Office of Training and Tertiary Education, OTTE, which was the subject of a machinery-of-government change on 1 January 2007, so for six months of the year its third party revenues are in that figure and then in the subsequent years — —

The CHAIR — That is note (a).

Mr ROSEWARNE — That is note (a), and in the subsequent years it simply reflects the schools and the departmental revenue. The other side of that equation: the expenses that are referred to in the commentary is the supply and services line, and schools are expending less than they are generating in terms of locally raised funds.

Ms PIKE — The answer to the question is that schools keep individual bank accounts. They do not in any sense compile all that kind of movement other than what is made available here.

Mr BARBER — Is it literally that your department does not know how much schools have fundraised by auditing those accounts or by any other means? You have no data on that?

Mr ROSEWARNE — Schools run an administrative system that keeps their financial records. Those records are aggregated up to produce the departmental numbers, but the chartered accounts that determines how schools code that information can be from voluntary contributions, or it can be from fundraising. Within particular line items within the school-based chartered accounts you are unable to identify the exact amount from voluntary contributions as opposed to the total collected from third-party revenues

Ms PIKE — It is total data. That is how come we know the movement.

Mr BARBER — But you do not know the quantum.

The CHAIR — They know how much is from third parties because it is a one line item on third parties. That is what you are saying to us?

Mr ROSEWARNE — Yes.

The CHAIR — Do you want further clarification of the point?

Mr WELLS — Just a point of clarification. Minister, it is your policy that students cannot be excluded from the standard curriculum. Is it your policy that they can be excluded from extracurricular activities?

Ms PIKE — Where there are optional extras then potentially if there is an add-on, extracurricular activity — I will give you an example — if there is some sort of sports program that comes in after school where parents are asked to contribute, et cetera, that would fall into that category. I would have to say that by and large schools work very closely with their local communities. They know the socioeconomic profile of their students and if there is an extracurricular activity that goes beyond the curriculum in most cases they would make some kind of arrangements. Some of the other things are things like overseas trips. Some schools will make an arrangement for an overseas trip. It is not compulsory of course; it is an optional thing that the school is offering and parents have to contribute to that cost because schools are not funded to provide overseas trips for students.

Mr WELLS — No, but we are talking about the voluntary component and extracurricular — —

Ms PIKE — That is a voluntary component. That is exactly the kind of program that I am talking about where parents can be asked to pay and if a parent chooses not to pay then the child does not go on the overseas trip. That is the voluntary kind of program. That is not standard curriculum. Where it is standard curriculum the school must provide it, irrespective of the parents' capacity to pay, because it is part of our free public education program.

The CHAIR — We have started up a local charity in fact to help fund needy children for extracurricular activities.

Ms PIKE — That is right. And that was my point: that a lot of schools will have those kinds of arrangements in place or will make allowances for small numbers of students in their midst who are poor.

Mr PAKULA — Minister, I want to ask you about the mathematics and science education strategy. It is also a line item on page 302 of budget paper 3. Could you just give the committee some more details about that strategy?

Ms PIKE — The parliamentary inquiry into the promotion of maths and science was conducted in 2006 and it indicated to us directions that were consistent also with our own research and analysis in that maths and science education is obviously very important and that we need to ensure that young people leave school with the capacity to study further maths and science and be employed in those areas. This will not just happen by accident. We actually have to have a number of key strategies in place to promote the teaching and learning of maths and science. Our strategy is around improving the quality of teaching in maths and science, developing broader curriculum options and assessment actions, supporting particular targeted cohorts of students who have an emerging interest in this area but need extra support, improving facilities and equipment, enhancing pathways and developing better partnerships with industry, business and research.

In 2006 we committed an extra $76 million to this area through scholarships, capital funding to upgrade classrooms and facilities, and the building of three additional maths and science specialist centres — the John Monash science school being an example of that specialist centre. Capital funding is in this budget for the John Monash science school and that is going to be a fantastic facility in partnership with Monash University, giving people access to shared teaching across the tertiary and secondary campus and use of physical resources, et cetera. It is going to be co-located at the Clayton campus of Monash University, and it really will lead innovative teaching in science.

This budget also builds on that maths and science initiative with an extra $2.8 million to enable schools to receive grants and to help students access specialist service centres, and have targeted maths and science programs and business and industry projects. We certainly have had a lot of interest from business and we are drawing together now a round table of people in this area. We have a particular ministerial advisory committee to report on this area because we know how important it is to continue to promote maths and science education and to work hard to achieve good results in this area.

Mr RICH-PHILLIPS — Minister, you touched earlier on the issue of the commonwealth's computers program. I would like to ask you about the implications of that for the Victorian budget, firstly, from a point of view of how it is going to work. Is there going to be a special purpose payment to the state and then the state is responsible for the acquisition of the units? Who is going to be responsible for maintenance? Who is actually going to own the units? What are the implications for the Victorian budget?

Ms PIKE — I think I outlined before that Victoria has come a long way in the provision of computers and in access to the architecture to maximise the use of those computers. We already have a lot of good systems and structures in place so that we can add the commonwealth's initiative to our particular existing program. It is exciting that the commonwealth has in fact identified that it will provide $1 billion to its digital revolution commitment and that will be rolled out over the next four years.

From our perspective we are working closely, in collaboration, with the commonwealth about how that is to be rolled out, including the very matters that you raised — matters of ownership of the hardware, the issues of ongoing maintenance et cetera. I am very confident because of our not inconsequential investment in this area already and the ongoing money that is built into school budgets, that we will be able to manage this very effectively.

I think this is about adding value to our system. It is a good news story. It is a lot of extra money and resources for our kids, to give them access to high-quality IT resources. I am confident that the particular arrangements which go to the detail of the rollout can be negotiated between the commonwealth and the states. If we are talking about additional resources, remember that we already provide additional resources. We already have money embedded in our budgets. Whenever you enter these negotiations you are obviously cognisant of your existing expenditure and how that aligns with the additional commonwealth dollars. I am very confident that we will be able to achieve a good result here, building on what is a pretty significant program already.

The secretary of our department, Professor Peter Dawkins, is the deputy chair of the COAG productivity committee, which is the broad group that is really looking at all of these initiatives that are being rolled out to

support education, employment, early childhood development and all of those areas, so he will be able to add some further detail.

Prof. DAWKINS — The commonwealth government has confirmed that each state and territory will get its fair share over the course of the whole program, commensurate with the number of students it has. In the first tranche we got a relatively small amount because we provide for our students in a way that is better than the average across the other jurisdictions. The first tranche was given mainly to those schools which have very few computers.

Ms PIKE — It was 14.7 in the first tranche to purchase 14 700 computers.

Prof. DAWKINS — The much bigger issue is what is going to happen in the longer run. In terms of any costs of implementing this beyond the cost of the actual hardware, that is something that the commonwealth has undertaken will be negotiated as part of the negotiation of the quadrennial funding agreement — the special purpose payment that is being negotiated in the remainder of this year.

Mr RICH-PHILLIPS — You have said 'a specific purpose payment' — will it be up to the department to purchase the hardware or will you be allocating those funds to individual schools to undertake those purchases?

Prof. DAWKINS — Jeff Rosewarne oversees the process. There is a tender board, but Jeff could give you a few more details.

Ms PIKE — That is right. We are looking at maximising procurement opportunities, and they will differ in different contexts.

Mr ROSEWARNE — In terms of the hardware to be purchased, the department has a number of statewide panels of recommended suppliers in terms of desktop computers, notebook computers and other associated equipment, and schools are required to purchase off that panel arrangement. The expectation and the agreement with the commonwealth is that that panel arrangement will stand for the commonwealth moneys. I am not sure at this point I can answer whether the moneys will go direct to the schools or actually come to the department to do a bulk purchase on behalf of the schools, with the commonwealth having decided which schools will be eligible for the money. I think that is still part of the negotiations that are going on with the commonwealth.

Mr RICH-PHILLIPS — Is the specification of the hardware fixed? You mentioned 14 700 units of hardware — will that be one standard notebook or desktop, whatever it is?

Mr ROSEWARNE — That is an average cost. The provision of the panel arrangements at the moment is desktop and notebook computer prices are reducing all the time. We now have panel arrangements whereby the actual standard hardware desktop can be purchased for between $700 to $900, but in doing that there are always associated costs with connecting it to the network at the local level. The 14 700 is an average cost of $1000 per unit. The actual price for the PC itself is actually below that.

Mr RICH-PHILLIPS — With respect to the negotiations that Professor Dawkins referred to, pending the conclusion of those negotiations has there been an appropriation included in this budget to allow for recognition of the ongoing setup and maintenance costs for these units?

Ms PIKE — No. There are contingency funds for COAG initiatives but no specific provision here. As I said, there is a lot of IT-related resource potentially embedded in the funds within schools. I am confident that we can negotiate an appropriate agreement with the commonwealth about how we roll this project out together.

The CHAIR — Thank you, Minister. You provided us with this Refugee Students in Government Schools publication. I notice you have a program for that, the refugee support strategy. I was at one of my neighbourhood houses last night, and it had a small grant, I think it might have been from the VMC, to do a transitions and community pathways program at a local high school with CALD community students, many of them from refugee communities. It was actually very good, so I will write to you, Minister, and — —

Ms PIKE — Commend me.

The CHAIR — I will give you some information on that one, because it seemed to be a very good pilot project and the school wants to do it again next year. Can you tell us a bit more about what this program is

intending? Clearly we want to support those who need support in our community, and obviously as they come from refugee situations, they are the ones who need it.

Ms PIKE — Strengthening the outcomes for our refugee students is a very high priority for this government because when refugee young people come to our community they often have very significant needs. They have often come from very challenging circumstances. For example, many of the young African people, particularly the boys, may have missed large chunks of their schooling because of the war zones that they lived within. We have welcomed these people to our community, and it is incumbent on us to do everything we can to help them achieve well educationally and move on to further pathways for employment, preferably further education and employment. A number of schools have excellent programs for refugee young people and work very hard to provide the services they need.

We wanted to, in a sense, bring it all together and to indicate, firstly, our priority for this area and, secondly, what we think is best practice in terms of delivery of services. The *Strengthening Outcomes* document was produced in partnership with a number of schools and organisations that provide refugee services. It indicates the importance of whole-of-government responses, of proper evaluation, and people taking full responsibility for services for young refugee people. When I launched this I was able to talk about the funding that went with it — some $4.5 million, I think, at the time — but then in the budget I was pleased to be able to announce an additional $6.5 million of funding that the state government is picking up in two key areas. For the first time the government will provide funding to coordinate homework programs for refugee students, which are run by volunteers at schools, libraries and community centres right across the state. These programs, and I have had the chance to see a number of them — —

The CHAIR — We have got one of them in our area.

Ms PIKE — They are just fantastic. The volunteers make a great contribution, and they benefit students not just by focusing on the education but of course they act as a point of socialisation, of English language development and of connecting and enhancing social cohesion.

The second aspect of the initiative, the 6.5 million, is funding for the school support program, which provides professional development for teachers, counselling support in schools for students, and it assists schools to access a range of specialist agencies and resources and encourages educational partnerships.

People will be familiar with Foundation House, previously The Foundation for Survivors of Torture and Trauma. They worked with the Centre for Multicultural Youth Issues and have prepared this very comprehensive program. It is important that teachers get professional development. If you have no experience of working with a refugee family, it is important that you understand culturally appropriate behaviour on behalf of the teachers and the school and that you understand some of the unique circumstances that are faced by these young people — how they learn, how they learn effectively and how you can have partnerships. It is a very important part of our work. The consequences, if we do not do this kind of thing effectively, are broadly felt across the whole community. I think education is playing a very important part in these programs.

Mr WELLS — You were glowing in your answer to Mr Pakula about your efforts in maths and science. I refer to page 24 of budget paper 3 which states, 'Victorian students continue to improve their educational outcomes'. How can this be reconciled with the latest OECD PISA results that show Victoria as having the worst results of all mainland states for 15-year-olds in maths, reading and science?

Ms PIKE — Professor Dawkins will talk about this particularly. I think it is important when you are evaluating the performance of our students that you have a range of indicators that reflect that performance. Of course the PISA is but one of those particular performance indicators. There are others, and certainly the national testing which is currently under way within our schools — I think it is numeracy tomorrow; they did language and other things yesterday and today — will again, I think, give us robust data in this area.

The performance for students in those PISA results was better than the OECD average in reading, maths and science; similar to the national average in reading and mathematics; but below the national average in science. We recognise that we are benchmarking well, but we want to be more than at the average; we want to be above the average, and we believe that a number of our initiatives and the focus we are putting in this area will help us in that regard. But there are other tests and other measurements, and I think we need to be cognisant of them as well.

Professor Dawkins might like to add some more information about these particular tests and our results.

Prof. DAWKINS — With respect to the PISA study, I think the point the minister made about it being one of a number of studies of performance in maths and science is important, but the other point is that given the small sample sizes, the difference between Victoria and most of the other jurisdictions is insignificant statistically, so we cannot say we are below most of the other states. I think the ACT always stands out as being at the top because of its high socioeconomic status students. Victoria's performance is very similar to most of the other states. Nonetheless we do take a close look at the results in the PISA study, as we do with all the others.

Ms PIKE — And TIMSS; we are talking of TIMSS as well.

Prof. DAWKINS — And in the maths area, in the national assessment we do emerge as at or above the national average. Of course we have got the new national tests taking place at the moment, and we will look forward with interest to how we perform in those. But of course the reason why we are keen to develop this maths and science strategy is to get further improvement.

Mr WELLS — Just as a quick follow-up, you have stated about the sample size being small, but the last lot of results in 2002–03 were exactly the same. They showed that Victoria had the lowest level achieved in maths, science and reading, so we are talking about a period of four, five or six years where we have been the lowest, so you just cannot blame the sample size, because it is consistent.

Ms PIKE — But as Professor Dawkins indicated, because the sample size is low and these things occur within a band, the results are dealt with, enunciated and distributed within a band, and within that band the statistical significance is so narrow that you cannot actually say that someone is below or above. So, for example, what we know is that, in reading, above Victoria are New South Wales, Western Australia and the ACT. But similar to Victoria — or within the cluster, the same statistically relevant cluster — are Queensland, South Australia, Tasmania and the Australian average, and below us is the Northern Territory. I think we need to be clear about how we are evaluating — —

Mr WELLS — Could you give the results on science while you have that sheet in front of you?

Ms PIKE — Yes. Similar to Victoria are Queensland and Tasmania.

Mr WELLS — And below?

Ms PIKE — Below is the Northern Territory. Because these things are reported in bands, you need to look at who you are consistent with, or who you are being measured against or similar to, in your band.

Ms MUNT — I would like to talk a little bit about public-private partnerships and the program that is about to be run out. Interestingly in my electorate I have two schools — Kingswood primary and Kingston Heath primary — that were actually A. V. Jennings-built schools in the 1970s — open-plan A. V. Jennings. There were a couple of difficulties with those schools. They have flat roofs and it is a bit hard for the rain to get away when it rains, which causes some maintenance problems, so I was wondering how this public-private partnership will be rolled out under this scheme — if you could give us some details?

Ms PIKE — This budget does provide $171.3 million to deliver 11 new schools under the Partnerships Victoria procurement model. The Premier announced this in December of 2007 and the contracts will be finalised towards the end of this year, and the first five schools will open in January 2010 and the final six schools in January 2011, so we currently have these schools out to tender and consortia are developing their response. There has been a lot of, and there will be further, community engagement about the shape of the project. In the first instance, because they are in new and emerging communities, leading principals, expert departmental staff, architects, school region representatives are providing the best advice that they possibly can. The school planning committees will be developed, and they will represent the needs of the local community — and of course parents and residents, local councils and principals from nearby schools have been widely consulted. What will happen under this Partnerships Victoria program is that the private sector will design, finance, construct and maintain and provide facilities management to these schools for 25 years. The government retains full ownership of the 11 schools and of course all educational services within the schools are fully provided by the government.

One of the things that it is very important to note about the Partnerships Victoria process is that traditionally in other sectors it has really been very effective in the development of innovation. Because the private sector has been asked to have full responsibility for the whole lifetime of the project within the educational framework that we require, they develop very innovative responses to how they will satisfy that requirement within the budget that is allocated. That has meant some really good ideas have emerged, and that has application across the whole traditional procurement sector.

The other thing that is really important — and I hinted at this before — is the maintenance and facilities-management component of the 25-year contract. It does mean — and I have experienced this through observing in other jurisdictions — that principals will no longer have responsibility for maintenance. It is a big part of their role at this point in time in traditional schools, and these schools will be able to have access to the facilities maintenance programs that are put in place by the private sector, and the payment structure will see evaluation of the performance of that facilities management, which means that if it is not being done appropriately, then the payment structure will be adjusted accordingly. This has proved to be a very good tension that is put on the private sector for the provision of that, and it really does release principals and school leaders from a sometimes onerous task.

The other part with facilities management is things like what we call porterage. For example, if you have got a big school with a big gym and you need it for a school assembly, then part of the contract would see the setting up and pulling down of the chairs and things like that. Some of these functions are currently performed by the schools themselves. We have got Taylors Hills primary school, Derrimut primary school, Point Cook North P–9, Cranbourne North East primary school, Casey Central secondary college, Mernda central primary school, Craigieburn West primary school, Lyndhurst primary school, Cranbourne East P–12 school, Kororoit Creek primary school and Truganina South primary school are all in that list of 11 schools.

The CHAIR — Thank you, Minister. I note that in budget paper 4 on page 93 there is an extensive section on the PPP project with regard to loan council allocations.

Ms PIKE — It is a new initiative for education, but I have to say that my experience in previous portfolios has been very instructive and helpful here, and I think we are going through a very good process within the department.

Mr DALLA-RIVA — Minister, the service delivery budget paper on page 432 relates to discontinued performance measures under your department. There was a big issue for a number of years about class sizes under your government, and I note the quantity on both the early years and the middle years — 'Average years 3–6 class size' and 'Years 7–10 English class sizes less than 26 students'. Both those performance measures have been discontinued. Why would you not have undertaken that process into the future?

Ms PIKE — Thank you very much for identifying that average primary school classes for each year level have decreased every year since 1999 and the largest decreases have been in the early years of prep to year 2, which is really important and is where the foundations for literacy and numeracy are established, in those very, very early years. For example, in a prep to year 2 class in 2008 you will see an average of 20.6 students compared to 24.3 in 1999, which is a decrease of 3.7 students. This certainly meets the government target of an average of 21 in these years, and that has not come at the expense of other classes in primary schools, let me hasten to add, because there has been in fact a reduction over the years in years 3 to 6 as well. We have said that the average primary class size is the lowest since government records have been kept.

In this year's budget the average years 3 to 6 class size is not being considered as a measure because we have, I think, made it very clear that our priority of course is in the prep to year 2 area, and we certainly believe there are other more relevant indicators of educational performance in those years than class sizes. We also, I might say, because we have reduced them so much, are very confident about the stability of those class size numbers.

Class size is one way of measuring educational attainment, but there are other more robust measures, and in fact 10 new and additional measures have been created for the department this year: the number of certificate enrolments in accredited vocational programs in schools; the number of school providers offering VCAL; the number of school students enrolled in VCAL; the number of school students participating in accredited vocational programs; the number of school students satisfactorily completing at least one VCAL; the number of school-based apprentices and trainees; the number of units of accredited vocational schools as a proportion of total VCE

enrolments; percentage of VCAL certificates satisfactorily completed; percentage of school leavers completing an intermediate or senior VCAL certificate in school progressing to further education — that is actually a very good figure — and percentage of school leavers completing VCE VET certificate programs in a school progressing to further education, training or work.

Mr DALLA-RIVA — Can I just refer back to what my initial question was: why is it that those quantity measures have been discontinued? I note that footnote (d), which relates to both, says 'This measure is no longer relevant because the indicator is not a measure of education performance'. I thought this government used to use it as a measure of education performance. I draw your attention then to page 68 of the same budget paper 3, where on quantity the average P–2 class size — in other words, the other class sizes — you still maintain that performance measure into the forward estimates, and at footnote (e) the reason being that it 'shows that schools have continued to reduce class sizes'. So I am confused as to why on one level you say it is not a measure anymore, yet in one area — in fact the majority of the school years — in P–2 you maintain it as an important performance measure, when you yourself, in your own budget paper, say it is not a measure of education performance. So what is it?

Mr WELLS — It seems to be inconsistent.

Ms PIKE — It is not inconsistent.

Mr DALLA-RIVA — It is.

Ms PIKE — The government has always had a policy regarding class sizes in P–2. We have worked very hard to bring those class sizes down, and we have been extremely successful in that task, and we have brought those class sizes down. We have always been very clear that class size is a significant input measure in the early years, and that is where the focus of our attention has been in the work to reduce class sizes. As a further measure we of course have also brought down class sizes in the other years, because that has been an outcome of all of the additional investment that we have put in in all of our work to catch up on the deficit and reduction of funding and the diminishing of the system that occurred before 1999. We have certainly indicated — —

Mr WELLS — So why did you not leave them in?

Ms PIKE — We do not think that this is an input measure that is particularly helpful in terms of — —

Mr WELLS — It could create bad publicity.

Ms PIKE — In the output of the school — in other words, the school's overall performance.

Mr DALLA-RIVA — Just for the record, Minister, the measure of education performance is no longer tied to class size; that is my understanding of this.

Ms PIKE — No, that is not we have indicated at all.

Mr DALLA-RIVA — So the footnote is wrong?

Ms PIKE — The evidence is very clear that in the early years, where the government made its specific commitments — and I can even pull out for you the pledge card that was provided — —

Mr WELLS — Do not pull it out; it might be embarrassing. It might be very embarrassing to pull out that pledge card; very embarrassing.

The CHAIR — Okay, thank you.

Ms PIKE — I would be very happy to table that around class sizes.

Mr WELLS — Only that one; we will ignore the others!

Ms PIKE — Which have, of course, been well and truly met. That has been our policy. We do not have a policy on minimum class sizes in those other cases. We never have had a policy on minimum class sizes, but of course they have come down anyway as a result of the absolutely enormous investment that this government has put into education because it had so much hard work to do after the way that the public education system was starved of funds, denigrated, diminished and virtually destroyed under the previous government.

Mr WELLS — We are not going to be open and accountable when it comes to class sizes!

Mr SCOTT — I would like to ask a question of the minister regarding selective entry schools. I refer you to page 306 of budget paper 3 and the table headed 'Asset initiatives'. It makes reference to select-entry schools. Could you please advise how the government plans to deliver these schools?

Ms PIKE — Thank you very much. It is true that this budget does allocate $19 million to build the first stage of Victoria's two new select-entry schools. These schools will be years 9–12 schools built at Berwick, firstly, adjacent to Monash University, and at Wyndham Vale in Melbourne's west. These two sites, as people will be aware, are in two of Melbourne's largest growth corridors. These schools will provide greater choice and expand opportunities for highly able students from all backgrounds, ensuring a more equitable spread of students from a range of areas. Both of these schools will partner with a major university — in the case of Berwick, with Monash; and in the case of Wyndham Vale, with the University of Melbourne — so we can really add a lot of value in things like leadership and professional development, curriculum excellence et cetera.

People will be aware that we have two existing select-entry schools in Victoria: Melbourne High School and MacRobertson Girls High School. These cater for around 2300 students. There are around 2500 applications for 560 places each year, and those applications do tend to come from a very narrow band of LGAs. But we believe that there is a lot of interest in this opportunity for students from a broader geographic spread, and these two new select-entry schools will provide opportunity for us to give places to a much larger group of young people.

The schools will take up an initial enrolment of up to 200 students at each year level. They will be selected through a comprehensive examination process that will include the existing schools, so those students in year 8 will be able to sit that test and will be offered, potentially, places in the new schools and the two existing schools. I think this is really a good news story. If you look at Wyndham Vale and you look at where it is located on the train line from Geelong, on the train line from Williamstown, Altona, Footscray, Sunshine and even those areas — —

Dr SYKES — On the bus line from Wodonga to Wang, because there are no trains!

Ms PIKE — We did not close train lines, but that is another issue.

The CHAIR — We are on education.

Ms PIKE — We are on education.

The CHAIR — We want to get a few more questions.

Ms PIKE — There is, I think, a great opportunity. If you look at Berwick and you think of those southern and emerging suburbs, right down to Pakenham and places like that that are on the railway line, what we are talking about is really giving much broader access to this education for everyone. The other thing of course is that we have built into the selection criteria some strict measures to make sure that all of these students do not come just from the one school. There is a cap on the number who can come from any individual school. The other thing, of course ,we have built in is an equity criterion. Out of the 15 per cent of students who are to be at the discretion of the school principal, 10 per cent must meet a demonstrable equity criterion, because the whole purpose of this initiative is to really try and broaden the opportunities to help give broader options within public education and of course to raise the confidence that there is in our public education system in this state.

Dr SYKES — Back to school maintenance, Minister. How will the $40 million annual maintenance budget plus the $26 million extra allocated this financial year, as in the budget paper, address the budget backlog? In other words, what proportion of the budget backlog will be addressed by this $66 million coming in? I raise it because I acknowledge the investment in school upgrades and the capital works, but we have schools such as Mansfield and Myrtleford, particularly Mansfield, where there is upgrading going on; that is fine, and Myrtleford is probably set for an upgrade in a few years time, but capital upgrade does not preclude the need for annual maintenance work to keep the roof over their heads while the upgrades occur. What is the proportion?

Ms PIKE — The proportion is that $29 million is right in the base of funding that is allocated to the individual schools. It is in their student resource package. They get that money every year, and it is their responsibility to work with the department to identify the best utilisation of that funding. We also provide the

balance for urgent works that exceed school's available funding. That is managed centrally by the department. Things will emerge from time to time — a roof might break or something like that.

The CHAIR — Water pipe.

Ms PIKE — Water pipes break and roofs get holes in them, so that is for those. Then, as I said, a further 20 per cent of supplementary maintenance funding was provided on 13 February. This government is providing certainty of maintenance funding. It has the capacity to deal with urgent works, and it is providing fairly consistent extra top-up maintenance funding — and that has been a feature of other budgets as well — so that we can help schools address this significant issue. Remember, with the Better Schools Today program as part of the Building Futures program, a lot of areas like toilet blocks and some of these things that have been neglected in the past are being dealt with. A lot of the catch-up is happening through the Building Futures and Better Schools Today programs — the broad program and these specific programs — and we are providing catch-up funding for school maintenance as we move along.

Dr SYKES — The specific answer to my question I was looking for was: what is the current maintenance backlog? We know $66 million is going in and we know that you alluded to others? What is the current maintenance backlog?

Ms PIKE — In 2006, 250 was identified as the number, so we are obviously working towards meeting that through the broad capital program and also the ongoing maintenance supplementation.

Dr SYKES — Is there no update since 2006? That is 18 months on.

Ms PIKE — No, I do not believe so.

Mr ROSEWARNE — Minister, if I could add that the system is a school-based system in terms of prioritising the maintenance works that need to be done at the school. There is an ongoing process of the school principal being accountable for continuing to update that as the maintenance funds are expended. Also, as every capital project impacts on a school, that has an associated impact in the main — not in every case but in the main — and it also has an update on the maintenance requirements. That is a rolling process that schools undertake continually throughout. What we do is go in and do an audit of that database and that system once every five years — 2006 was the last formal audit of that program.

The CHAIR — We will try to get in a couple more questions before we finish.

Mr NOONAN — Minister, I wanted to ask you about technical wings and equipment in secondary schools, which is dealt with in budget paper 3, page 284. There is a line item 'Modernise 30 tech wings at secondary colleges and renew equipment at all secondary schools'. My question goes to whether you can advise how the government is progressing this initiative, including in this particular budget.

Ms PIKE — The rollout of tech wings is a priority of the government, and we have been working hard to continue that program. The commonwealth's announcement of $2.5 billion in the trades training centres will, I think, be a great partnership program for us with them in really enhancing this capability within our schools and these additional resources and facilities. We have seen such an interest in VCAL and VET programs and a real growth in the take-up of those programs. They really are meeting the needs of a number of our students. It is having those facilities to match the growing demand for those programs.

In the 2007–08 budget we committed $50 million for tech wings. This included 35 for 30 government schools, and 15 for equipment to upgrade existing schools and to have new facilities et cetera. The rollout commenced in 2007 at Euroa Secondary College, East Doncaster Secondary College, Beechworth Secondary College, Oberon secondary college, the Eaglehawk site of the Bendigo education plan and the Dimboola Road site in the Broadmeadows regeneration project. Schools already delivering VET in schools will also receive funding of between 20 000 and 100 000 for that equipment. It is a major expansion program. It is going very well. I think it has been a very important initiative. As I said, I am really looking forward to the partnership that we are developing. We have already got the process under way. The money is being announced, and the tech wing initiative of the commonwealth will really add to this and add to our capacity to roll out these programs. I have had the opportunity to see a lot of these programs under way, and they really are making a huge difference to our young people in our schools.

Just to give you an indication, the Victorian certificate of applied learning enrolments have grown from 4196 students in 2003 to 11 762 in 2007, an increase of 280 per cent. There is further money in this budget as well for providing additional money to the schools where they are purchasing services from TAFE colleges.

Mr WELLS — It is an outstanding program.

Ms PIKE — It is a great program.

The CHAIR — And we probably need to look at funding similar programs with TAFE.

Ms PIKE — Thank you.

The CHAIR — We only have time for one very quick question, Mr Barber, before we wrap up.

Mr BARBER — Thank you, Chair, just a quick one. The Victorian student register or student number, you have working on that since 2005. I gather there is 5.1 million in this budget period we are in now. Can you please tell me what is going to be the total implementation cost of that project over all those years, the past and future? What proportion of that cost is the cost to schools and education providers in actually implementing it in their operations? What is likely to be the ongoing cost of running that system?

Ms PIKE — We were obviously very pleased to pass the legislation to implement the Victorian student number, which will be a very useful tool for those engaged in the education of our young people to make sure that they get the full range of services to which they are entitled and that their education is coordinated and linked up in the best possible way. As you have correctly identified, we had funding of $5.1 million in this year's budget — sorry, in the 2006–07 state budget — to implement the Victorian student number, and the process now will be under way for rolling that out. Regarding the specific financial allocations, I will have to take that question on notice and get back to you.

The CHAIR — Terrific. I should also note, Minister, before we finish that Dr Sykes would like you to take a question on notice on what is the current situation on the proposed replacement of Tawonga Primary School portables with permanent buildings — it is one of the first six schools.

Mr BARBER — Did he not ask that last year?

The CHAIR — I thought he might have. Did you ask it last year?

Dr SYKES — Nothing has happened.

Ms PIKE — Was that Tawonga?

Dr SYKES — Yes.

Ms PIKE — I thought you said Wodonga.

The CHAIR — That concludes the estimates hearing for the portfolio of education. I thank the minister and departmental officers for their attendance. There are a number of things to follow up, and there may be some other questions forwarded to you at a later date. I thank you for the response to the questionnaire; there may be a couple of things to add to that, and we would like the response within 30 days. Thank you very much.

Witnesses withdrew.

Transcript of Evidence

3.2 Children and Early Childhood Development

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 16 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	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 M. White, Deputy Secretary, Office for Children and Early Childhood Development, and

Mr T. Cook, Deputy Secretary, Office for Planning, Strategy and Coordination, Department of Education and Early Childhood Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolio of Children and Early Childhood Development. On behalf of the committee I welcome Ms Maxine Morand, Minister for Children and Early Childhood Development; Professor Peter Dawkins, secretary; Michael White, deputy secretary, office for children and early childhood development; and Mr Tony Cook, deputy secretary, office for planning, strategy and coordination. 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 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 and recording proceedings in this room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript, and the committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. 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 invite the minister to make 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.

Ms MORAND — Thank you, Chair, for the opportunity to give a presentation. I want to briefly remind members of the lead-up to this year's budget. Many of you will know that the former Premier appointed the first Minister for Children in 2004, and since that time there has been a significant increase in the investment in early years services, and particularly the kindergarten sector; and also a focus on a stronger legislative and regulatory framework.

Overheads shown.

Ms MORAND — In the maternal and child health area we have made significant inroads in terms of the immunisation rate and key age and stage visits. A total of 93 per cent of two-year olds are now immunised, and that is up from 85 per cent; and the key age and stage visits have also improved, including the two-year visit rate, which has gone from 58 per cent to 65 per cent over a three-year period, and also the three-and-a-half year check has gone from 50 per cent to 58 per cent. Also earlier this year we implemented the Young Readers program, which was announced in last year's budget, which involves each child who visits a maternal and child health nurse at two years of age receiving a book.

This is certainly, as the Premier and Treasurer have said, a baby boom budget. I wanted to show this next slide, which demonstrates the jump in births. It is an interesting slide. The rise is not due to climate change, as some people have been claiming. These are the ABS statistics. The ABS do a series of projections on population, and you can see that even the highest projection was way below where we are now. That growth has resulted in the highest number of babies born for 35 years — since 1971. In fact, we were not expected to get to the rate we are at now until about 2024, so there has been an extremely significant increase in babies born in Victoria.

Just for your interest, where the birth notifications have increased is also very diverse in terms of local government areas. This slide shows you the change in birth notifications over a five-year period. You can see that the darker purple areas are where the most significant growth has been. Just to give you some examples, not surprisingly, I guess, the areas are in the growth corridors like Melton and Wyndham. Melton had a 77 per cent increase in births over that five year period, and Wyndham a 57 per cent increase. Cardinia was 37 per cent. In terms of the largest number of births, that was Casey, which had 3784 births in the 06–07 period, which is an increase of 30 per cent.

The CHAIR — Inner Melbourne is pretty fertile, too.

Ms MORAND — Inner Melbourne is quite fertile too, Chair; that is right. I do not know about your neck of the woods.

The CHAIR — We have done the estimations in Boroondara; it is nearly 9 per 1000 in the area rather than the average of 6.7.

Ms MORAND — This budget really is about responding to the baby boom and also investing in new initiatives that reflect the importance we see in investing in early childhood development. In summary, there is $54.9 million to expand maternal and child health services and support the number of new families; $29 million to provide additional early childhood intervention service places and kindergarten inclusion support service (KISS) places, and I will talk more about that in a minute; $15 million to promote home learning and extended playgroups to more vulnerable families; $16 million to support the implementation of out-of-school-hours care and family day care under the Children's Services Act; and $10 million to develop the early learning framework and introduce transition statements for primary schools.

On maternal and child health services, as I said there is $54.9 million. This will allow the expansion of the services to accommodate the growing birthrate and also allow the services to continue to provide an enhanced service to around 7 per cent of families. These enhanced services are providing an additional 15 hours of support for vulnerable children and families. The $29 million for early intervention services will provide 1000 additional places. There are 500 in next financial year and an additional 500 after that, resulting in an extra 1000 places in total. In addition $3.3 million will provide an extra 150 additional kindergarten inclusion support packages, and $1.8 million will be provided to upgrade the skills of the workforce so they are able to deliver the programs that are being funded. Then there is $15 million which really recognises the importance of the home environment for learning and development for children, particularly for vulnerable children. This package is providing home-learning programs for up to 2000 disadvantaged children, and will support their parents in providing a positive home-learning environment. That will be through the Best Start and neighbourhood renewal sites.

We also want to promote literacy learning in the home, and also we are going to participate in a multi-state research study on early childhood education and care. In addition, we are going to extend the supported playgroups to an additional 13 government areas. We already have them in some of the Best Start sites, and we are going to expand that to 13 other local government areas. I am happy to provide the committee with those sites if it wishes.

The CHAIR — Okay. I am sure we would appreciate it, thank you. Doing it in writing would be fine.

Ms MORAND — In addition, Chair, there is $16.5 million for a new focus on out-of-school-hours care and family day care, as they are coming under the Children's Services Act for the first time. This funding will allow for support of the implementation of these services under the regulations — support in terms of staff and support in terms of capital grants to allow the family day care and out-of-school-hours services to come into compliance. There really is a very large number of children in these forms of care. There are over 20 000 children in family day care in Victoria, and around 55 000 in out-of-school-hours care.

Finally, the partnerships with parents and the community. This includes the money we are providing for the development of an early learning framework, which will then be used for the development of transition statements between preschool and school. In recognising the importance of providing additional support for the most vulnerable in our community, we are funding $5.2 million over the next four years to provide free kindergarten programs up to 5 hours a week for the most vulnerable children in our community — those children who are known to child protection. We estimate this will provide space for 2000 of these children in a three-year-old kindergarten program. That concludes my presentation.

The CHAIR — Thank you very much for that, Minister; we are most appreciative. We have about 55 minutes for questions on early childhood and children. I normally ask about subsidies and concessions and revenue. We did ask the department that the other day, but if you have anything to add in respect of this portfolio in terms of further consideration, could you do that in writing?

Ms MORAND — There is nothing really further to add, apart from the fact that there is a kindergarten fee subsidy of $730.

The CHAIR — There is also a new three-year fee subsidy.

Ms MORAND — And the new fee subsidy for the children known to child protection, at $5.3 million.

The CHAIR — Thank you, but just give us the details in writing. This graph that you put up about the extra number of babies fascinated me and Mr Dalla-Riva.

Mr DALLA-RIVA — You have not worked out how it occurs, is that why?

The CHAIR — I have had a bit of practise, I must admit.

Ms MORAND — Too much information, Chair.

The CHAIR — An additional 10 000 births a year — I have had trouble trying to persuade one of my local councils that there is actually is an increase in the birthrate; it is finding it hard to understand this but I am sure we will convince it eventually. You are providing extra funding. On page 294 it says the healthier mothers and babies program. Can you tell us a bit more about this increased birthrate and how the extra funding will assist the growing number of young families, and even some of the older families too, because sometimes the mums are in their late 30s and into their 40s?

Ms MORAND — As I was saying, the increase was very unexpected in terms of the proportion of the increase. We did expect the population to grow, but not at the extent that it has. The actual percentage is a 15 per cent increase over that five-year period that I provided information on in that graph. In the last year it has been a 10 per cent increase. The reasons around it — we are doing some further research on it. We have asked Bob Birrell to do some more research to give us some more information, but at first glance it appears that women are waiting longer to have babies, so they are having babies in their mid-30s. It makes sense that it is 35 years since the last peak and the median age has gone from — I had that — —

The CHAIR — The median age for the first or just any?

Ms MORAND — The median age for the first baby.

The CHAIR — What is it now?

Ms MORAND — It has increased very substantially.

The CHAIR — Twenty-nine, or into the 30s now?

Ms MORAND — Thirty-one, I think it is.

The CHAIR — It was 29 before.

Ms MORAND — We can get that for you, Chair. In terms of where the growth is happening, as I said there is a very significant variation between local government areas, and very significant growth in our growth corridors, creating additional pressure on those services. We do have 725 maternal and child health centres across Victoria, providing a universal service — the 10 key age and stage visits. Really this funding is to ensure that that universal service is accessible to everybody. We also want to promote access to the maternal and child health service, because in the first 12 months there is a very high participation rate from families attending maternal and child health services, and then after that time the participation rate does tend to decrease, down to 58 per cent at the three-and-a-half-year mark. Part of this is also encouraging families to participate in the service, particularly the most vulnerable families, and also to make sure that we still have the funds available to deliver an enhanced service of an additional 15 hours a week. In addition this funding will provide for an increase in the price. There have been negotiations with the MAV that have been under way for a period of time now to increase the price. As you know, it is a service delivered with the councils, fifty-fifty.

The CHAIR — That is the price for the basic service? Sometimes councils argue that they actually provide additional services over and above the base service. Does the price relate to the base service, or are you taking into account additional services?

Ms MORAND — It is based on the number of babies born, so there is a unit price provided to council. That price is to allow them to deliver the 10 key age and stage visits. We do know that not all families actually participate in that but councils are funded up to that rate.

The CHAIR — The longer it goes, the more they drop off.

Ms MORAND — Yes. So we are confident that this boost in funding will allow for the provision of meeting the demand for the extra babies being born. The funding is over four years and we do estimate that the number of births will continue at the current rate, although the last projections were not very accurate so we will have to wait and see, but last calendar year there were 73 737 babies born.

The CHAIR — It is all these earth hours, do you think?

Ms MUNT — And the power failures!

Ms MORAND — It could be. I think it is a little bit early to know yet. It is a good question. It is particularly high in Victoria, but there is an increase around Australia in the birthrate.

Mr SCOTT — Just how would that be reflected in a per woman comparative to replacement rate sort of figure because that is often used. I think it was 1.7 and they talk about 2.1 being the replacement rate. What is the sort of figure that these increases represent there?

Ms MORAND — The fertility rate has gone up in the mid age range and it has actually gone down in pther categories, in the lower 20s, so it is really just the movement of the fertility rate higher up the age scale.

Mr SCOTT — So there has not been an overall change in the fertility rate?

Ms MORAND — I am not sure. I can take that on notice.

Mr SCOTT — If we can get it on notice. I am just interested.

Ms MORAND — It is not women having more babies so much as more women having babies.

Mr SCOTT — I understand what you mean.

Ms MORAND — But that is exactly the sort of question we want to find out the answer to: if there are a lot more twos and threes rather than a lot more first babies, in addition to knowing that it is women having babies later.

Mr WELLS — There are no other supplementary questions before I go into it?

The CHAIR — No, you can ask some questions about the birthrate if you wish but otherwise go into some other things.

Mr WELLS — Minister, we have had previous ministers come in here and tell us about what a great job the government is doing in regards to cutting red tape, so I am interested to know about the $49 million early childhood package and your press release titled 'Young families the big winners in early childhood boost'. You have announced $49 million, but $16.5 million of that is going to be spent implementing government regulation, and I am just wondering — and your slide also points to that fact — can you please explain this to the committee: the government seems to be keen to cut red tape but probably more than a third of your additional $49 million is going to be spent implementing regulation as well as administering capital grants to support compliance.

The CHAIR — This is regulation for small business, is it?

Mr WELLS — No, we are just talking in general — you cannot have it both ways.

Ms MORAND — We believe the protection and safety of children is extremely important and we made a decision some time ago that out-of-school hours care and family day care should come under the Children's Services Act, so that no matter where your child is attending a childrens service, they are entitled to be protected by the same high levels and standards, and that families sending their children to services should expect the same levels and standards, and to do that you have to bring these services under regulation. As I was saying, family day care and out-of-school hours care represent a very significant proportion of children and Victoria is actually the last state, or one of the last states — there are many other states that already regulate this sector — to regulate, and more and more children are spending longer periods of time in out-of-school hours care and also in family day care and child care generally. So we believe it is very important to regulate this sector.

One of the things that is part of the legislation that was passed in the Assembly last week to regulate these two services is the reduction of the regulatory burden. There are a number of mechanisms, one of which is to increase the licence period, which is currently from three years, to five years. So that is one way that we are trying to address the impact of further regulation, but in a broad sense we do believe it is very important to regulate this sector and ensure that children are protected at the highest level.

Mr WELLS — How many people will be employed in this unit to administer the act and to support compliance?

Ms MUNT — Is that a supplementary question or a clarification?

The CHAIR — It is probably a supplementary, but yes, Minister.

Ms MORAND — There will be around 23 additional staff employed to implement the act, and they will be involved in things like licensing functions, investigating complaints, and providing education and support to the sector. It is obviously very important to support the sector, particularly in the transition period. The regulations will not come into effect until May 2009 and in the meantime those staff will be helping to prepare the services for the transition to the new regulations.

Ms MUNT — A lot of parents come into my electorate office, parents of children with disabilities and developmental delays, and I have noted in your presentation that you talk about early childhood intervention services, and particularly, I think, budget paper 3 on page 291 refers to additional early childhood intervention service places. I was wondering if you could expand on that program and explain exactly what that is going to be used for. I think that all the research that I have seen has pointed to the fact that if you do intervene early with these children, you get a much better long-term result, so could you expand on that and explain that to me?

Ms MORAND — Like you, as a local member you do come into contact with families who have children with developmental delay or disability, and everybody around this table would have met families who have children with a developmental delay or disability, and this budget initiative is about expanding existing services. It is about providing an additional 1000 places for early childhood intervention services, and that is to allow for the growth in demand both in terms of the population increase but also because we know that there is an increase in the prevalence of developmental delay. Only on Wednesday this week I was in Ballarat visiting a service in Wendouree West which had 20 children in the kindergarten including children on a fee subsidy. One of the children was provided with support through the early intervention and was provided with things like occupational therapy and speech therapy to assist in making that transition to school.

In addition to those 1000 places we also have $3.3 million for an additional 150 kindergarten inclusion support service packages and that is where the children have particularly severe or gross developmental problems and it is providing them with things like equipment — perhaps specialised equipment in the kindergarten — or making modifications to the kindergarten itself, or providing additional support staff. We think that it is really important to expand that program.

In terms of delivering those services there are around 60 agencies across Victoria that provide early childhood intervention services. They are agencies like Scope, Noah's Ark and Yooralla. In order to deliver those services you need the service staff to do that so part of this package is also providing $1.8 million to provide for upskilling of qualifications for the staff working in this highly specialised area. We will be doing some work over the next six months to develop the best way to support the workforce, and to try to identify where the most needs are in terms of the shortage of specialists to reduce the waiting list. There is a variation in the waiting lists across Victoria for these services and that is partly dependent on the demand and partly dependent on the professional staff that are available to deliver the service.

Mr RICH-PHILLIPS — Minister, my question actually follows on from Ms Munt's. In relation to the 150 KISS places you mentioned how do you determine the monitored unmet need for those places, and what proportion of existing unmet need will be addressed by those 150 places?

Ms MORAND — We have around 600 places at the moment for kindergarten inclusion support. This is quite a significant increase in the number of places. It is by a referral process from the service provider, identifying the children who are able to participate in a mainstream program.

Mr RICH-PHILLIPS — You said before there were 68 service providers?

Ms MORAND — About 60, but those places can be at any kindergarten. It actually is providing a kindergarten place in a mainstream service.

The CHAIR — But referred by one of these organisations?

Ms MORAND — Yes, supported by one of those organisations that will provide their specialised supported, whether it is advice to the kindergarten teacher on inclusion, it might be equipment, or it might be actually modifying something in the kindergarten to accommodate some aspect of the disability that the child has.

Mr RICH-PHILLIPS — This will increase to a total of 750 places?

Ms MORAND — That will be the number of places, but sometimes it means more than that in terms of the number of children supported. I do not know if you want to add to that? It is the number of children as well as places, so a place might be used by more than one child.

Mr RICH-PHILLIPS — Do you know what the existing unmet demand for places is?

Mr WHITE — It is difficult to estimate that because it is dependent on definitions of disability and so on, so the work that we are doing at the moment is to build databases and assessment procedures. That is one of the things that is a benefit of the new machinery of government changes in the new department. We are working with our colleagues in the program for students with disabilities to harmonise all of that and to have better data collections into the future in relation to demand. In terms of the numbers that you were talking about — the KISS packages — dealing with 647 packages leading to response for 800 children, but many of the children also receive support through the pre-school field officers which deliver services for another 5500 children.

Mr RICH-PHILLIPS — Can I clarify those numbers, Minister? There are 600 packages now. You referred to 647 then. Is that the same figure, and will that increase by 150 following the budget announcement?

Mr WHITE — I will have to check those.

Ms MORAND — There were around 600 delivered and this 150 will grow over the next four years. It will not be 150 extra in the first year.

Mr RICH-PHILLIPS — Right.

Ms MORAND — It is a growth over the next four years.

Mr RICH-PHILLIPS — To around 750 in four years time?

Ms MORAND — Around that. Just some further information: we are going to be working in the regions to try to identify the priority areas where there is the greatest unmet demand to ensure that we are putting the services where they are needed most. Regional intake staff will provide earlier support such as some information and support for the parents.

Mr RICH-PHILLIPS — At the moment there is no departmental estimate of unmet demand?

Ms MORAND nodded.

Mr RICH-PHILLIPS — Thank you.

The CHAIR — It just depends on when they are assessed and at what age.

Mr SCOTT — Minister, I refer you to budget paper 3, pages 302 and 303. in reference to the heading 'Engaging vulnerable families through the promotion of home learning and supported playgroups', and I noted in your presentation the involvement in neighbourhood renewal projects. As I have one in my electorate it is music to my ears. How will these funds be targeted to vulnerable families, and what is the supported playgroups funding for?

Ms MORAND — I am just finding where the expansions are. There are 13 local government areas that will be now included — Brimbank, Cardinia, Central Goldfields, Darebin, Greater Dandenong, Melton, Mildura, Moorabool, Mornington Peninsula, Nillumbik, Wyndham, Bass Coast and South Gippsland — and that will mean that supported playgroups are actually available in all Best Start partnership areas, including the six Aboriginal Best Start areas. You would be very familiar with some of the successes that have been provided through these programs. Again, the example of Ballarat local kindergarten is that their Best Start coordinator in Ballarat was able to coordinate a whole lot of services and provide additional support for the children attending that kindergarten.

Supported playgroups — you are probably familiar with it — provide a fantastic opportunity at a really critical stage in a child's development up to the age of three. It fosters their language development, it develops motor skills and it exposes them to new sensory experiences. It is also really valuable to allow the families to establish a network; it might be a network with new families. Some of the examples of the playgroups that have already been established include CALD-specific groups, such as Sudanese, Chinese and Vietnamese, and there have been established Aboriginal playgroups, children with additional support needs playgroups, playgroups for parents who had multiple births, singles, young mothers, grandparents even, and also for families living in remote communities. So there is a range of different supported playgroups that have been developed, and it will be the Best Start areas and the coordinators that will develop the best model for that.

Also with the early learning, the initial stage of the program is just to identify how that will best be rolled out in terms of the sorts of information that would be helpful to parents to assist them in the learning and development environment that they are providing at home — the sorts of materials and information that we might provide; also information around supporting parents literacy development as well.

Mr BARBER — Minister, just in relation to the program for students with disabilities, has that budget been increased this year? Has the cap of 3.5 per cent of students been increased? How many complaints have been lodged with the state and federal antidiscrimination bodies? How many confidential settlements have been made? And just on a related issue, does acquired brain injury and autism spectrum disorder qualify a student for assistance automatically, or does there have to be some other behaviour-type problem before they will receive assistance under PSD?

Ms MORAND — Did you say 'autism spectrum disorder'?

Mr BARBER — Yes, and acquired brain injury as well.

The CHAIR — That is a pretty wide spectrum. Okay, insofar as it relates to the estimates — the other one in terms of this year's program is taken on notice.

Ms MORAND — In broad answer to your question, yes, there has been an increase in funding for the program for students with disabilities. It had been announced actually last year, the increase in funding, but you will see it in the budget papers for the first time because it was announced after last year's budget.

Mr BARBER — In relation to this coming year?

Ms MORAND — But broadly, yes, there is an increase; it is an additional $336 million over four years. That will mean that the expenditure on this program has increased by 86 per cent since this government came in in 1999, and it will mean that more than 17 800 students will be supported through the program. Of those students nearly 8000 of them are supported in the government's 79 different specialist schools, and around 9900 students are supported to attend mainstream primary and secondary schools. This represents around 3.3 per cent of the government school population, and that pretty much reflects the jurisdictions across Australia and internationally in terms of the rate of disability that — —

Mr BARBER — Sorry, what is the number?

Ms MORAND — It is 3.3 per cent. There is a growing proportion of the students in the program that do have autism — a very significant growth. And, again, that is not just in Victoria; that is reflected across Australia and internationally. There is significant growth in the number of children being diagnosed with autism spectrum disorder. It is not known why. It is not known whether that is because of better identification and better diagnosis of the condition, or whether in fact it actually represents an increase in that disability in the community. You will probably find there is a range of different views from the experts on that, but nonetheless in the Victorian program

it does represent a growing proportion of the students who are supported. In Victoria the data we have got here from 2002 for your interest is that it affects around 27 per 10 000 children aged 0 to 6, but that is 2002, and we do know that it has increased significantly over that time.

In terms of the diagnosis, the support for students with a disability is based upon an assessment, and that is based on the education needs questionnaire, which is done by the students support group. The eligibility criteria for that has been developed from internationally recognised World Health Organisation definitions of disabilities. So that is the method that we use in Victoria to identify the students who are put onto the program. The criteria are designed to identify students with severe or profound disabilities, and the questionnaire determines the additional resources that are needed to assist students to meet the eligibility criteria for the program. I cannot tell you the number of complaints received. Do you mean in terms of eligibility for the program?

Mr BARBER — No, complaints to the state or federal antidiscrimination bodies in relation to assistance in this program.

The CHAIR — Take that on notice. It will be in the Hansard transcript.

Mr BARBER — I am happy to receive that on notice, and likewise with the confidential settlements per se.

The CHAIR — Okay, all right.

Mr NOONAN — Minister, early childhood initiatives are now part of the reform agenda at the COAG level. So in terms of this Victorian budget my interest is how the initiatives in this Victorian budget complement those being pursued at the COAG level.

Ms MORAND — Going backwards in time a little bit, in COAG in April last year former Premier Steve Bracks took a paper on the national reform agenda on looking forward for 10 years and recognising the importance of early childhood development. There has been a recognition, not just in Victoria but across Australia and internationally, of the importance of investing in the first early years of life.

When the new Premier, John Brumby came in, one of the first announcements he made, as you know, was about the establishment of the new Department of Education and Early Childhood Development. We are very happy that the federal election has resulted in a government that also sees it as a very high priority. The COAG productivity working group is chaired by the Deputy Prime Minister and our secretary, who is here today, Peter Dawkins, serves as the deputy chair. They are really focused on reforms in the early childhood sector.

Specifically in relation to the budget, one of the things that Victoria has been asked to do by the commonwealth is to develop an early learning framework. What that framework will do is provide clear and commonly agreed developmental milestones. It will include consistent, practical and evidence-based approaches to support a child's social, emotional and cognitive development. We are really pleased to have been provided with the opportunity to be a leader in this field, and work has already begun on the development of that framework. That framework is for 0 to eight. We define early childhood as being from 0 to eight, so it is not about developing a learning framework that is just going to be used in preschool and kindergarten or for four-year-olds in the year before they go to school. It is going to be an understanding of commonly agreed milestones from birth through to eight.

We have $10 million in the budget to support that framework, but the second part of it is once you have the early development framework, that provides you with the tool to then develop a transition statement. That will be provided to students moving from preschool age into school. Again, we think this is a great initiative because it is going to provide parents and teachers with a uniform, consistent and agreed framework for a child's development. At the moment many kindergartens do a great job at providing a transition statement for the schools, and many of them have terrific programs where the students — and you probably know this already — visit the school in the last term before starting school. There are also all sorts of great programs where the teachers are swapped and so forth, but this is a step further in that it provides funding for the development of this framework. It then provides funding for the implementation across Victoria so that every child has a transition statement and that it is a commonly agreed framework so that a teacher in prep class will not get five different transition statements all measuring different things. There will be one commonly agreed statement. This very much complements what the commonwealth is doing.

In addition the commonwealth is looking at introducing A to E quality assurance for child care. At the moment we are in the process of reviewing the regulations for children's services. There is a huge diversity of children's services in Victoria. We have got 220 000 children in childrens services across Victoria. We are very determined to ensure that our regulations which are developed over this year and are due to be implemented in May next year complement how the commonwealth sees quality delivered. The sorts of measures we are talking about are the quality of the staff providing the care, the qualifications they have and also the ratios of the staff. We are talking with the commonwealth. I have met with Maxine McKew and discussed a whole range of issues where there is an overlap. Maxine McKew assists the Prime Minister as the Parliamentary Secretary for Early Childhood Education and Child Care. I have also met with Julia Gillard and had discussions around moving forward on these commonly agreed goals. It is going to be fantastic.

Mr NOONAN — Just to clarify: when will the transition statements you are talking about online. They have got to be developed and all that. What are the projections on that?

Ms MORAND — They are due to be used in the first term of 2010.

Mr DALLA-RIVA — I refer you to page 23 of the service delivery budget paper 3 — it was one of your overheads — about committing an additional $55 million over four years to fund the additional demand for maternal and child health services as a result of the increased birthrates you indicated earlier. I then refer you to the outputs and deliverables on page 80 of that same budget paper and I note in terms of quality and timeliness that the actuals in 06–07 were 8 per cent in terms of enhanced maternal and child health services and in timeliness they were 98.7 per cent. Yet when we move forward into the expected outcome for this financial year and into the forward estimates for 08–09, the percentage of achievement is actually lower than it was in the last financial year. I am curious as to why, with your commitment to $55 million extra, you would have an outcome target into the forward estimates lower than what it was in the last financial year. Is it because of some other factors? Is it because, for example, of the ageing maternal and child health nurse workforce; and if so, how do you expect to overcome some of those issues as well?

Ms MORAND — That is correct, the target for the enhanced program is set at 7 per cent. Ideally we would like to see that a little bit higher, but 7% is what we have the funding to provide for. You are right, the maternal and child health work force is an ageing workforce, and the additional 10 000 births through Victoria has put pressure on that workforce. We will be doing some work looking at that workforce moving forward and how we can support that workforce in terms of the numbers that are available.

Mr DALLA-RIVA — Where then is the $55 million going? We have had other ministers provide evidence where they have stepped up their benchmark when there has been an additional amount of funds provided. They have actually put the benchmarks higher and the targets. Do you think maybe moving forward into the future you might be expecting a higher percentage of quality and timeliness. Is that because of the other issues about the ageing workforce and the birthrate?

Ms MORAND — It is really more due to the birthrate. There has been such a significant increase in birthrates that the $54.9 million is really going to meet this massive increase in demand. We still think a target of 98 per cent timeliness is an adequate target to have and to continue to make sure that 7 per cent of children get the enhanced program. We would not want to see those targets reduce as a result of the increased number of babies.

Mr DALLA-RIVA — Just as a follow-on — and this is where my ignorance comes into it — the 2 per cent that are not to be enrolled, how do you pick them up; what is the mechanism that you have in your forward estimates? How do you establish that 2 per cent, or are they just lost in the cracks, so to speak?

Ms MORAND — I would ask the deputy secretary to answer that.

Mr WHITE — The process is that by law birth notifications go to local government authorities, and they are followed up with visits from maternal and child health nurses. That process is 98 per cent effective, is what this is saying, and that there are children who are missed through that process. So in any one year we get 98 per cent and we miss 2 per cent. Whether those 2 per cent are picked up throughout the program over the next two or three years is something that we are looking at through tracking. At the moment we are looking at developing a maternal and child health tracking system so that all maternal and child health services will use the same tracking system. Again, that is one of the opportunities we have in the current environment, to build such a system. But overall a

98 per cent success rate in that arena is something that we are pleased to be able to achieve, and we are looking for that other 2 per cent.

Mr DALLA-RIVA — I appreciate that, but it is still 200 babies, so to speak. Two per cent does not sound much, but when you put it into a number it is a lot of children that miss those opportunities.

Mr WHITE — Absolutely, and we certainly take that seriously, but without an individual tracking system, which is what we are looking at, it is impossible to know whether in fact we might miss those 2 per cent in that first year or in that first visit and then pick them up in the second visit or the third visit or the fourth visit, because it is a 10-visit process.

Mr DALLA-RIVA — Is part of that funding for that, that tracking system; is that where part of that will go?

Mr WHITE — No, that is not in this year's budget.

Ms MORAND — When talking about the 7 per cent, remembering although that is the same target, it is actually a lot more children. Even though it is 7 per cent, it is still actually a lot more children.

Mr DALLA-RIVA — Yes, I understand.

The CHAIR — Minister, I notice on page 302 of budget paper 3 there is a line regarding 'Refurbishing and rebuilding early childhood services' obviously in line with having kindergartens and schools co-located. I wonder if you could tell us a bit more about that, and is it available to any kindergartens, including Catholic schools?

Ms MORAND — It is a modest amount, Chair.

The CHAIR — I understand that, but it is a good initiative.

Ms MORAND — The budget is $2.6 million. Part of it will specifically be used in the Broadmeadows regeneration project, and there are around 60 kindergartens that are located with schools, and we will be doing an audit over the next year to look at the condition of those kindergartens. But it still is our desire to co-locate services as much as possible on school sites. In last year's budget we committed $20 million for another 40 children's centres, we are about to announce 10 for this year and there will be another 30 over the next three years — an average of $500 000 grants to support the integration of all early childhood services, as much as possible, together and where possible to co-locate those services adjacent to or near a school.

Also the commonwealth government have committed funds for 260 child-care centres. Sixty five of those will come to Victoria, and we are working with the commonwealth on where they might be located. But part of their commitment is to locate the child-care centres on education or near education facilities, and they have expanded it to include things like TAFEs and so on.

The CHAIR — Are they child-care centres in terms of — you talked about 'integrated'. What does integrated mean — maternal and child health, child care, kindergarten, maybe even other health services?

Ms MORAND — The Victorian model is for child care and kindergarten in addition to other services. It has to have child care and kindergarten, and it could have maternal and child health services, early childhood intervention services; it might have occasional care, playgroups, it could have health services, family services — —

The CHAIR — Toy libraries and that sort of thing.

Ms MORAND — Really the model is developed by the community and by the council. The money from the commonwealth government is specifically for child care, but we have been talking to the commonwealth about bringing those funds together so that we can maximise the opportunity of integrating services. We are hoping to make some progress on that in the near future.

Mr WELLS — Minister, I refer you to budget paper 3, page 80, with regard to prep-age students being assessed by school nurses. In this year's paper the actual outcome measure for 06–07 shows 52 667, which is way below the 57 000 and even the expected outcome of 56 500 outlined in a 07–08. Can you explain to the committee

why this output has fallen below the desired targets and what plans you have to ensure that we achieve at least the targets in future years?

Ms MORAND — Yes, I can see what you are saying. Unfortunately that target was not met, and it was partly due to unanticipated staff vacancies and increased student numbers in the growth corridors. On the questionnaire itself we have actually done an audit of and an analysis of its effectiveness and found that it is a very valid instrument to elicit parent concerns. For the first year this year we have conducted that questionnaire in the first term of the year rather than throughout the year, hoping to identify children earlier, and identify those who have the greatest needs and implement some support strategies. Our target now is back up to 57 000.

The CHAIR — And 90 per cent, which is the one further down.

Ms MORAND — Yes.

Mr WELLS — Minister, in regard to vacancies, have they now been filled to be able to implement the full program?

Ms MORAND — I am not able to answer that specifically.

Mr WELLS — Can we take that on notice?

Ms MORAND — Sure.

The CHAIR — Logically something has happened because at this stage in May she is saying 90 per cent.

Ms MUNT — Can I refer to maternal and child health funding? I think there has been an increase in that particular funding. Will any of that funding go to the Young Readers program?

Ms MORAND — Thanks for the question. It is a great program, isn't it?

Ms MUNT — Yes.

Ms MORAND — I am hoping to come down and visit you to look at some of your maternal and child health centres.

Ms MUNT — You are welcome any time, Minister, to come and read a book.

Ms MORAND — That initiative was actually in last year's budget. It was $2 million over four years. The funding will continue over the next three years, and it has just started to be rolled out now. In addition from late July we are also going to be providing a free rhyme time booklet and also a DVD and information on local libraries for families at the four-month maternal and child health visit. This is really important because it is never too early to introduce a child to books and to learning, hopefully developing a lifelong love of reading books. It is also a very valuable way for bonding to occur between parents and their children. It lets them have some quiet time where they sit and read a book together. We think it is a great program to be delivered through maternal and child health services because you can access families as they come in. It might also be an opportunity to identify parents themselves who may have literacy problems or English as their second language and to provide some referrals or support through that mechanism. We are really pleased with the way it has been rolled out. We have had some terrific feedback. The books are all specific for the age group that we are providing the books for, and they are all Australian authors.

Ms MUNT — Fantastic; I look forward to your visit.

The CHAIR — Go down there in July and hand out DVDs.

Mr RICH-PHILLIPS — Minister, can I take you to page 81 of budget paper 3, and to the early childhood intervention services output. The targets shown there for the number of places and packages funded shows an increase this year of 500 places from 9325 to 9825, which would seem to be half of your planned increase, but the outlook funding is only increasing by $5.3 million. So it is about a fifth of the funding is going in this year, but you are expecting half the number of places to be delivered this year. I was wondering if you can reconcile that?

Ms MORAND — That is right; the first 500 are going to be provided in this next financial year and then grow to another 500 to result in an additional 1000 places.

Mr RICH-PHILLIPS — But you seem to be doing it with only the first 500 coming at a cost of $5 million, which suggests the other 500 will be $24 million.

Mr WHITE — The scope of that output is very broad and includes a number of other components. The budget initiative is designed to produce half this year and half the following year.

Mr RICH-PHILLIPS — So half of that $29 million would be in this appropriation?

Mr WHITE — I will have to check that figure.

Mr RICH-PHILLIPS — You suggest that something else has come out of that appropriation?

Mr DALLA-RIVA — Somebody has got it. I can just feel it in the air.

Ms MORAND — Here comes an answer.

Mr DALLA-RIVA — I should have been a psychic. I just saw no future in it!

Mr WHITE — The $29 million is a four-year figure, for a start.

Mr RICH-PHILLIPS — Right. You are delivering half the places in one year.

Mr WHITE — That is correct.

Mr RICH-PHILLIPS — But the funding is going to be over four years.

Mr WHITE — The cost of the program overall over the four years is $29 million. That is a sum of the total cost of the program each year. The cost of the program each year when fully implemented is 8.6 million. We will be delivering 4 million of that in this current financial year coming up, which will be 50 per cent of the places. So in the second year of the program we are looking at 7.7, and in the third and fourth year we are looking at 8 and 8.6.

Mr RICH-PHILLIPS — That is 8.6 million to deliver the 1000 places on an ongoing basis?

Mr WHITE — That is right.

Mr RICH-PHILLIPS — Thank you.

The CHAIR — That completes the questions on children and early childhood development. We now move to women's affairs. I thank the officers for their assistance.

Witnesses withdrew.

Chapter 4: Department of Human Services

Transcript of Evidence

4.1 Community Services portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

4.2 Health portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 13 May 2008

UMembers

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

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Witnesses

Mr D. Andrews, Minister for Health,

Ms F. Thorn, Secretary,

Mr A. Hall, Executive Director, Financial and Corporate Services,

Mr L. Wallace, Executive Director, Metropolitan Health and Aged-care Services, and

Dr C. Brook, Executive Director, Rural and Regional Health and Aged-care Services, Department of Human Services.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the health portfolio. On behalf of the committee I welcome Mr Daniel Andrews, the Minister for Health; Ms Fran Thorn, Secretary of the Department of Human Services; Mr Alan Hall, executive director, financial and corporate services; Mr Lance Wallace, executive director, metropolitan health and aged-care services; and Dr Chris Brook, executive director, rural and regional health and aged-care services — we know some of those titles are also still misnomers. 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 and recording of proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and protected from judicial review. There is no need for evidence to be sworn; however, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript, and the committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice, the transcripts and PowerPoint presentations and any other documents that are tabled will 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 follows that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I invite 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 health portfolio.

Overheads shown.

Mr ANDREWS — Thank you, Chair, and good afternoon to members of the Public Accounts and Estimates Committee. I am very pleased to be here to report on what is a strong budget in the 08–09 year. I will go through these slides just to give you a sense of our challenges, the government's response to those challenges within our overall aim of providing the best care right across metropolitan Melbourne and rural and regional communities.

Growth in demand for health services is something that is constant. It is something that has been with us for many years and will obviously continue to be, and will frame the future, if you like, in terms of health service provision. In the 08–09 year we forecast over 415 000 additional patients will be admitted to our public hospitals and 600 000 additional treatments in our hospital system — again, very, very substantial increases against the performance levels, the activity levels, we found in 1999–2000. The graph gives you a sense of that very steep increase in the total number of patients being admitted into our public hospitals.

Above-average population growth, advances in medical technology and the ageing of our Victorian community drives the demand pressure I speak of, and again we are also challenged in that demand in terms of managing increasingly complex patients.

In terms of our hospital performance, we can be very proud in this state of the first-class care that our doctors, our nurses and our allied staff, our system provides for a very rapidly growing number of patients right across the spectrum of care. We perform very strongly against other states and territories, exceeding the national average in ED performance; the median waiting time for elective surgery; in terms of the overall efficiency of our health system; and the length of stay in our system. But again — just to punctuate the point I made earlier about some of those demand pressures we face — we have seen 34 per cent more admissions, more than 40 per cent in terms of growth in emergency presentations over our time in government, and again more than 20 per cent in terms of special outpatient treatments. These are very, very substantial growth rates, and again present us with challenges as we go forward. The graph bears that out in terms of ED attendances.

In terms of life expectancy, our care is actually paying dividends right across the community, and we can be proud that our life expectancy is well above the national average.

In terms of the commonwealth government, it would be remiss of me not to paint, in terms of the context of the challenges we face, obviously the failure of the former commonwealth government to properly and appropriately fund health care in a meaningful partnership. That is something that we still have to struggle with today. If we go back to the beginning of that graph, we see that at around 2000, when we signed the Australian health care agreement in that year, it was not quite but effectively a fifty-fifty partnership; and certainly in relative terms, compared to where we find ourselves today — at a 60:40 funding split — there is a substantial decrease in real terms in the commonwealth government's contribution to the care that is so important to so many across Victoria.

It is not just about hospital funding: the commonwealth's failures are also important to note in relation to primary care. We have seen very poor performance in relation to supporting bulk-billing, supporting GP access, and that again feeds some of the demand pressures we face. I point members to the graph in the bottom right-hand corner that shows total growth in emergency department presentations, total growth in category 4 and 5 presentations within that cohort, and then increased attendance at GPs. You can see very clearly that each feeds the other. Poor performance in primary care puts additional demand pressures on our acute care sector. Again, the point about aged care and making appropriate provision for our seniors also drives demand.

I am conscious of the time, we will move quickly through these. Again, every single health service in every single year we have been in government has received a funding boost, such that across the combined output of acute health and aged care, there has been a 109 per cent increase on the circumstances we inherited in 1999–2000. Across just the acute health service output group, there has been an increase of 112 per cent — so record funding to treat a record number of patients.

In terms of the infrastructure, our capital works program, we know it is our challenge and it is our mission, if you like, to ensure that the fabric and the quality of our buildings matches the quality of the care provided by our staff, and that is why in each and every year of our government there has been a boost in the asset investment program, such that we are fast approaching around $4.7 billion in terms of our total health and aged-care infrastructure spend — a record spend, again in the physical capacity of our system to treat more patients and respond to the demand challenges I have spoken of.

In terms of reform, we are always looking for opportunities for new models of care, to change the way the system works. Again, it is not just about more money, as important as that is, but new ways of delivering care are important, whether it is the Nurse-on-Call platform, the hospital admission risk program — a very, very successful program diverting clients, patients, away from acute services — or short-stay units and medihotels, which again are alternative models of care to reduce the length of stay and indeed to divert patients away from multi-day inpatient beds.

Today I announced, as part of releasing the seventh *Your Hospitals* report, a winter demand management strategy, and I am sure if I get an opportunity I will be happy to speak about that in more length later on.

In terms of elective surgery access, we are fundamentally committed to doing more in this space. As part of a proper and fair partnership with the commonwealth government we made announcements of a combined $60 million investment in the calendar year 2008, and that will see us treat 9400 additional long-wait patients this year — that is, those patients waiting longer than the clinically appropriate time. This budget builds on that by delivering $15 million in growth funding — again, not one-off blitz money but growth funding — as part of HDM into the base pushing through the out years so that we can make the most of the historic opportunity and the partnership that we now have with the new commonwealth government and that additional funding. We are also looking for reform and doing things differently, if you like, running more efficient services across elective surgery as well.

In terms of our workforce, this is a much quoted figure. We have recruited more than 8000 additional nurses, as you can see there. The total nursing workforce's EFT has actually increased by more than 8000 since we came to government, and we have also had a very substantial increase of 45 per cent or 1888 additional doctors boosting our medical workforce. Again, that is all about building the capacity in the system with record staffing levels, again, to treat a record number of patients presenting for care.

In terms of budget highlights this year, $1.81 billion boost across health. A very substantial budget for us, a strong budget. I have spoken a little bit about capital works: just under 477 TEI there. The increased capacity as part of the baby boom, 30.5 million, and again, 702.9 in terms of ongoing funding to support the work that we are doing

across the system, whether it be through additional emergency department presentations, additional outpatient appointments or the elective surgery growth in capacity and activity that I spoke of a moment ago.

Let me be very up-front about this: there is more to do, there is more to be done, and this is a budget that continues the investment that will support that additional effort, that will support us meeting not only the challenges today but setting ourselves up for increased activity in the future. This year it is 180.55, and that slide gives you a sense of the breakdown between demand, in terms of system capacity, the baby boom, money to run HealthSMART and the shared ICT services, as well as a range of other programs to again increase the capacity, increase the throughput and improve time to treatment across so many different categories.

Our workforce is a very substantial package in this year's budget. Not to exclude other parts of our health system but the medical workforce is a very big winner out of this package: 55.1 million over four years. That is about supporting better clinical placements but also upgrading the infrastructure, the teaching and training infrastructure, that is so important to meeting that workforce challenge. Workforce challenges are nothing new in health but this really does set us up well, whether it is in terms of the fabric at Barwon, at Warrnambool or Northern, and, on from that, 211 extra intern places, which is principally about supporting that cohort of medical students that will come through as a result of our successful lobbying of the previous commonwealth government back in 2006.

On health infrastructure, again, from a metropolitan point of view this gives you the headline figure of 264 and runs you through the main highlights: Sunshine stage 2, Kingston, Dandenong Hospital emergency department — one of our busiest and again an important commitment and one of our LFS commitments — the ONJ Cancer Centre at the Austin, bringing to book additional capacity at the Alfred's elective surgery centre, and so on and so forth.

Again, this is a record investment in our metropolitan assets, and if we turn to the next slide, again this is a record investment in our rural and regional assets to support those communities in the care that they need: the second stage of that important redevelopment of Warrnambool hospital, Stella Anderson and the Bendigo aged care redevelopment there, Hepburn Health Service — its Trentham campus receives a record upgrade — and indeed the Bendigo Health Care Group's emergency department, one of the busiest in country Victoria, receives support, the support it nominated as its no. 1 priority, of $9.5 million to enable expansion of its emergency department, as well as some other less locally based but equally important initiatives in energy supply, and of course medical equipment, building on our commitments from last year's budget.

In terms of maternity capacity, much has been made of this in recent times. We have had more births last year than we have had in years — we have got to go back to 1971 to find a higher number — so it is important to build on the work we have already been doing in terms of boosting the overall capacity of these services dealing with the baby boom. That is why there is $30.5 million in capital funding, and there is also additional growth: $10 million into the base as part of HDM driving forward. That is provided now, the capital works will take some time, but the growth funding is there now from the 8–9 year, and again, that is an appropriate response. This is a wonderful thing, the fact that we are having the baby boom that we are having, but it is incumbent upon governments, it is incumbent upon health services to provide for that, and this budget delivers that in spades.

In terms of ambulances, much has been said of this as well. This is a centrepiece of this year's budget, an almost $186 million package over the next four years. It gives you a list there of all the different enhancements across 48 different towns and suburbs: 59 new or upgraded services, 258 additional paramedics — that is on the road — and there is also a very substantial boost to air ambulance, both in terms of the statewide retrieval chopper and the fourth HEMS craft — the fourth HEMS rotary asset down at Warrnambool supporting the south-west coast. This effectively triples, over the life of this package, the government's contribution to ambulance, so it is a very, very substantial investment to deliver better care across communities.

On the innovation and cancer plan, again we made much of this as well: a $150 million package both to see us translate world-leading research into better clinical outcomes but also better care and options and alternatives for patients together with supporting the cancer workforce. This is a very substantial package and one that is also underpinned by a bold and ambitious target to increase survival rates to 74 per cent by 2015. That concludes my presentation, Chair.

The CHAIR — Thank you for that, Minister, and thank you for making this available. I might begin. One of the areas the committee is inquiring into this year is the extent of subsidies and concessions as well as revenue forgone right across the board in the budget and in the forward estimates. I wonder whether you could advise the

committee of any specific subsidies or concessions, or indeed any revenue forgone within your portfolio, and whether there have been any changes to them in this year's budget?

Mr ANDREWS — Thank you very much, Chair. That is a good question and one that I am pleased to provide some information to you and the committee around. If you go to page 213 of budget paper 4 you will see some information that will support this issue. The estimated cost of concessions administered within the health portfolio in the 08–09 year is $499.5 million. That is an increase of $19.7 million on the 07–08 estimate of some 479.8 million. There is a further amount and that is administered by my colleague, the Minister for Senior Victorians, Minister Neville.

The program, as funded by the allocations I have just spoken about — or the program as delivered under these allocations — includes dental services, a range of community health programs, and I know that is of interest to you in your local community, as well as the Ambulance Community Service Obligation program, or the CSO program, where commonwealth health-care card holders and other concession card holders travel free in relation to ambulances.

To give you the breakdown in terms of dental health services: the estimate in 07–08 was 107, and it will go to 109.9; community health from 85.5 to 87.6 as an estimate; and the Ambulance Community Service Obligation program goes from 287.3 as a 07–08 estimate to 302 as the 08–09 estimate. There has been some substantial growth there given the percentage of the community in that age group is growing, and we need to provide as part of our ambulance package our support for that growing group.

I should also draw your attention as part of this year's budget the VPTAS — Victorian Patient Transport Assistance Scheme — that is of great benefit to many rural and regional families and patients, those needing care, or needing specialist care, away from their own community and needing to travel, the subsidies provided there will increase by around $700 000, supporting that very important work. That is the most effective summary we can give you in relation to subsidies and forgone revenues including those that are included within the forward estimates, but I would also direct you to Minister Neville who effectively administers, in her capacity as Minister for Senior Victorians and also as Minister for Community Services, the bulk of that particular program.

The CHAIR — I presume some of those programs would include flu immunisation for people over 65 in terms of providing a free service and things like that?

Mr ANDREWS — We can probably provide you with a more detailed answer on notice. There are some complexities with that where the commonwealth government funds most of that activity. We have a broader policy role. What I would say to you is that I made reference to a number of community health programs, and I can confirm that they include, for instance, audiology, dietetics, OT, physio, podiatry, nursing, family planning, and women's health. Across the spectrum of care there are a range of subsidies and other supports that are provided under this particular output group. But I am happy to come back to you.

The CHAIR — It would be good if you could give us a bit of a breakdown because we are trying to capture what these concessions and subsidies are across the board. I know there are complexities in terms of dealing with the commonwealth funding in a whole range of areas in the Department of Human Services.

Mr ANDREWS — Absolutely.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the asset investment program. You talked a little about it with your slides today, and I think you referred to some $400 million of TEI. Can you please give the committee a breakdown of that insofar as it relates to the four years of the estimates — that is: how much is in the estimates, how much is beyond the estimates? What projects within that relate to providing acute hospital capacity as opposed to other health service capacity, and what will be the net effect on overnight bed capacity within the public system as a result of that investment?

The CHAIR — The minister may not be able to answer that one completely although there are a lot of assets initiatives in appendix A.

Mr ANDREWS — What I am happy to do is to direct Mr Rich–Phillips to appendix A, budget paper 3, page 315 which provides a table of human services asset initiatives. It covers health as well as aged care and a range of other projects. That gives you the asset breakdown, the cash flow or the allocations in each of the out years

against the comments I have already made, as well as some allocations from 07–08 that are accounted for brougth-to-book as part of this budget.

Again, page 317 provides a breakdown or an important narrative on each of the projects. To save the time of the committee, in terms of your question about which parts are acute and which parts are either sub-acute or ambulatory, we can probably come back to you with some information on that.

Mr RICH-PHILLIPS — Thank you.

Mr ANDREWS — I can give you a couple of examples now. When we fund capital — and again we are very proud of our record in this space — there is funding for some ambulance capital improvements in this budget. I am just trying to think of an example that will deal with your question. For instance, if you look at Sunshine stage 2. Sunshine stage 2 is a very important project, it is more than $73 million. This is stage 2; we provided some money last year. It funds a range of different things. I think part of your question was whether it adds more beds — —

Mr RICH-PHILLIPS — Yes.

Mr ANDREWS — This is a very valuable addition — a very important project — but it will not necessarily mean that there is a net increase in the number of beds available on that site, that is stage 2. What the capital investment means is that for the first time western suburbs families will have access to public radiotherapy. There are four bunkers, two of which will be fitted out with linear accelerators, and you will see around 900 local patients able to get their radiotherapy, their care, in their local community for the first time.

It gives you a sense of these investments. Whether it is inpatient acute or whether it is to support more ambulatory care and radiotherapy same day care — you come in and go out for long periods of time — I think you need to be careful not to assume or to make the judgement that bed stock is an absolute arbiter or an absolute indicator of the overall capacity of the system today, much less the capital program given that new capital and new fabric is so often about driving change and building a new physical space to offer a new model of care.

Mr RICH-PHILLIPS — Hence the question as to if we can make a distinction between what is going into hospital capacity, bed capacity, versus what is going into the types of facilities you just mentioned then.

Mr ANDREWS — Given the breadth of the capital program this year it is probably beyond us to go through each of those in detail but I will give you another example before I finish, and we will provide you with some more details on that.

The CHAIR — You probably should also provide details on the additional patients that the new facilities will be able to treat.

Mr ANDREWS — Again on some of those you can make a direct link between improved physical capacity and the increased number of patients that will be treated in that setting. Sometimes that is a more complex judgement to make but if we look at our own local community, Mr Rich-Phillips, the Dandenong emergency department redevelopment sees the number of treatment spaces go from 35 to 55. I think it is an addition of 20 no matter what the base number is. There is also a 20-bed short-stay unit, fundamental improvement in that space and that will be all about treating more patients and providing better care.

The point I am trying to make is that there are some parts of the capital program that are about the acute inpatient capacity. There are other parts of the capital program that support new and different and improved models of care ,and I think the teaching, training and research facility at the Sunshine Hospital coupled with the new radiotherapy tells that story well. The Dandenong example is probably at the other end of the spectrum of care. We are happy to provide you with further information in relation to a breakdown on that.

Mr RICH-PHILLIPS — If we can get that breakdown.

The CHAIR — Thank you. Also if there is any TEI which will go beyond that.

Ms MUNT — I am interested in how you plan to cope with this baby boom. You briefly touched in your presentation on Victoria's maternity capacity, and I know that part of the budget is for a new maternity program at Monash Medical Centre that I am very pleased about. I know that the chief executive officer of Southern Health

was saying that it will make a big difference to maternity services out there. I am just wondering if you could give some more information on other programs that you are considering or implementing to manage the baby boom?

Mr ANDREWS — Thank you very much for that question. It is an important one. It is very topical. We have seen record growth in the number of babies being born right across Victoria, particularly in our public hospital system: 12.3 per cent growth in the last three years, well above any of the estimates that any credible experts forecast. No-one had forecast this so it is important to acknowledge that this is something we have to face and we have to make capital allocations as well as improve the ongoing funding we provide to health services to manage this as we go forward.

I will break up that $30.5 million. I think that is probably the best way to go because it is important to support less complex care in the outer suburbs, and I suppose protect some of the capacity of our specialist care centres, and I will come to those in a moment as well. The budget as part of that 30.5 deals with $4.2 million for Casey Hospital. That is 14 additional special care nursery cots, and we estimate that will support 1000 additional births in that setting, noting of course that is a very new hospital. It is one we were proud to fund. That is all about bringing better care and a better range of services to what is one of Melbourne's fastest growing growth corridors.

Frankston also benefits with $5 million for additional maternity and nursery cots to increase capacity by 300 births there. I visited both these health services last week and again speaking with new mums, with staff and with senior management both at Peninsula Health and Southern Health they are very pleased that we have been able to make these additional commitments to support them in their important work.

Werribee Mercy, in another very important growth corridor, $14 million for eight extra maternity beds and four extra special care nursery cots, and we estimate that that is about the capacity for an additional 800 births. The Northern Hospital shares in this as well: $2.5 million for additional beds to support 500 additional births. The Monash Medical Centre also shares in this with $4.8 million, which I think is what you refer to in your question, for a pregnancy assessment unit enabling around 200 extra births a year plus that is a great model of care and it is about better supporting women in better targeted and more pre-emptive antenatal care. I know Shelly Park and her team out at Southern are very pleased with those allocations as well.

That basically supports 2800 extra births per year once all that capital is online but as I said in my presentation, there is an allocation within HDM as well in terms of ongoing funding — 41.5 over four years, 10 million in 08–09. That will be available now, if you like, and we need that funding in the system now to support that growth and on from that there are also some other modest but important investments in relation to community health centres and supporting better antenatal care in high-risk communities, particularly in relation to smoking, poor nutrition, alcohol and drug use, and a range of other health protection programs.

It is important to acknowledge that this is a record capital spend. There is very strong ongoing funding to support the baby boom, but it does build on our work already. We have a proud record of investing in these services, whether it is the new Royal Women's Hospital that will open next month, a $250 million state-of-the-art facility. It will be one of the best women's hospitals in the world once it has opened and that day is approaching very soon. There is also the rural maternity initiative (RMI) which is about supporting new models of care: shared care, better support for very small health services and often small numbers of women in rural and regional communities. Almost $10 million has been committed out until 2011.

We are very proud of that initiative and having visited many of the sites that have been funded under that it really is about ensuring through targeted support that a broader range of birthing services, a broader range of ante and post-natal services are available to women in very small parts of country Victoria. And that is welcome right across the board.

Again we are very keen to ensure that we provide the support necessary to cope with the baby boom in capital terms. Fabric is important as is ongoing funding. In terms of supporting the training and development of our workforce, this budget this year provides 490 000 for seven advanced rural specialist training posts, and again a range of other support programs for GP procedural obstetric training and the extension of other skills to make better use of the skilled workforce right across our state.

Ms Munt, I could go on. There are many other parts to this in terms of our record of supporting mothers and babies and families but this budget is really a baby boom budget and it is about setting us up to cope with unprecedented levels in terms of activity right throughout our health services.

Mr DALLA-RIVA — I refer you to page 87 of budget paper 3 which relates to service delivery in emergency services. It follows on, I guess, from the target figures expected on timeliness. It appears today that we have had the *Your Hospitals* document dumped five months after the period it reported on ended. If we take category 2 we note that the actual figures for 06–07 were 81 per cent. Your expected outcome for this financial year is 76 per cent. The *Your Hospitals* report today indicates it is 74 per cent, so it is actually going down. Then you have an 80 per cent expected target for the forward estimates period.

I refer you to category 3 on the bottom line of the page which tells us that 71 per cent was the actual figure in 06–07. The expected outcome in this financial year is 68. The *Your Hospitals* report, dumped today, shows 66 per cent, and the target for the forward estimates is 75 per cent.

My question relates to the forward estimates and the targets of 80 per cent and 75 per cent respectively for those two categories. How can you have guarantees that this is going to be continued at those levels, given that there is a trending down of the target rate over the number of years in the most recent report today?

Mr ANDREWS — There are a number of important points by way of background to make in relation to the *Your Hospitals* report that was tabled or put forward today and the period that it covers: basically the first two quarters of the current financial year, the winter period, the second half of the last calendar year. What is important to acknowledge is that we had — and this has been acknowledged I think right across the system — the worst winter that the health system has ever had in terms of notifiable flu cases. In some months during that reporting period there were five times the number of flu cases — that is, laboratory-confirmed flu cases — compared to the same month; so month on month, winter on winter, reaching back into the 2006 year.

We had gastro cases at 66 per cent higher than they were the previous year. That is basically the winter, and this was, as I said, the most challenging winter our health system has ever faced. On from that, in the balance of this particular reporting period, so into the October period, we had industrial action for a number of days in relation to the Australian Nursing Federation, and that again has negatively impacted upon the performance within the reporting period I reported on in *Your Hospitals* earlier on.

Across a very bad winter — the worst winter — we had flu, a 66 per cent increase in viral gastroenteritis, and industrial action right at the end of this particular reporting period; we have seen real pressure and very substantial challenges laid down to us. What has the government done in relation to the budget this year? We have provided additional record funding: 60 000 additional treatments in our emergency departments to ensure that we can treat more patients, we can provide better care, we can cope with the enormous growth in the number of patients presenting. This is a very complex business.

As I said before and I tried to make the point in the slides. I would make the point to you before I go into the context, as can be seen from the *Your Hospitals* report today, 100 per cent of category 1 emergency department patients are seen as soon as they arrive. That is very important. The sickest are getting the care that they need. In terms of category 2 and 3 patients that you ask about, when the system is under pressure or strain — and, as I said, that was certainly the case last winter — priority will be given to the sickest patients. They are important judgements that are made by the doctors and nurses who provide care in our emergency departments.

Our emergency departments consistently perform above the national average, and I put it to you that that is the direct result of a combination of two things: firstly, the great dedication of our staff; and secondly, the record funding this government has provided in each of our budgets, and certainly across the forward estimates in terms of the allocations in this year's budget.

I might also point out to you that it is one thing to say winter was very challenging last year, but the question then is: how are you going to set yourself up, how are you going to support the system for the winter that is on us now? I announced today as part of releasing *Your Hospitals*, a winter demand management strategy that will see $6 million come out of the growth funding that is provided in this year's budget. That will support health services right across this coming winter in terms of additional beds, additional ICU nurses, additional medical teams to go and visit frail, aged patients in nursing home settings to give them their care in the nursing home — or at home, if you like, rather than them needing to present for care in our emergency departments.

Whether it is in terms of the seasonal factors we face, the worst winter we have ever seen — flu, gastro, industrial action — this was a very challenging period for our health system, but with the record funding and allocations we have historically made, together with the commitments in this budget, I think we are well placed to continue to see

record numbers of patients, to provide first-class care and to improve performance as we go forward. These targets, we have always said, are ambitious. They are there to drive the best possible outcomes for patients, and we are equally committed to that.

Mr SCOTT — I would like to bring your attention to the bottom of page 309 of budget paper 3, Victoria's Cancer Plan and the estimates given there for spending on that plan. Can you please outline how the government will use this funding to improve treatment and care for people with cancer?

Mr ANDREWS — That is a very important question. I noted in Parliament last week that cancer is something that is relevant to all of us. We will all, in one way or another, be touched by cancer during our lifetime. One in three of us will be diagnosed with cancer by the age of 75; 70 Victorians are diagnosed with cancer each and every day; and 10 000 Victorians lose their life to cancer each year.

Cancer care, in terms of the best and most rapid translation of world-leading research into better care and better outcomes, is relevant to all of us. Supporting patients, supporting carers, supporting families, whether it is through things like more palliative care options so that people can have dignified end-of-life care at home, whether it is about supporting the cancer workforce to meet the challenge and to meet the growth in the number of patients coming forward, or whether it is about supporting a range of agencies and staff across our system who do important screening work, who do so much good work to try and reduce the prevalence of cancer through social marketing and other behavioural change — all of this spending, all of this activity is relevant to all of us. The budget, as I said in my presentation, provides a record increase in terms of cancer services. We, it should be acknowledged, invest about $600 million a year on cancer care, but this budget provides a further $150 million in terms of supporting cancer research and better outcomes for patients. We are very proud of our investment.

We are also proud, can I say, Mr Scott, that this is not just investment for big specialist care centres in the centre of this city; it is about care and access to care right across rural and regional communities as well, and indeed, out in the outer suburbs. And the four bunkers and two linear accelerators that will sit out at Western Hospital is a great example of taking cancer care to local communities. Part of the cancer action plan that will be developed under this $150 million output will be trying to extend and increase the percentage of rural and regional Victorians who get access to multidisciplinary care, to care that is tailored to their own cancer, to care that is tailored to their own circumstances. We will also be keen to see an increase in the number of cancer patients who can get access to palliative care at home, particularly in rural and regional areas.

I spoke about workforce before, and again, we have to have in place the workforce to deliver this care, and there is a substantial investment in a range of different workforce initiatives. This is a very highly specialised cancer workforce, and the budget provides additional funding to support not only the employment of additional staff but also the training of existing staff, or the up-training, if you like — the expanded training — of existing staff.

This is a very solid package, a very substantial package that is important in and of itself. When you measure it or look at it in terms of our investment over time, that is an important factor as well, but what is most important — I will say what I said in the Parliament last week — more money in this space is very important, but what is in some ways more important is to set a goal, to set a target, to have an aim, to have a clear objective that says, 'This spending is about saving lives', and that is exactly what we have done.

We have seen substantial improvements in terms of cancer survival rates over the last 15 or so years. In 1990 just 48 per cent of cancer patients survived their cancer; in 2004, which is the last data we have, 61 per cent of patients survived their cancer. We aim that by 2015 under this package and the other work that we have done — whether it is through supporting the ongoing funding and securing the future of the Victorian cancer agency, additional treatments, additional screening, the capital program I spoke about before in Sunshine and at Western, the regional radiation therapy services we have so comprehensively grown so that Victoria has Australia's best regional radiotherapy services of any state — all of that will support that bold and ambitious target, and that is about saying that 74 per cent, so nearly three-quarters of cancer patients, should be supported to live through their cancer, to be five years symptom free.

If we can get to that target, and it is an ambitious target, we estimate that that will save in the order of 2000 lives a year. So it is a very substantial target, one that is underpinned by substantial investment, and again, this is a really solid package for an issue that is so relevant to us all.

Dr SYKES — Minister, I refer you to budget paper 3, page 86, which relates to the acute health services and the timeliness of emergency patient transfer to ward within 8 hours, for which the expected outcome is 66 per cent compared with the target of 80 per cent, and I note from your previous answer to Mr Dalla-Riva that industrial action was one of the causes of delays in the delivery of emergency services. Since that time I think there has been an EBA reached with the nurses. Can you advise how the increased cost of the EBA is going to be met; specifically, have you budgeted for 100 per cent of the costs of the EBA to be provided from the budget or are hospitals expected to contribute in some way, such as by delivering productivity gains.?

Mr ANDREWS — Thank you, Dr Sykes. I will not deal with the issue in relation to emergency department performance. I think the question is really about whether the EBA is fully funded, and I can say that yes, the EBA is fully funded and is fully funded consistent with the government's wages policy. There is a link, though, in terms of emergency department performance, because as part of the agreement that we have reached, or that health service employers reached, with the ANF is additional triage nurses as part of a total growth of around 500 extra nurses. That is part of the enterprise bargain — additional triage capacity in our emergency departments.

We have got a record of supporting rural and regional health services, and we will continue to do that. It should be acknowledged, though, that we do not pay wages as such; we fund the activity that occurs within our health services. There are different models for small, rural health services, obviously, compared to WIES-funded or total-unit-price-funded — that is, activity-based funding that might be provided to a large metropolitan health service compared to block funding where there is greater room to move, if you like, in a small rural health service. But as part of our annual process of reviewing the cost weights within WIES, within the price that we pay to health services, proper and full account of our obligations under the EBA will be taken, and we will fully fund against the commitments we have made. I hope that gives you some comfort.

Dr SYKES — I will just summarise it back. If in a small hospital the EBAs result in increased costs of, say, $500 000 or $1 million of all-up costs, those full all-up costs will be met by increased budget funding?

Mr ANDREWS — What I can say to you is that the EBA is fully funded; there are full budget allocations to deal with the government's obligations, the state's obligations, in terms of the deed signed with the ANF. There is a process in relation to pricing, and we move from one WIES to the next, from one model to the next each year, and those cost weights are looked at. I might ask Dr Brook to supplement this.

It is possible that a small health service can, for a whole range of reasons — not necessarily relating to the EBA, but for a whole range of reasons — move from one allocation, in say, the 07-08 year to a new allocation in the 08-09 year. You must accept there is an increase, because we have increased every health service's allocation in every year, and we will do the same this year, but there are ways in which health services can be not worse off, but there can be not 'errors' — I am not quite sure what the right word is — but again, the funding model can sometimes not take full account of the unique circumstances of a given health service. We will always work through those sorts of issues, and they can be many and varied. We stand beside country health services. We have done that in this budget, which is a record budget for country health and for rural and regional health services. But in terms of the funding of the EBA and that issue, I might defer to Lance Wallace.

Mr WALLACE — The simple answer is: yes, we are fully funding our health services. As the minister indicates, because we fund it as part of price, as we spread the funding out there may be some ups or downs in individual cases of health services. What we have indicated to CEOs of health services is that if they are significantly disadvantaged, to come to us, to actually show us the evidence of their disadvantage, and we will look at the individual cases on their merit, because our absolute intention is to fully fund the EBA.

Mr NOONAN — Minister, can I take you to the investment in the ambulance services for the state? I refer to the budget paper 3, page 309, in the estimates for the ambulance services. You have also provided us a slide within the presentation on this. My question goes to whether you can advise the committee on how the funding will be used to deliver a high-quality ambulance service in the state. You might also take the opportunity to address the final dot point on the slide, which is about a new statewide ambulance service within your response.

Mr ANDREWS — Thank you very much, Mr Noonan. That is a very good question. Again, I think I described this when I was going through the slide presentation as one of the centrepieces of the health budget this year. We are very proud of our record to this point. Not counting this budget, we had more than doubled the government's contribution to ambulance funding. This package will mean that we have effectively tripled our

government contribution to ambulance services, and that is important. It is appropriate that we provide record funding, because the services as they are currently constituted are having to deal with record numbers of emergency call-outs, record numbers of growth — 9.3 per cent just last year.

If you look at trends in this space, whether it is about an ageing community and increasingly unwell community, chronic disease and a whole range of different factors, together with the community's confidence in our ambulance services, these services are getting used more and more and more, so it is important to ensure that we provide the best care. We are consistently ranked as the best ambulance service. Our paramedics are among the best in the world, if not the best in the world. On any number of different measures — and I might come back to measurement in moment — our ambulance services do a great job, but we can do more and we can do better, and we need to support them to deal with the growth challenge, that caseload growth challenge going forward. This is a very substantial package — $185.7 million; the best part of 186 million — an air package and road, as I spoke about before when I was going through the slides. There is very substantial support.

If you look at the air component to start with, $45.7 million allocated to expand the air ambulance fleet, whether it is in terms of the new 24/7 statewide dedicated retrieval chopper out of Essendon, for the first time giving us 24/7 coverage for transportation and medical care of the sickest babies, the sickest children and the sickest adults. As well as that, we have supported our ambulance — and particularly rotary assets — in record terms across our eight years in government, having supported the new hangar and supported the service in terms of what is called HEMS 2 down in the Latrobe Valley, supporting the new HEMS 3 chopper at Bendigo and also supporting in the long-term sense HEMS 1 that run out of Essendon.

This budget provides, after consultation and ongoing discussion with the ambulance service, having funded the first priority, which is the Essendon chopper, an additional HEMS 4 — helicopter emergency medical service no. 4 — to service the south-west coast. Warrnambool is the best place to locate that, because you have got a trauma load, but you want to try to make this as viable and as efficient as you possibly can. We want to look at trying to put search and rescue work together with that trauma load. Then of course we also extend out to 2010 the fixed-wing contracts in terms of the important fixed-wing services we offer as well.

In terms of road services, this is a very, very substantial package — $140 million, 59 new or upgraded services. We will need to recruit about 260 extra ambulance paramedics, and they are fully funded to do that. In order to deliver these extra services, 48 different towns or suburbs sharing that record boost we will need to increase the overall size of the fleet — 44 extra ambulance vehicles in net terms, acknowledging that we have already increased the fleet by 25 per cent; I think 104 vehicles in terms of the extra vehicles on the road, brand new. That is really a paramedic's office, if you like, so it is important for them and for patients that we have the best and most modern fleet, not just in metropolitan Melbourne but in rural and regional communities as well.

There is also a reorganisation of the way MICA services are offered. For some time now, for some years, we have had what is called rapid responder units operating — four of them — in the centre of Melbourne. What is important is this package extends that model of care to the four largest regional centres and also to the outer suburbs of Melbourne, so there is a change there that is all about treating rather than transporting a critically ill patient. It is about getting to them quicker and it is about making sure that they get that dedicated MICA support — that is, the sickest patients. So, again, right across the spectrum this is a great package. We have invested strongly in our first eight budgets — our first eight years. This is about the next step. It is about setting up our workforce to cope with really substantial demand growth. It is about supporting communities large and small — communities in the city, communities in rural and regional parts of the state. Again, it is one that we are very proud of. We will work closely to roll that out.

On the final part of your question — referring to the last point on the slide — I have instituted under the act a process to unify the three ambulance services. Currently we have three ambulance services: the Metropolitan Ambulance Service, Rural Ambulance Victoria and the Alexandra and District Ambulance Service. I have met with staff and the board at MAS and RAV and dealt with a range of issues — at staff meetings of large numbers of staff at RAV and MAS and met with the boards of both. There is a very small number of staff — it is basically a volunteer service — at the Alexandra and District Ambulance Service, but I travelled to Alexandra and met with them together with the local member, Ben Hardman, and they all, as three boards, support unification into one new service, Ambulance Victoria. We are the only state in Australia that has more than one ambulance service. Again, there is a process to go through, and we will do that in a diligent way. But we have clearly foreshadowed — and I have foreshadowed — that it is my intention and the government's intention, after careful inquiry has been

undertaken, to amalgamate to unify those three services into a new service, importantly with record funding to go forward to provide even better care for communities right across the state.

Mr RICH-PHILLIPS — Can I just clarify where St John's Ambulance fits within those other ambulance services?

Mr ANDREWS — We fund the Metropolitan Ambulance Service, we fund Rural Ambulance Victoria, we fund the Alexandra and District Ambulance Service. Our allocations will mean — and I can confirm this — we are a bit under half at the moment. Obviously ambulance fees and the memberships that people pay also support our ambulance services as well. This package I think takes us to close to 60 per cent of the overall funding, so this is a very substantial boost. In relation to St John's, they do very important work, but — and I will ask Dr Brook to confirm this — I do not believe there is any direct allocation, certainly not from the ambulance services output group, to support St John's Ambulance. I think there may well be other ways in which we support them, but again they are not funded as part of this package.

Mr RICH-PHILLIPS — In terms of operationally, how does that ambulance service integrate to the three government supported services?

Mr ANDREWS — Again, we run the three ambulance services — or we provide support and boards of management run those three services. They are about providing full-time staff and services to every single Victorian as constituted under an act of the Victorian Parliament. St John's does a great job supporting a range of different first aid — basically providing support as a first aid or I suppose a first response, but again it is not funded under this package. We would seek to — —

Mr RICH-PHILLIPS — No, I understand that. I am just wondering how they fit in with — —

Mr ANDREWS — They are not funded under the budget that is in front of us today, Chair.

The CHAIR — You can take it on notice and if there is anything, you can come back to us.

Mr BARBER — I wanted to ask about the public dental service. The National Oral Health Plan calls for a strong focus on promoting health and the prevention and early identification of oral disease. Why is it that 53 per cent of the services are still emergency-type services and that ratio has not changed last year, this year and will not change next year? Is that because it is cheaper to yank out a rotten tooth than fix it before it gets to that point?

Mr ANDREWS — What page are you referencing — it is the health protection output, is it not?

Mr BARBER — Yes, you could go to — —

Mr ANDREWS — 53:47 is the number, I think, and that is enduring.

Mr BARBER — Page 97 of BP 3.

The CHAIR — There are also some output initiatives too, including the rural health one on page 309.

Mr ANDREWS — I just say to Mr Barber — and we may well want to come back to you with a more comprehensive answer in terms of this — that the new commonwealth government has made some commitments, and we are working closely with them in terms of rolling those out. We as a government have made commitments over time. This budget delivers additional dental chairs, and we are very pleased about that. We have invested something in the order of $800 million of funding over our time in office. That is all about trying to provide better outcomes often to some of the most vulnerable members of the Victorian public.

Again, the notion of early intervention, the notion of being able to get to people sooner to support better health, including better oral health, is something that we are very keen to try to support, as is the new commonwealth government. We have seen the effective reintroduction of the community dental program, again, shamefully cut as one of the first acts of the Howard government, together with the teen dental program and a range of other programs that they are keen to run, and we are working with them. This will be the subject of ongoing discussion between health ministers in various forums.

In terms of the target, that remains constant, but I would direct you to a whole range of different programs, not least of which the fact that we are very proudly putting fluoride into the water supplies of a growing number of towns, a growing number of rural and regional cities, such that the overall percentage of particularly kids who will get access to fluoridated water is very much on the rise. That is about equity for rural and regional communities. As I often say, if it is good enough for my three kids in Mulgrave to get the benefits of fluoridated water, then children in Ballarat, Bendigo, Geelong and a range of different communities should get the same. So whether it is about increased activity, more funding, working with the commonwealth trying to drive a public health approach to this as much as we can, trying to intervene as early as we can, we are committed to better outcomes in terms of oral health, because we understand and know that it is central to better health or at least certainly very closely linked to better general health.

I might ask Dr Brook to supplement that if there are any specific issues he wanted to raise about other programs that might be funded.

Dr BROOK — Thank you, Minister. I think it is important to emphasise that the emergency to other ratio represents the treatment of people with established oral disease. Clearly most of those are older Victorians who had the opportunity for prevention of dental caries many, many moons ago. The issue of treatment for them has nothing to do with cost. It is highly expensive to provide restorative care, as anybody who has been to a dentist would know.

We do focus in our oral health promotion program on children, and this is something which is conducted through Dental Health Services Victoria, but there are a whole range of programs, the best known of which is Smiles4Miles, which is about targeted oral health access and promotion that is conducted through our schools, and it is conducted primarily at the preschool level. That, in combination with the fluoridation program, we expect will produce continuing reduction in time. But in the meantime we are going to face the fact that we have a substantial number of people who did not have access to better oral health promotion, did not have access to fluoride, and of course they are going to continue to develop dental caries, which must be treated. A very positive sign is that this is the first year on record, I believe, where the ratio of emergency to other treatments has actually begun to turn downwards. Previously we have had ambitious targets, but we have never been able to achieve a reduction in the actual ratio of urgent care. It is no fun having to provide — —

Mr BARBER — There is no reduction here, is there; not over the three years reported?

Dr BROOK — Not in the target; there is a reduction that is occurring this year, but it is a percentage. The target has not changed. We acknowledge that the target has always been an ambitious target.

The CHAIR — I notice in footnote (e) that in respect of the quantity standard equivalent value units there is a wider range of dental services. So there are obviously more treatments being undertaken, presumably. It might be useful in terms of those dental services quantities standards to sort of provide us with a division between the general and the children's services. You might want to consider that as a department in terms of your outputs and deliverables and separating them between the general and the children's services, because they have traditionally been separate services. Maybe you could unite them, because — —

Mr ANDREWS — They have been.

The CHAIR — They are being united, are they?

Mr ANDREWS — We have integrated the school dental program with the adult or community dental program.

The CHAIR — Because if you walk in my community health service there are actually two different recording systems for children's dental — so I hope you will be able to put them together as well in terms of the IT, which is always difficult.

Dr BROOK — We would need to provide a separate report because the program is in fact in the process of being integrated. That integration requires some further negotiation between Dental Health Services Victoria and the individual providers. The purpose of integration is to in fact get more treatments more readily available for everybody, because until in fact this year we had a difficult situation where, as you described, you may have gone into a community health centre and there would be two triage desks — one that said 'school dental program' and

another that said 'general dental program'. We obviously aim always to seek efficiency and benefit for the community so that the dollars are better spent on actual treatments. We will examine the opportunity to look at age-related reporting though, I have to say.

The CHAIR — Thank you very much.

Mr PAKULA — Minister, on page 309 of budget paper 3 under the output initiatives there is one for elective surgery for 2007–08 of $15 million. If I am reading page 311 right, that is the state's contribution as part of the COAG waiting list reduction plan. With that in mind can you just outline for the committee how the budget helps to deliver on the commitment to reduce elective surgery waits?

Mr ANDREWS — Certainly, that is a very good question. We have entered into what is far more like a proper partnership than we have seen in health in terms of state-federal relations for the better part of 12 years, Mr Pakula, and we are very pleased to have done that. The Rudd government made a commitment at the election last year that they would commit $600 million over a period of time, over the term, to support additional activity to bring down the total number of long-wait patients not just in Victoria but indeed right across Australia.

Health ministers met a number of times. COAG then signed off on this earlier this year, and the first $150 million of that $600 million was signed off on. When we received our allocations, in broad terms around $35 million, from the commonwealth we made a commitment to invest $25 million of our own funding to match that; to really take a big step forward with this. The commonwealth government funding is tied to the treatment of long waits, and we have similarly said that our funding will support the treatment of long-wait patients as well. When we began the blitz — $60 million — our biggest previous blitz was around $30 million, so this really is a big ask of our system, and I think speaks directly to the capacity within our system that we can get, to a small extent in partnership with the private sector, this amount of activity done. Can I say these are far more complex patients than others who might well be treated sooner. So we are very committed to this. This is an important step forward. It will see us go from a situation where at about the time the blitz started on any day — about 9000 long-wait patients — we are keen through this activity not only to bring down the total elective surgery waiting list but to bring down the total number of patients who wait longer than the clinically appropriate time. That is the real measure here: how long are people waiting, can we reduce that number? That is about dignity, it is about better outcomes, it is about better care. So we are committed to doing that. But I just want to stress the point. We did not just say, 'Look, after 12 years of very poor funding from the commonwealth, thanks for that $35 million, we will spend it wisely, and we will acquit against the targets the commonwealth government set for us', which, if memory serves me, is 5908 patients. We added our own workload to that. We said, 'Look we can do more. We can make a real difference in relation to long-wait patients', and that is exactly what this funding package does. As I said, there will be 9400 additional episodes of care, acknowledging of course that we already do fully 15 000 extra episodes of elective surgery this year compared to the 1999–2000 year when we came to office. We are also looking not just at providing same-old care; it is about new models of care as well. It is about trying to drive reform and innovation.

We have opened the new Alfred statewide elective surgery centre. We are currently in the process of supporting — it is very close to opening — new theatres as part of a general elective surgery centre as part of the repat hospital out at the Austin. And of course we are also supporting St Vincent's Health in the development of a stand-alone complex orthopaedic elective surgery centre.

There are other projects. The orthopaedic waiting list project, or the OWL project as it is sometimes called, has been piloted in a number of health services in the last couple of years. It is mainstreamed in this budget, and that is about giving people alternatives to elective surgery — so intensively managing people, whether it is through using physio, OTs, and a range of other different ways in which you can support people to perhaps not need the surgery that they might have been originally listed for. So there is more record funding. No government has ever invested this sort of money to do this sort of activity across our health system. We are very proud of that. It is hard work. We are committed to doing it. But our job, my job, is to support health services with the growth funding they need, with the capital works they need, and that is why as part of our contribution our $25 million, Mr Pakula, included not just funding for increased activity but funding to support the physical space, if you like, additional surgical instruments, theatre tables; all those sorts of things: important upgrades to the infrastructure that makes that extra activity possible.

I should note that as well as that, that is only 150 million of the 600 million commitment the commonwealth had made. They will I hope in due course, quite soon I would hope, make individual allocations to states against the

second 150 million, which is about system enhancements — enhancing the overall activity capacity within health services. We will get, I hope, a fair and reasonable share of that $150 million, and then there is the third component: a $300 million component for incentive payments. Again, given our very strong performance our expectation is that we will meet the commitments we have given to the commonwealth, we would hope for a fair and equitable, indeed a healthy, share of those incentive payments going forward. This is all about record effort to treat a record number of patients, and it is about making sure that people get their surgery more quickly than they otherwise would have.

Mr PAKULA — Mr Noonan and I will make sure we corral the Federal health minister the next time she in Footscray.

Mr ANDREWS — As many good advocates as possible is a good thing.

Mr WELLS — Minister, you spoke before about the nurses EBA and that it was fully funded. Does that mean that the hospitals received additional funding to cover the cost of the EBA effective as of October last year, or did the hospitals have to make up the additional costs themselves?

Mr ANDREWS — Thanks, Mr Wells. As I have indicated, we do not fund wages per se; we fund activity. You need to make adjustments to the price that we pay hospitals in order to take account of changes. There are a number of changes from one cycle to the next, whether it is in relation to an enterprise bargain, whether it is in relation to the other cost pressures and the growth in health costs that have become such a hallmark of our modern health system. We have appropriately and fully funded this. In relation to details about the transition from the old agreement to the new agreement, it is probably best if I let Mr Wallace speak to that issue.

Mr WALLACE — This is just a little bit complicated. What happens with government funding is there is something which is called the departmental funding model — that is, all the departmental costs are indexed by the Treasury's assessment of CPI in any year. The year that we are currently in, the department of treasury assessed CPI was 2.5 per cent, and so all departmental costs were increased by 2.5 per cent for the full year. If you take nursing salaries, the whole of the nursing salary base, as at 1 July this year, was indexed up by 2.5 per cent.

What then happens when an EBA settles — so, for example, this settlement, the EBA expired at 30 September and the new EBA commences from 1 October — health services are in receipt of 2.5 per cent across the whole of the year. There is a top-up if the nursing EBA outcome exceeds that CPI. That top-up is applied back to the 1 October period and fully compensates the health services for any increased costs they have over and above the CPI estimate that has flowed through originally as part of the state budget.

Mr WELLS — When did that top-up take place?

Mr WALLACE — It was a backdated agreement. When we finally do an EBA agreement, it takes us some little while to actually do the legal heads of agreement. We did not actually conclude the negotiations on the full instrument. When the EBA is settled, you end up with a two or three-page statement of the broad principles. That is then turned into a legal document, so both parties' lawyers work on a much more detailed document. That document was not completed until about the end of February. We actually funded — just from memory I think it was in the month of March — health services with the top-up related to that deal. We backdated that through to 1 October, and health services at that time actually made the payments and backdated. The payment and funding were aligned.

The CHAIR — Thank you for that. Minister, on table A.6 on page 315 of budget paper 3 are all the assets initiatives. There are some very fine ones there. I notice there is actually one for the Monash Link Community Health Service in my area, but I will not necessarily go on about that one.

Dr SYKES — Go on.

The CHAIR — You have now provoked me, Dr Sykes. I will ask you, Minister, if you can talk about the range of asset initiatives for people living in rural and regional areas. Can you describe to us what difference will this range of initiatives make for the people in rural and regional areas?

Mr ANDREWS — I think it is important to acknowledge that in each of our budgets every single health service has received a boost. In terms of capital works, we have a program that has benefited many health services

right across the state. There is ongoing funding, a boost for everybody. There is the capital works program, the biggest program that the state has ever seen and one that extends well beyond the centre of the city, one that extends well beyond metropolitan Melbourne and reaches out into rural and regional communities and supports the health services, the staff, the boards, the management in those services to meet the health challenge that is often quite unique to rural and regional areas. Ongoing funding is important but, as I said before, the capital fabric is important as well. Giving health services the funding as part of a record boost to drive change, to drive reform, to build new models of care as well as simply to maintain the services that are offered now is critically important.

This year's budget delivers for country Victoria a very strong asset program — $137 million in new capital funds across the system. I will give you a few highlights, chair. There are a number of very important programs, whether it is the $21 million redevelopment of the Latrobe Community Health Service in Morwell, the full delivery of our LFS3 commitment in that particular case. I have spoken of the $70 million in relation to stage 1B. There has some rather ill-informed commentary in relation to the Warrnambool hospital but 1B has been funded. Stage 1A was of course funded last year. Stage 1B has been funded — again, a further step towards the full delivery of our election commitment in relation to that health services. I have visited there two or three times since becoming minister, and that health service worked very hard on its detailed planning. I know it was delighted to receive that support in the budget.

I spoke about Bendigo Healthcare Group. I think I have visited Bendigo Healthcare Group four or five times since becoming minister. It is a fine health service. They do a great job there, but there are some challenges. There are some substantial pressures in relation to Bendigo. It is a growing area, it is a very popular area for people to move to, and there are some pressures there. We committed in the election that we would provide funding for planning — I think $2 million. We provided that in the first budget after the election. That work then uncovered, if you like, at option 1 — their preferred option; their most important option — an upgrade of the emergency department. We provided the $9.5 million in this year's budget to do that. That is about additional short-stay beds, new models of care, as well as the best fabric, if you like for those staff and patients. It is a very busy emergency department. Again I was there a couple of weeks ago, and the staff and patients we spoke with were very pleased that the government had made that $9.5 million commitment to support better outcomes in that very busy emergency department.

In Minister Neville's portfolio there is of course the Stella Anderson regional aged care facility; there are 60 beds there. Again it is another boost for Bendigo and better outcomes for Bendigo families. Again in Minister Neville's area there is $5.5 million as part of an LFS3 commitment to reconfigure the Ballarat hospital's psychiatric services — that is part of the adult acute unit — and some other important refurbishment works there. I was very pleased to visit the Hepburn Health Service at its Daylesford campus a couple of months ago. They do a fine job. They are very hardworking people who really deliver first-class care. We are supporting them, again, with the development of their Trentham campus. They provide principally aged care, but I think there are also some urgent care services there or at least emergency stabilisation services.

There is planning money for detailed design works, acknowledging there has been a fair bit of work already gone on at the Alexandra and District Health Service. I visited there a couple of weeks ago as well. Again, they are pleased with our commitment I think to provide additional money to support that detailed design work towards the full reconstruction, the full rebuild of the Alexandra and District Health Service.

I alluded before to a number of additional dental chairs in rural and regional Victoria, with an $8.1 million allocation for additional teaching chairs. It is part of our government's support for the second school at La Trobe University, in Mildura, Wodonga and other locations. We have all of that, together with, can I say, a small but important project of $2.4 million over four years for the establishment of the national centre for farmer health in Hamilton, which was funded in the budget but was announced as part of the recent community cabinet visit. That is again about chronic illness and better supporting and better developing evidence-based new and innovative models of care for rural and regional communities, particularly those who work in the agricultural sector.

Just to round this out, I should also mention that we have also supported rural and regional communities through the early intervention in chronic disease teams program. In 2005 there were no chronic disease early intervention teams. We then had 9, then 9 further to 18. We then doubled that in this budget to 36. I am pretty confident — Dr Brook can confirm it — that, although we have not made the actual funding allocations yet, a number of those will service chronic disease patients, or clients, in rural and regional areas.

So right across the board this is a great health budget for rural and regional areas. That is principally capital works and acute or ambulatory health care, adding of course to the ambulance package I mentioned before where, whether it is in the air or on the ground, there is a very substantial boost in terms of ambulance services for rural and regional health as well.

The CHAIR — I welcome the money going to the Hamilton hospital, because many years ago the Hamilton hospital was actually the world leader in the treatment of hydatids, so that relates to farmer health.

Mr ANDREWS — It should be noted that the Western District Health Service, which covers Hamilton, is the regional health service of the year this year, so they do a fine job there.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the reorganisation of the MICA services. Can you tell the committee how many additional MICA paramedics will be required as a consequence of the reorganisation you spoke of earlier?

Mr ANDREWS — Thank you, Mr Rich-Phillips. I have some details on this, but I will give you some broad comments first. Principally this is a MAS issue. The Metropolitan Ambulance Service has been working closely with our MICA workforce. I met with what is called a MICA focus group, or at least members of that group, late last year in relation to a range of concerns that that part of the paramedic workforce has in terms of workload, in terms of the way the dispatch grid works and a whole range of issues and challenges.

These are very, very highly trained people that in some respects do the most urgent work, or the most important work. That is not in any way to reflect upon advanced life support trained paramedics, or non-ALS paramedics — all of our paramedics do very important work. But the service has been working with the MICA paramedic group and for some time, for most of 2007 and even back before then, looking at ways in which they can better support MICA paramedics in terms of workload and meeting those challenges. The changes to the model in relation to the rapid responder units are driven by MAS and are driven out of that particular process. There are also other issues, as I mentioned before. The centre of Melbourne has had access to this model of care for some time, and it is important to expand that out and make sure the outer suburbs have it as well as the four largest regional centres.

The total increase in paramedics required for the delivery of the government's package is, as I said before, 258 additional paramedics. There is a reorganisation of MICA services, but there are also additional MICA services as part of the package. I do not have a figure to hand right now; I will get you one before we finish today. But again, in total terms we have supported the recruitment of more than 700 additional paramedics and seen substantial growth in MICA-trained paramedics across our years in office. I can get you a number or at least an indication of what the MICA component of that is. This is about a new model of care. It is about changing the way in which we deliver the fastest possible response to the most critically ill patients.

But we do need to acknowledge that MICA services are very well run now. This is about taking a step forward. It is not about addressing any difficulty or any problem we have now in terms of clinical outcomes. Our cardiac survivability rates are among the best anywhere in the world. They have gone from single figures in the mid-90s — so where the paramedic arrives, the patient is basically clinically dead, and by the time they arrive in hospital they have been given the care they needed and they are then clinically alive, or clinically not dead, when they arrive at hospital — to about 56 per cent, I think. We are very grateful for the work our MICAs do. Our job is to support them and to give the ambulance service the support it needs to employ more and change the way we deliver care. That is what we have done; that is what this package does. In relation to the detail, unless Dr Brook has it to hand — he does not — we will come back to you on that issue.

Mr RICH-PHILLIPS — Are those 258 paramedics inclusive of the additional MICAs?

Mr ANDREWS — Yes. I am advised — and we will confirm this to you, because I do not want to give you the number on the run — that we currently have a range of MICA paramedics in training now. Some of them will come online as part of this. Additional MICA paramedics will be required not just for the new model of care, but also the flight paramedics that run both the HEMS 4 and the retrieval chopper are also MICA paramedics, so there will be a need to recruit into that space as well. And then the final group is those road changes — the new model of care. Indicatively, an additional 21 will be needed across this, and there will be full funding to be able to do that as part of the $185.7 million boost. But I say that without prejudice. That is the advice I have. I will come back to you if there is any change to that.

The CHAIR — Okay, we can always confirm that one and clarify that one in writing later on..

Ms MUNT — The Kingston Centre sits in my electorate but it is also a regional facility. It provides aged-care and health services. One of my favourite line items in the budget is in budget paper 3, page 315, which is $45 million for the Kingston Centre redevelopment stage 2. Could you just, because I am very interested of course, take me through what that will actually provide in services for my local community but also the region?

Mr ANDREWS — Thanks very much, Ms Munt. This is a very important project and one that, can I say, I am personally very proud to have been able to secure the funding for. This is not an LFS3 commitment, but it is funding that is needed and it is funding and new fabric that will make a real difference to many patients — often seniors, not always seniors, but in terms of the rehab task, the subacute task that we have going forward, it is only growing because of the ageing of our Victorian community.

As you say, you are right to say, it is $45 million for stage 2. It will see the stand-alone reconstruction of a 64-bed subacute ward, and that is about providing a much better environment for our staff to work in and a much better environment for patients to receive care. Noting, of course, that length of stay can be quite long. These are often post-surgical patients, and they may have a range of orthopaedic surgeries. One of the patients I spoke with when I visited there last week had had a knee replacement a couple of weeks before, I think at Monash Moorabbin. She had then been moved, after her acute stage, to the Kingston subacute setting and was probably going to be there for three or four weeks, maybe even longer in terms of the rehab she needed, the other care that she needed. So better fabric in that setting — given the length of stay that is necessary for the proper rehabilitation, particularly of post-orthopaedic surgical patients — is really important. It is about better outcomes, it is about a more comfortable environment, and in meeting with the staff when I was there they were absolutely thrilled that the government had been able to make that commitment, because it is a very big workplace as well, so we need to support our staff in that also.

This, as I said, was not a foreshadowed commitment in LFS3. It is important to provide that. I am advised that this redevelopment provides not just beds, it also provides a hydrotherapy pool, proper ambulatory care space, rehab space. If memory serves, patients at the moment requiring hydrotherapy are transported by car and minibus to Dandenong to get their hydrotherapy. So, again, it is a bit like radiotherapy in the west, and a bit like some of the rural and regional health asset investments we have made — this is about bringing to a local community the services they need in that local area. So, again, that is about efficiency and about effectiveness of care, but it will cater across all of its settings for 32 000 treatments for day patients — sorry, just to be clear, 32 000 extra day patient treatments per year — and again that is about recognising change in the way we deliver subacute care, the way we deliver healthcare, really, as well as recognising the clear demand pressure we have because of that cohort in their senior years getting bigger and bigger, and the fact that life expectancy is also longer.

So this is a really important project. It will benefit your local community, but it will benefit mainly seniors but others right across the south-eastern suburbs, and I know that Southern Health, in the integrated model of care that they run across all of their campuses — so from Monash Moorabbin, right through to the integrated care centre out at Cranbourne — are very happy about this because it is about increasing the overall capacity of the integrated service. So it is a great project and one that will benefit countless numbers of often the most vulnerable patients.

Mr DALLA-RIVA — Minister, I refer to the Treasurer's speech on page 7, where he said:

> We will provide funds for an extra 16 000 elective surgery patients

In your presentation today you indicated in the budget 08–09 highlights 'Right care, right time, right place' that there will be an additional 16 000 elective surgery patients over four years. I am just trying to get clarity on the statement on page 312 of budget paper 3, 'Maintaining health system performance'. And you have got here:

> Elective surgery capacity has been significantly expanded with an additional 12 400 patients to be treated over four years.

I was just trying to reconcile: is it 12 400 or is it the 16 000 that you have been spouting?

Mr ANDREWS — It is 16 000 over five years. So there is an allocation — —

Mr DALLA-RIVA — Hang on, you said an additional 16 000 elective surgery patients over four years.

Mr ANDREWS If you look at the Treasurer's speech on page 7, 16 000 additional. Let me just find the reference. It is 12 400 patients over four years, that is the forward estimates going out. There is additional moneys as part of our contribution, our $15 million of activity funding that we have provided from the 07–08 year as part of our blitz and our partnership with the commonwealth government. We did provide 25 in total: 10 of it was asset, 15 of it was activity; 16 000 additionals over five years. I apologise for the error in the slide that I have put forward, but it is about allocations from the 07–08 year as part of our partnership with the commonwealth, the activity component, as well as allocations going forward, and that is part of that $15 million growth driving through the forward estimates.

Mr DALLA-RIVA — So we are looking at the forward estimates. The document presented is budget 08–09 so there is, for this financial year, which we do not take into account as part of our forward estimates, as the Chair continually reminds us — —

The CHAIR — Except the budget does sometimes contain investment which is to be achieved this year.

Mr DALLA-RIVA — Oh, come to the defence.— You and I should play tennis one day, Chair, and I can yell out 'You cannot be serious!', because that is amazing. Just as clarification, it is 16 000 over five years of which there is a component for this financial year — —

Mr WELLS — Why five years?

Mr DALLA-RIVA — I do not know.

Mr WELLS — Why has it changed to five years?

Mr ANDREWS — If you complete the question I am happy to answer it. Is it one of you asking the question, or three, or — —

Mr WELLS — You were obviously not able to answer it, so the Chair was trying to get you out of a tight spot.

Mr ANDREWS — I have already answered the question, but I am happy to add to the answer.

Mr Dalla-Riva, I refer you to the previous page, page 309, under 'Elective surgery' which is about five lines down, where there is a $15 million allocation in 07–08, so that is brought to book in this budget and in the papers in front of you. Then if you go down the page to 'Maintaining health system performance' where you have the $162 from which $15 is allocated for growth of elective surgery activity in the out years. That is why you have got a five-year commitment. Again, I apologise for the presentation; it should have said five years. Clearly there is funding in this budget to do 16 000 across five years across the estimates, but there are also the commitments we made from funding this current financial year as part of our partnership with the commonwealth. I hope that clears it up.

The CHAIR — Very good detective work, Mr Dalla-Riva. I hope the slide can be corrected before we put it up on the website.

Mr ANDREWS — I am happy to ensure that — —

The CHAIR — We like to get the right picture in our committee.

Mr SCOTT — I would like to refer the minister to budget paper 3, page 309. There was a reference in your earlier answer, Minister, on rural matters given to the Chair about action to reduce the burden of chronic disease. Could you provide some further information on what the government will do to improve the care and management of people with chronic disease before they become a patient in hospital?

Mr ANDREWS — That is a very important question. Chronic disease is often described as the great health challenge of our time, and I suppose if you unpack that what really challenges us is supporting chronic disease sufferers. This is in terms of the secondary prevention or the management of chronic disease: managing people into their local community, managing people away from very costly high-care services, basically inpatient services. The Premier, on becoming Premier last year, said that from a health point of view cancer and chronic disease would be key priorities and key challenges, and we have seen record allocations both in the health budget but also across government.

If you look at the work health initiative, it is not strictly speaking part of our output but again it is a very important program sinking $600 million into that healthy future fund for want of a better term and then drawing down on the earnings from that fund to support health promotion and other interventions across the workforce. That is one important example. That is a world leading program. I am sure Minister Holding will have much to say about that when he appears before the committee.

What our budget delivers though of course is additional support, and I did make some passing reference to the early intervention in chronic disease teams. This is a multidisciplinary team. Community health is the platform to deliver it, and I can recall as parliamentary secretary visiting your own community, and I think it was Darebin Community Health Service, to announce one of these teams. They are a wonderful new model of care. It is just a common-sense model of care bringing together all the people that a client needs, all the different services, put together a care plan, work as part of a team, make sure you provide a multidisciplinary solution for that client rather than a pinball model of health where you are bouncing back from one service provider to the next.

It is about integrated care, team-based care and it is about in a very practical sense supporting chronic disease sufferers to basically control their chronic disease rather than their chronic disease controlling them and then in turn finishing up being admitted again and again into very costly and often inefficient hospital beds — certainly for that purpose.

In 2005 we set up nine of those teams. In 2006 we had a further nine. We have now funded another 18 as part of this budget, so that totals 36 early intervention chronic disease teams. We have started it, doubled it and then doubled it again and that will be of profound benefit to many very vulnerable Victorians who are chronic-disease sufferers.

We often talk about large amounts of money in health but if you want to look at outcomes and an actual sense of what that funding means: $17.98 million over four years to expand that team-based model of care with 18 teams. What it will mean is that the expanded response will provide early intervention responses to 8488 clients and in hours of care, 144 302 hours of care over four years. To give you a sense, it is the better part of 145 000 extra hours of care supporting 8500 clients across metropolitan Melbourne and rural and regional communities. This is a really smart program. It is a really good spend and I am delighted to have been able to secure the funding to do it.

It builds on the hospital admission risk program, and I know that health ministers often come to this committee and talk about that program. We are genuinely proud of that program. It is a real step forward, and it is about basically saying, 'You should get the right care at the right time in the right place'. Again if we avoid avoidable hospital admissions, that is a better outcome for the actual patient but it is a better outcome for the service system as a whole, and the sustainability of our health system will in large measure be basically determined by the way in which we effectively respond to the primary prevention of chronic illness and the secondary prevention and better management of chronic illnesses as we go forward. This is a good budget for chronic disease. There are a range of other different elements, whether it is the refugee health nurse package extending that model of care; some targeted support for indigenous communities; and also, as I have already referred to, the National Centre for Farmer Health down in Hamilton that has a specific focus in relation to chronic disease.

Can I also say that we are very pleased with the Life! — Taking Action on Diabetes program, which the Premier and I announced down in Albert Park last year. That is an $18.3 million program. It is a mini-WorkHealth, if you like, but it is not work force based, it is about dealing with often very marginalised members of rural and regional communities. There are three pilots, from memory; two of those are in rural and regional regions and one in the outer southeast, I think. Again, right across the board we have increased our effort because we know that this is a great challenge, not just for the care outcomes for individuals but for the sustainability of our broader health system. This is a good and strong budget for chronic illness and those who suffer it, those who are at high risk of it; but we will also continue in the out years to support those who suffer and those who are at risk of chronic illness. We need to do that, and the Premier has made it clear that this is a key challenge for him and a key priority.

The CHAIR — Thank you for that, minister. I must admit, after talking to my community health centre just the other day, that there may be some merit in linking the chronic health program with the WorkHealth program which is coming up, because there are obviously some synergies that can be gained there; perhaps some pilot projects using the community health staff who are already doing the chronic disease programs, making sure we do not have independent silos operating. Getting a cross-government approach to chronic disease would be a good idea.

Mr ANDREWS — I would need to check but I think it was probably in 2006 that MonashLink Community Health Service, one of your local community health providers — —

The CHAIR — I was thinking about the Whitehorse one, actually.

Mr ANDREWS — I think Whitehorse as well.

The CHAIR — They have one too.

Mr ANDREWS — Both of those services have early intervention in chronic disease teams, and I am sure they are of great benefit to your local community.

The CHAIR — Yes, they are working very well.

Dr SYKES — I have a two-part question. One relates to ambulance vehicles: the replacement rate of them and the source of funding, but as we discussed briefly during the break I have a related question in relation to the use of money raised by local ambulance auxiliaries. The history to that is that over the years there has been a great sense of local ownership of these ambulance services, and I understand that ambulance auxiliaries raise a couple of hundred thousand dollars to go towards things they see fit for the local service — I think there might even be about $800 million currently held in trust for local ambulance auxiliaries. The concern is that, with the proposed merger, control of that money may be centralised. The people out there are looking for an assurance that locally raised money will remain available for local use as determined by the local auxiliaries. As you able to provide that assurance?

Mr ANDREWS — Certainly; let me deal with the second part of the question first. It would be my expectation and I think the expectation of the government more broadly, and certainly the ambulance auxiliaries, that moneys transferred from current constituent units of the current three ambulance services to a central entity would be spent for the purpose for which those moneys had been raised.

Ambulance services, particularly in rural and regional Victoria — and indeed in Melbourne as well but certainly in rural and regional Victoria — have always been a really strong partnership between the paid work force and those who volunteer their time or may be paid modest amounts, whether it is as an ambulance community officer, a member of a CERT team, a member of an ambulance auxiliary or indeed a fully-paid-up ambulance paramedic, and that partnership is important. What I have said when I have been touring around talking to staff and others at the RAV headquarters and other parts of the system is, 'This is an opportunity, by unifying those three services, to gather up all that is good across the three of them and build a better service, one that is better able to cope with some of those demand pressures I spoke about before'. To give you the comfort you seek, Dr Sykes, I would be very confident, and it would be my expectation, that any new board of any new ambulance service would expend those moneys for the purposes for which they were raised. That would need to involve input from the local auxiliary, those hard-working volunteers who have done hard work to raise those funds.

I have some personal experience of this, having been very intimately involved in the Paynesville ambulance service, which through the hard work of the ambulance auxiliary raised over $200 000. I was very pleased to support them in their work and to get some additional funding. They purchased the vehicle; the government provided the recurrent funding, and a shop-front ambulance branch has been opened down at Paynesville. That is a proper recognition both of the growth down there — and if you have been down there lately you will have seen that it is a rapidly growing area — and of their hard work. They raised a couple of hundred thousand, and we put in some additional money. The paramedics off the Bairnsdale roster now work from 8 to 8, something like that, over a certain number of hours down there in Paynesville. That is only made possible through the work of the Paynesville ambulance auxiliary that for many years has raised very substantial funds through a range of different fundraising activities.

I hope that gives you comfort. I certainly value the work that auxiliaries do, the government values the work auxiliaries do and country communities value the work that our ambulance auxiliaries do, and we want to continue that partnership. In the event that there is a single service, we will be equally supportive of our ambulance auxiliaries and the great work that they do.

Dr SYKES — Just clarifying: so the assurance relates to the money raised so far but also if they continue their fundraising if it is that same principle.

Mr ANDREWS — That is exactly right, but it will be a matter for the board as to what structure they put in place. I think that auxiliaries, as I said, have played a very important part in that community partnership, and that will be an enduring feature of any new service. I do not want to be coy, but we do have a process to go through. In the event that we do have one service, it is my view that ambulance auxiliaries will be a very important part of that, just as they are now.

Mr NOONAN — Minister, I want to go to the issue of emergency departments, and I must say that I have used the emergency department at Williamstown in the last three months to look after a sick child, so I understand their importance in our local communities. I take you to the output initiatives in paper 3, page 309, and specifically, 'Maintaining health system performance'. My question really goes to how that significant investment will improve emergency department capacity and performance, particularly given the slide that you presented earlier on in your presentation, which shows the increasing demand on emergency departments?

Mr ANDREWS — Thanks very much, Mr Noonan. This is an important question. I spoke at length in an earlier answer in relation to the challenges that our emergency departments faced, certainly last year, in terms of perhaps the worst winter we have ever seen, and that did put great strain and stress into our system, but because of our great staff and because of the record allocations we had made to that point we were able to cope and were able to ensure that the sickest patients continued to get access to the very best care. Despite the fact that our emergency departments consistently rank well above the national average, I have been up-front about this, as has the Premier: we can do more, we can do better, and this is what the budget delivers — additional funding to treat 60 000 additional patients each year in our emergency departments. That is funded out of the $702.9 million in essential hospital services and that ongoing funding in terms of growth for additional patients.

We know, and in the slide presentation I showed earlier on, and in an earlier answer I think I made the point, that we have seen very substantial growth compared to 1999-2000 levels. We have also seen, can I say, ongoing pressure in relation to the number of category 4 and 5 presentations. These are primary care type presentations, people who in the main, the overall majority of these individuals, could get their care from a GP. Some will be admitted. No-one is saying that people should not present. Part of the problem here, part of the sad fact of this is that because of failures to properly invest in primary care, accessibility of GP or MBS-funded primary care has come down, and therefore people have no alternative but to turn to the universal service provider in their given community, which is in fact the acute hospital, and the front door of that acute hospital is the emergency department. So we have seen it, and I showed that graph before where you have total increase in the number of presentations, total increase, almost linearly mirrored, in the number of people, 4s and 5s, presenting for care, and then at the bottom of that graph we showed a line that had come right off, or at least a very subtle improvement, in the ability of communities to utilise commonwealth-funded GP services.

So that puts real pressure on our system; total volume puts pressure on our system; the ageing of our community puts pressure on our system. We are dealing with a growing cohort of increasingly complex patients, and this in many respects is linked to the question asked by Mr Scott only a few moments ago — if you do not better manage people away from acute settings then the sustainability of our health system really is under a cloud. So we have to do more in this space. That is what HARP is about, that is what the teams are about, that is what a whole range of additional funding and other programs are all about. It is about better outcomes for individuals, but it is also about the sustainability of our health system in a broader sense.

This is a good budget for emergency departments, a solid budget; it gives us the growth we need to treat additional patients and to provide better care. We can be confident that we do rank consistently above the national average, and it is our intention to continue to support emergency departments to continue to provide that high-quality care right across metropolitan Melbourne and also in rural and regional communities.

Mr BARBER — I would like to ask the minister about the situation with independent midwives in Victoria and how they have been unable to get professional indemnity insurance since 2001. Do you know how many might be out there operating without that insurance? Has the government been looking at, or is it intending to look at, creating an alternative scheme for them, or alternatively, would you bring their operations within the realm of hospitals so they can operate in that way — in light of your baby-boom theme, I suppose?

Mr ANDREWS — Thank you, Mr Barber. It is more than a theme; it is a very substantial package to support a record number of babies that have been born across our state, but most noticeably in terms of public hospitals. I do not have any information on that issue. It is an important issue, but I am not briefed on it in terms of

what the most recent state of affairs is. Unless one of my officials can support me in that, I think we are best to take that on notice, and we can come back to you with a detailed answer.

Mr PAKULA — Minister, page 18 of budget paper 3 goes into some detail on some of the more heavy capital investment in the hospitals. I am interested in the Royal Children's. Like Mr Noonan, I have got young kids — like yourself, minister. I suppose in terms of the investment in the Children's my query is: how will that investment help in a concrete way provide better care and services to the children of the state?

Mr ANDREWS — It is a very good question. I thank you for it, both in your capacity as a member of the committee and a parent, as am I. This is a great project. This is a project that we can all be really proud of, and every single Victorian should be 100 per cent behind this project. It is not always the case, but I think every Victorian should be supporting this project. It is a great project, it is best-value project and we will see a situation by 2011 where we will have one of the best, if not the best, paediatric health service anywhere the world.

It is more than just a health service. There are also important other services and other supports for staff. This is a very big workplace, as well as a centre of clinical treatment. There are additional services and other supports in terms of a 3½ star hotel for those from the bush, those coming to work at the health service. The Murdoch Childrens Research Institute, at no cost to taxpayers, is also a big part of this, as is the University of Melbourne. This is being delivered as a Partnerships Victoria project. It is a best-value project, and the difference between the saving against the public sector comparator is a 7 per cent saving, so the way we are effectively delivering this project in partnership with the commonwealth and in partnership with the private sector delivers real value. This is a great project and one that the community can be proud of.

There has been some commentary in relation to whether the new hospital will be able to cope with some of the demand pressures that it will face. It is important to acknowledge that this is a modern, flexible hospital that will have additional capacity but inherent flexibility to be able to change the way it delivers care, to respond to the demand pressures that it will face, not just now but over the 25 years of its life under the PV model.

There will be 46 extra beds. There is a shell ward — built but not fitted out — that may well be able to provide for up to 33 additional beds, and there is treatment capacity within this new, modern and flexible health service to treat 35 000 additional patients a year. This is a great project, and, as I said before, every single Victorian should be behind this project, I would have thought. This government certainly is. We are proud to be able to deliver this. This one project represents more in terms of investment than was the case for almost the entire decade of the 1990s. It is a substantial investment. It is about supporting some of the most vulnerable members of our community — our sick kids — not just today but for many years to come.

It is, I suppose, replete with a range of design features and it is replete with a range of service improvements and enhancements that will mean better outcomes for kids. Some 85 per cent of rooms are single, up from, I think, about 8 per cent now, if memory serves. You have got pull-out beds that are basically designed in a more family-friendly way so that parents can spend time in the room with their sick child. It was not that long ago that a sick child would be dropped off at the hospital, mum and dad would visit once a week or once every two weeks. Now things have changed. It is a 50-year-old hospital. It is showing its age. It needs to be rebuilt — it will be! — but it will be rebuilt smart. It will be rebuilt to provide modern and flexible care and the sorts of things that we expect from a new health service.

Again, this is a really important project, one that we are pleased to be delivering in partnership with the private sector. Anyone who drives down Flemington Road can see there is a power of work gone on there to date, and we are extremely proud to be able to be delivering this important project, as is the board and as are our private sector partners. I would hope that the unequivocal benefits of this project would be understood and recognised by everybody.

Mr WELLS — Just to clarify a point before I ask my question on the number of beds: you are saying there are an extra 46 beds, plus there are 33 that can be part of a shell. Are you saying that that is 79 extra beds for the life of a 25-year project?

Mr ANDREWS — What I am saying to you, Deputy Chair, is that there are 46 extra beds; the day it opens there will be 46 extra beds. There is shell space, and you can notionally say that that might support 33 beds. It could support a whole range of other things, too.

Mr WELLS — Okay, so say 33; we will take your figure.

Mr ANDREWS — What I am saying is that that is a notional figure. I am not committing to that space necessarily being 33 beds. You have got a situation where this is a flexible hospital and one that is designed to be able to change — —

The physical layout of this place will be such that you change to reflect the model of care that is the most efficient and most effective, not just now but in 5, 10, 15, 20 or 25 years time. There will be sufficient capacity in this health service to do the important work that it needs to do against its charter as the state's principal specialist paediatric health service.

Mr WELLS — So that is 46 plus 33 notional spaces.

Mr ANDREWS — Space for 33 is the best way to describe it, I think.

Mr WELLS — Making it 79, and you hope that the life of the Royal Children's Hospital — this Royal Children's Hospital — will be 25 years?

Mr ANDREWS — I think what you are driving at is the life of the arrangement with the consortium led by Babcock and Brown is 25 years. It will need to be handed back to the state at that point without substantial works needing to be done to it for up to five years. It is a best-value outcome for all of us. But can I say to you that at the heart of your question you are essentially asserting that the number of beds in a given facility is an absolute measure of what the capacity within that facility is, and I would say to you that you are wrong to do that. What is more, it is not just me that would say that. The Australian Institute of Health and Welfare would say that, and many, many others. If I am wrong — if that is not the assertion you are making — —

Mr WELLS — No, but you have spoken about the increasing population and the number of babies, I assumed that the demand for hospital beds at the Royal Children's Hospital would be significantly more.

The CHAIR — This might end up being your question at this rate. You might want to get on to your other question.

Mr WELLS — My question, Minister, is in regard to HealthSMART, and I have a couple of questions in relation to that. I note that a further $103.9 million has been allocated to the HealthSMART in the current budget. Can the minister detail specifically what the extra funding will be spent on and if we can have a complete breakdown of the allocation of that funding? Further, I think there is some confusion. Minister Pike, when she was the Minister for Health, sent a letter out saying that DHS is not in any way mandating to health services that they participate in any of the projects, yet the program has become mandatory for regional agencies. I understand that also further the two agencies — the Alfred and Ballarat — are allowed to buy other products not already in use and not part of the HealthSMART program, so could you clarify those points?

Mr ANDREWS — In relation to your first question about the additional allocations for this year, I will ask Mr Wallace to supplement this, because there is a timing issue, and I think he has probably got the material to hand. The original cost of this project as reported on by the Auditor-General recently, where he indicated that whilst the project was over time, it was working within its current budget, was a build budget. We have a budget to build the IT system, and we then have a budget to run the IT system. The allocations in relation to this year's budget are about the running of that system. There were some allocations within the original project budget that I think — and I will get Mr Wallace to confirm this — took us out to 2009. This budget provides additional allocations — I think three full years of additional allocations that will support the running of HealthSMART.

I might give you some background, and on the regional issue and positions that the previous minister had taken I might need to come back to you on. We are happy to give you a further breakdown in terms of where those allocations in this year's budget will be going, but I think the point about build and run is an important one for people to appreciate.

When we came to government the notion of IT architecture, a common architecture, the actual reality we found could not have been further from that. We have worked very hard with record allocations both from within DHS and from special ERC grants that have been made to us to build that common IT architecture, both for business systems, acknowledging that the savings you make at the back of house can support better clinical care, as well as

the clinical products that are at the heart of HealthSMART. Given your interest, I am happy to stop and throw to Lance, but I think there is some background in relation to this that is important.

From a finance and supply management information system point of view we have eight health agencies signed up to that. We have four health agencies signed up to the client management system, the iSOFT system — these are health services that may have a number of campuses. Three more services under that patient and client management system are to go live in the next couple of months. With independent community health, through their Track Health product, we have got five community health services and I think one a month coming online as we look forward.

Again, there are a number of other components to this. In relation to one that is particularly exciting, one that is really delivering great benefits and one that I have had the opportunity to see firsthand in a number of settings is the PACS, picture archive and communications system, which is all about digital medical records and then, as well as that, putting all the imaging within the health service online, if you like, so you can link up the two — really powerful. It is what the health system of the future will look like. It is about medical specialists working from home, if you like, having the latest CT scan or MRI beamed down in a broadband pipe to their home. That is a really important part of the system. There are four pilots of that. The list goes on. There are very substantial achievements against the budget allocations we have made.

The Auditor-General did make recommendations, though, in relation to this project, and I have been clear and up-front about it, that we need to do better on this. I was pleased that he confirmed the project is operating within its budget, but there is a time issue that principally goes to the point that we really are coming off such a low base. I am not casting a reflection upon the last government, but we really are coming off a very, very low base, and there is a big job to be done. We are committed to this project. It is important. It is one that will basically enable the efficiencies and improvements that the community demands of us. We are committed to this project and will continue to deliver it properly and well, acknowledging that there have been some time issues, and we will devote ourselves even more to getting the best outcomes out of this project.

In relation to a breakdown or a build of the 100 million plus in this year's budget, I might throw to Mr Wallace.

Mr WALLACE — There are two components in the budget. If you refer to page 309, there is a HealthSMART line of 18.5 million, 19, 19.5 and 20 million over the four-year period of the budget. That is in the output section of the budget. Those funds are to actually deal with increased operating costs of the system. The HealthSMART system has got much better disaster recovery processes, so we are running dual sites with back-up computer systems, so this is physically the running costs of more computer boxes. It is network capabilities, improved network speed and capabilities so information can be passed from health services, and also improved networks for back-up should the main computer system go down — access to backup. So those new facilities and new standards which the HealthSMART template is putting in place are requiring higher operating costs to actually run.

The second component, if you refer to budget paper 3, page 315, there is also a line in there which is 6.7, 6.7, 6.7, 6.7 over the four years. That rate relates to physical infrastructure, so the physical replacement of the computers that were initially purchased. HealthSMART now has been going for a time; computers that have been put in both at individual health services and also in the shared services centres need to be replaced. They have got a useful life. With IT equipment it is usually only three or four years, so already over the life we have put in at the start of the HealthSMART project some new supporting infrastructure which we have gradually upgraded over the period of time. This is now to replace that equipment over a three to four year life span.

Mr WELLS — So because the life of the program has gone on for so long, some equipment from the start is now obsolete?

Mr WALLACE — What I am saying is that always equipment needed to be replaced. Equipment lasts for a three to four year life and it needs to be replaced after three to four years. That will be an ongoing issue for health services over the life of the program. The HealthSMART program will last 10 years or more. I can also briefly deal with participation policy, if you want, Minister.

Mr ANDREWS — Do that.

Mr WALLACE — Participation policy is covered by the HealthSMART board. The HealthSMART board consists of health board chairs, health service CEOs, both rural and metro, as well as departmental officers. That group of people decided on the participation policy, which was to try to actually make sure that we had an interconnected system right across the state, a whole-of-health computerised system, that people would not be able to put in any other product than a mandated HealthSMART product unless they put in an exemption to that board. So it is health services peers as well as departmental officers that look at those exemption cases. It does not mean that you must replace your systems immediately. If, for example, you have a computerised system which has approximately a 10-year life and you had just replaced that system, it would be wasteful for us to actually go out and replace that system straightaway, so we are phasing in over a long period of time, but that is the way the participation policy is operating.

The CHAIR — Minister, on page 309 in appendix A to budget paper 3, the output initiatives, there is another one there regarding HIV and chronic communicable diseases. I know I have been reading in the paper — I do not know if I can remember the exact details of it — there seems to be an increase in the incidence of HIV and STIs, or some of them anyway. I was just wondering — you have got a line there allocated for that? And I am sure there are other policies and programs. Can you give us a bit more information on what you are doing in that regard?

Mr ANDREWS — Thanks very much, Chair. This is a very important area of government funding in partnership with a number of community organisations. As part of the protection of public health output we really are very pleased to have been able to secure more than $16 million to support this particular program in relation to reducing the rate of HIV infection and other STIs. This is a key challenge, a key priority, and again I just want to make the point that we are very pleased to have been able to secure this additional funding. It is record funding that will support a whole range of programs, whether it is about social marketing to drive the sort of behavioural change that is central to safer sex and a stabilisation, and indeed decrease in the total number of STIs across the community — —

The CHAIR — I understand there has been some talk about the Grim Reaper ads coming back or that sort of thing?

Mr ANDREWS — We could have a very long and interesting discussion about what sorts of social marketing techniques work. What is clear is that, despite the great success of campaigns like the Grim Reaper and the real re-education of our community in a broad sense, we cannot rest on our laurels. We need to be always vigilant to support those who can provide, I think in the main, targeted messages to different cohorts of people, to educate them, to empower them if you like, to make more, I suppose, responsible choices and to mitigate the risks that they expose themselves to.

Yes, social marketing is important, and this package will support record levels of social marketing to drive behavioural change. That is about protecting the health and welfare of individuals, but given that we are talking about communicable diseases here, it is about protecting the broader public health, and that is a key challenge and a key area that we are all basically accountable for.

Just to give you a sense of the need here and the context: in Victoria in 2007 there were just over 11 000 cases of Chlamydia, 1007 cases of gonorrhoea, 23 syphilis cases, and 262 cases of HIV were notified to our department. So this affects many people right across metropolitan Melbourne and rural and regional communities, and we need to do more to support safer choices and a better education campaign across the whole community.

To give you a breakdown over the four years of that $16 million-plus: $10 million to deliver targeted campaigns and programs to improve particularly gay men's sexual health and to reduce rates of HIV infection. At 262 we have seen that stabilise a little bit in recent times. The job is to continue that, and then over time to bring down the total number. That is certainly our aim, and we have seen other states able to do that, so we are very keen to try and reduce — certainly in the first instance stabilise, then decrease the total number.

Dr Brook informs me that it is 423 syphilis cases; I was not reporting — we have not been quite as successful as the numbers that I indicated. There were 423 last year.

But we have seen other states do it. This package will support that important work, and we hope to deliver real dividends as a direct result of that. There is $3.12 million to establish a rural centre of excellence in STI prevention. That will be based in Shepparton and I think recognises that these are issues for the whole of the Victorian community. There is a boost of just under $1.3 million for a Chlamydia screening program and $1.66 million to

build on a pilot program we have currently been running as a Victorian public health initiative, which is all about blood-borne viruses and the prisoners in our correctional facilities.

The CHAIR — Like hepatitis?

Mr ANDREWS — Hep B, hep C and indeed HIV. To finish where I started I suppose: this is a key challenge; it is a key priority, and we are very pleased to have been able to secure through the budget process the funding to deliver this social marketing and the other targeted interventions that are central to this program. We hope it will deliver results not just for individuals but for the broader public health.

Mr RICH-PHILLIPS — Minister, those diseases — are they all reportable diseases that you just ran the stats off for?

Mr ANDREWS — Yes, I believe so. Yes, my advice from Dr Brook is yes. These are the figures we have received after the notification, so they are notifiable, yes. Sorry, yes otherwise we would not be able to illuminate you.

Mr RICH-PHILLIPS — Yes, that was my next question! On your slides you refer to the $1.8 billion boost across the health portfolio and noted an additional 60 000 emergency department patients per year as one of the targets. That is one of the funding outcomes, as the Treasurer said in his speech. The budget paper — page 87, BP3 — the output group notes an increase of only 51 000 extra emergency presentations for the new budget year. Can you reconcile those two figures?

Mr ANDREWS — Thank you, Mr Rich-Phillips. We are very pleased as part of the HDM and growth going forward to have been able to secure additional funding to treat more patients in our emergency departments. What is important is that we provide that funding, because we know that we have got extra patients coming through the front door. We have also election commitments in relation to these matters, and we are well on track to deliver against those election commitments here and in other areas. I think there is an issue here about whether you go target-to-target or whether you go expected outcome-to-target.

Mr RICH-PHILLIPS — Yes.

Mr ANDREWS — And that captures the difference between the two ways that the figures have been expressed. As part of our build across the forward estimates — and the money was provided last year, but it is then in the base flowing through — there will be 60 000 additional funded presentations to our emergency departments as a result of this budget. That needs to be considered in the context of the growth that flows through from last year in the furtherance of our commitment towards the 377 000 across the four years.

Mr RICH-PHILLIPS — If you take the 60 000 as being the increase on the 07–08 target — last year's target plus 60 000 makes this year's target — can you also take the fact that the expected outcome for the current financial year, being 9000 higher than the target, that those — —

Mr ANDREWS — Do you want me to flow the 9000 on expected into the target?

Mr RICH-PHILLIPS — Either that, or are you saying that 9000 is effectively unfunded presentations — there was no funding provided for those presentations?

Mr ANDREWS — No; all those presentations have been funded. We have targets and we have estimates, and we seek to gauge the demand pressure that our emergency departments will face, but who and how many patients present to emergency departments is probably the most highly variable part of the health system. Again, I can only take you back to the notion that we have fully funded the 60 000. It is about what the starting point is and which two columns you count. I would just say as well, though, that we almost always, because of the demand pressure, treat more patients than we anticipate we will treat. We will see at the end of the financial year where we get to, but it is usually the situation where, because of growth pressure, we usually treat beyond what we target. I do not think there is a need for Mr Wallace to add to that, but that is the position. It is about which columns you target.

Mr RICH-PHILLIPS — Accepting that, would you not take your increase from, 'Each year we have treated 1.39 million, next year we will increase it 60 000', so it would be actual this year plus the increase, rather than target plus the increase? Would that not be a clearer way of presenting it?

Mr ANDREWS — I think the notion that we are having this discussion by way of a supplementary question confirms that you can with absolute credibility go target to target and get your 60 000.

Mr RICH-PHILLIPS — Yes.

Mr ANDREWS — I am happy for you to assert that there would be another method.

Mr RICH-PHILLIPS — Being actual to new target.

Mr ANDREWS — What I am saying to you is that there is funding in the budget to do that 60 000 additional activity. That is part of a consistent investment program that we have undertaken in terms of our emergency departments, in growth funding but also the physical fabric of our emergency departments. Despite some rather ill-informed commentary about this matter — not from you, Mr Rich-Phillips, but from others — we are on track to meet our targets. And I am not pointing at you either, Kim. We are on track to meet our election commitments, because that is what this government does; it meets its election commitments.

Ms MUNT — I would like to speak a little about cancer research. We have a member of our committee who is currently fighting breast cancer, with all our love and support, so I am asking this question on her behalf. Also, the Premier and I walked in the Mothers Day Classic on Sunday morning with 30 000 other supportive Victorians. I actually asked the Premier a little about this program yesterday. But I notice that on page 309 of budget paper 3 there is funding that ranges between 30 million for 08–09 to 45 million for 11–12. Then on page 314 it talks about a package of initiatives to improve cancer prevention and care. I was wondering if you could just expand on that a little for our information.

Mr ANDREWS — Thanks, Ms Munt. As part of the record $150 million cancer action plan, the funding that we have contributed there, there is a very big boost for the Victorian Cancer Agency. We are proud to have set up the Victorian Cancer Agency — the VCA. Daine Alcorn and her team down there do a great job supporting through their grant programs and through their other works some of the best researchers in the world. We can be proud, as can every Victorian, of the biomedical sciences, the clinical research, the basic research that is conducted in so many institutes of world fame right across Melbourne and indeed in some parts of regional Victoria.

The budget this year builds on that. It provides funding certainty for the VCA, and again I am very confident in saying that I think it will lead to the more rapid translation of important and world-leading research into better care pathways, better ways of managing those complex tumour streams across cancer and better outcomes for real people. That is what that research is about; it is about translating research into better care outcomes. It will be a big part of meeting that target we spoke about earlier on, that overall survival target.

There is $78.77 million over four years for the VCA. Again that will support its important work, mainly through grant programs and other programs that it runs. It has been going for two years, and that has delivered very substantial benefits, whether it is translation or researching tumour stream grants — nine projects have been funded. In breast, cervical, lung, thyroid, renal and melanoma cancers, there is just under 2 million to support that work. In terms of supporting clinical trials — and we know how important that is in the translation of research through to clinical outcomes — there have been three clinical trial pilots that have been supported by the VCA. There has also been the establishment of a national cooperative clinical trial framework for prostate and for urological cancers — that is worth around 2 million as well — and a whole raft of other research grants that the VCA has been able to provide through its grant system.

I announced more than $6 million worth of grants with the Premier late last year down at the Alfred, I think, as part of the latest example of the good work supporting researchers from right across the Victorian community and indeed right across Australia. That research is all about saving lives. It is all about better outcomes for people. It is all about making sure that we are developing the very best care to treat our cancer patients right across Victoria.

Before I speak about Ms Graley, I just want to mention two further projects — that is, firstly, the Victorian Prostate Cancer Research Consortium. That is a very large challenge within the broader field of cancer but also in terms of men's health. That is a virtual research institute and is one that has been well supported by the VCA. Equally, the Victorian Breast Cancer Research Consortium has been supported not just by the VCA but by the previous government. It is important to acknowledge that as well. That is directly relevant of course to Ms Graley, who is very bravely going through her own cancer journey. I was very pleased to see her out at the Casey Hospital last week. She is looking well. I think her treatment is going well. We wish her the strength and all that she needs to get

through her own cancer journey. But I am sure she is being very well supported by the dedicated staff that really are the hallmark of our cancer system. Again that is a top priority for us — a big priority for us — and we are very proud to have been able to secure the future of the Victorian Cancer Agency through this almost $80 million to again support the very important work they do.

Mr DALLA-RIVA — I refer you to the service delivery budget paper, pages 86 and 87, in respect of acute health services. I noted earlier in our discussions about the emergency services categories 1, 2 and 3, specifically emergency services category 1 is 100 per cent, which you would expect, given that the *Your Hospital* report lists category 1 as 'heart not beating' as an example. So I gather, without being flippant, that you would assume that if your heart is not beating you would get fairly urgent attention — as you would expect. Therefore you would get the 100 per cent hit rate, as it were, in respect of that necessary treatment. I cross to the elective surgery category 1 on the opposite page, the difference being the urgent category 1 elective surgery patients admitted within 30 days, and I note the 100 per cent target, the 100 per cent outcome expected and the actual in the previous financial year as well.

Given that there is a marked comparator between category 1 patients under emergency services and the difference between urgent category 1 under elective surgery, is there a suggestion that if surgery is postponed for an elective surgery procedure due to a hospital-initiated postponement, are those patients therefore taken off the category 1 and placed onto category 2, because it is outside that period, or are they removed from the list entirely? I am just trying to get clarity on how you determine, if the surgery of somebody who is meant to get elective surgery within the 30-day requirement is postponed by the hospital, do they fall off the list until they go back on the 30-day period, or are they seen as part of that 30-day period?

Mr ANDREWS — Thank you. I think it is important to acknowledge at the outset that it is not me who makes judgements like that. The answer to your question is no, but the first thing to acknowledge is that those judgements about the clinical classification of urgency of elective surgery patients are not made by me; they are made by people who are appropriately trained to do that important work — that is, our doctors and other staff in our health services. You sort of skipped over the fact, or just said you would expect 100 per cent for category 1 elective surgery — that is, urgent elective surgery.

Mr DALLA-RIVA — Heart not beating.

Mr ANDREWS — No, I am not talking about emergency departments; I am talking about elective surgery, which is the heart of your question. We do not do HIPS in the emergency department. It was not always the case. The 100 per cent we have had under our government was not always the case.

Mr DALLA-RIVA — So there is no patient whatsoever that is on the list for emergency elective surgery, category 1, that has not had their surgery within 30 days. You had better be sure of that, Minister. There is not one case out there?

Mr ANDREWS — We have reported in the *Your Hospitals* report consistently and in the budget papers before us today, and all the advice I have, is that, absolutely without any doubt, 100 per cent of category 1 — that is, urgent elective surgery patients; and it is a bit interesting to compare that to emergency procedures or emergency triage categories in another setting, being the ED, but you have done that anyway — patients, each of those patients on the elective category 1 list, get care within 30 days. That is not to say that because of pressure in the system someone whose case is more urgent may not get treated earlier. This is where the real link with emergency departments is — not category 1 and category 1, but the fact that often the elective surgery caseload will compete with the emergency surgery caseload, and again the principle is that the sickest get treated quickest, as you would want to have happen. We will sometimes see that. I do not have any data on how common HIPS are in category 1; they would certainly be less common than in category 2 and category 3. But where it is unavoidable and where there is a clash in terms of theatre time or where that surgeon's time is required to save someone's life in an emergency, then urgent surgery, which is very important surgery but urgent rather than emergency, may well be cancelled.

I have no advice otherwise, and we stand by the reports we have put into the public domain that 100 per cent of category 1 surgery is conducted within the clinically appropriate time, which is 30 days. In fact, if we did median time to treatment it would be substantially less than 30 days; it would be 7 days, I am told. That is the median time to treatment within that category 1 cohort.

You are not quite comparing apples with apples here. I am happy to have a discussion about emergency department category 1 triage patients and the high quality of care we provide them, but we need to punctuate this simply by saying that we have provided the funding that is required to meet that important benchmark. We are very concerned to continue that. That is why the targets remained unchanged. We anticipate we will meet that in the out years. I would just say that has not always been the case under previous governments.

Mr DALLA-RIVA — So you acknowledge that.

Mr ANDREWS — Under previous governments, Mr Dalla-Riva.

Mr DALLA-RIVA — We note the acknowledgement of that, Minister, in a formal way.

Mr ANDREWS — Under previous governments, Mr Dalla-Riva, of the blue kind.

The CHAIR — Thank you for that response, Minister.

Mr SCOTT — I would like to draw the minister's attention to BP 3, page 95, on the refugee support strategy. That contains a reference to the additional nurses for the refugee health nurse program. I would be grateful if you could provide some further information to the committee on how the funding for the refugee health nurses in this budget will address the disadvantage faced by some of the most vulnerable members of our community.

Mr ANDREWS — Thank you, Mr Scott. Just to repeat the last point you made, these are some of the most vulnerable members of our Victorian community. Those who have fled some very challenging parts of the world and who are often survivors of torture and trauma, deserve to have their new government supporting them in any way they possibly can. Speaking as a former Minister Assisting the Premier on Multicultural Affairs, I have had the great privilege of moving around many of the refugee communities that make some of our regional towns a good deal more vibrant than they would otherwise be and indeed my own local community, where the largest number of young refuge migrants from the Horn of Africa, mainly Sudanese, live and work.

This is an important initiative. We first introduced the refugee health nurse program, which is a very important program to support, as you say, many vulnerable members of our community. That was first rolled out in terms of additional nurses in Brimbank, Greater Dandenong, which is my own community, Hume, Maribyrnong, Moonee Valley, the city of Melbourne, Darebin, which is your own community, Mr Scott. Again, in recognition of the great job, the great practical support for cultural diversity and multiculturalism that is the hallmark of regional communities, we supported it in Shepparton, in Warrnambool and also in Ballarat. So this is a really important program.

In August 2005, as part of that rollout, we had four EFT across seven sites. It is important to understand this: funding is not just wages, there is also a translation and interpreting component to support the work that these refugee health nurses do. I am very, very pleased to be able to say that in the 08–09 year we have allocations of 620 000 a year with 2.98 over four years to increase that workforce to take it to 11.5 EFT operating across 15 sites, so that is a net increase of four additional EFT refugee health nurses. That is particularly important given the primary care catch-up that many of these individuals need, having left camps and having left very challenging parts of the world. We are committed to supporting them as part of the resettlement process. That is principally a commonwealth government function, but we are committed to vibrant communities, to cohesive communities. It is important to understand that, you know, these individuals and families are often some of the most vulnerable and have the longest way to go in some ways, so we are very committed to boosting support.

Our partners in this are very important: local government to a certain extent; community health, of course, is the major platform to effectively deliver these; and I visited, I think, certainly the first cohort in a previous role, each of the health services that rolled out the refugee health nurse. It is a very important program. Our partners beyond local government, whether it be Foundation House and many others right across the multicultural sector and the cultural diversity community, if you like, from the VMC and many others, we are very grateful to them. This really is about equity, it is about meeting a need, it sits fairly and squarely within the A Fairer Victoria framework, and that is about addressing social disadvantage. We are proud of this investment, and it benefits many thousands of people going forward, and I thank you for your interest in it.

Dr SYKES — Minister, I wish to talk with you a little bit further about ambulance vehicle replacement. It appears as a line item in budget paper 3, page 315 — it is about four lines down — and it appears to have $600 000

against that item. I guess I want to explore the number of vehicles that need to be replaced each year, the cost per vehicle, and where the money shows up in the budget. Your overhead presentation indicated 44 new vehicles. Is that additional vehicles as distinct from replacement vehicles?

Mr ANDREWS — Yes, additional. Sorry, you finish your question and I will answer it for the benefit of the transcript.

Dr SYKES — Okay, fine. My understanding is that the annual rate of replacement should be in the order of about 60 vehicles for the Metropolitan Ambulance Service and 80 for Rural Ambulance Victoria. So just first of all, I am looking for clarification on the numbers.

Mr ANDREWS — Dr Sykes, let me deal firstly with the issue in relation to what vehicles are funded under this 185.7. In the delivery of those services there will need to be 44 additional vehicles, so that is a net increase. I think the total purchase might be some that are replaced, but it will be 44 more vehicles in the total fleet than would otherwise have been the case. We have increased the total fleet by 25 per cent. That is very important.

I was very pleased just recently to visit RAV headquarters in Ballarat to celebrate, if you like, some additional Mercedes Sprinter vehicles as part of a shared spend — new money from our government as well as some capital reserves spent by RAV to purchase additional vehicles — and we will see by the middle of the year, I think, the last of the GMC vehicles, the General Motors chassis vehicles, taken out of the RAV fleet or certainly out of the front line. So we stand on our record. We are very focused on this issue, and we are very proud and pleased to have been able to provide record funding, through the overall allocations that are made to MAS and RAV and therefore contributing to the operating capital reserves or indeed direct funding where we have supported the purchase of additional vehicles with state moneys.

It is the most modern fleet that it has ever been, it is the safest fleet that it has ever been, and that is in no small way due to the fact that we have supported both RAV and MAS to upgrade their fleet. It is not just about government funding. It is also about getting the best advice, and the Monash University Accident Research Centre works closely with MAS and, by extension, with RAV in relation to vehicle life limits and making sure that we have proper maintenance and that we monitor these things as part of a proper observation framework in terms of the safety and the appropriateness of our fleet. We probably cannot give you additional details in relation to unit price and what the average cost is of things.

Dr SYKES — So, what is the annual replacement rate?

Mr ANDREWS — What is the 600 000 for?

Dr SYKES — Are you replacing about 150 a year, say 60 for the Metropolitan Ambulance Service and 80 for RAV, as was indicated to me was the figure?

Mr ANDREWS — I am not in a position to confirm that. I am sorry, Dr Sykes. That is not necessarily clear from the budget papers. I am happy to take that on notice to you, though, but I would say to you that we are very proud of the investment we have made in relation to these matters.

The 0.6 in the 08–09 year supports four replacement vehicles for RAV at a value of 150 000 each — they would be Mercedes Sprinters at that 150, that is the new standard vehicle — and I can confirm again that the ambulance package that I have been speaking about involves 44 new vehicles. But again, that is funded across the four years, and as we commission new services there will be a need to purchase new vehicles.

Dr SYKES — I would be interested to know what the overall replacement rate is.

Mr ANDREWS — Can I just say that we are happy to get some information for you, but much of this is contained within the annual reports of RAV and MAS as independent statutory authorities who run their own fleets, albeit with record support from us.

Dr SYKES — Just one last question. How many of these ambulances are now set up as heavyweight vehicles to carry obese people? Is there 10 or a dozen of them out there, or what?

Mr ANDREWS — There are a number of complex patient vehicles that are not just about bariatric patients but a range of other complex patients. That is about a safer working environment for paramedics. That has

been supported by our government through additional funding, and by extension by additional allocations made by MAS. I do not have to hand a detailed answer on that issue, but again we will come back to you on the vehicles. There are certainly more in the fleet today than there were, and the fleet includes non-emergency patient transport vehicles as well for inter-hospital transfers. I am reliably informed that there are five of those complex patient ambulance vehicles, but we will be pleased to confirm that with you.

Mr NOONAN — Minister, I want to talk about the immunisation program for the state. On page 100 of budget paper 3 there are the output measures regarding immunisation and coverage targets, and specifically under the 'Quality' heading there are four different categories. My question goes to whether you can advise the committee how the government will maintain what I would say is its proud record of keeping the instance of vaccine-preventable diseases at these low rates?

Mr ANDREWS — Thanks very much, Mr Noonan, and it is indeed a very proud record, and one that is a credit to all those involved. There are a number of partners, local government being a part of that, and indeed the commonwealth government funds the program in a broad sense. We can be very proud of our immunisation record. I will give you just a sense of recent performance.

One-year-olds are at 91 per cent, and that matches the national average. Two-year-olds are at 93 per cent, which is a full percentage point above the national average; and six-year-olds are at 91 per cent, fully three points above the Australian average at 88 per cent. We were the first to reach the plus-90 per cent barrier in that category. It is a very important project, and it is about supporting our youngest Victorians. Again, we have had many questions today that are equally relevant to all of us as parents as well as members of Parliament, but again it is about real outcomes for real people, and we are very pleased to support that.

I should also say that proper immunisation programs are not just about kids, as important as they are. The cervical cancer vaccine Guardasil has been a big challenge for us. We have done very well with that, and 650 000 doses of that cervical cancer vaccine have been distributed across Victoria. That makes it one of the largest vaccination campaigns that has ever been conducted in the state, and again our partners in that are critically important. Whether it is in childhood immunisation or other vaccines and vaccination programs like the HPV Guardasil program, we perform at or above the national average, and it is with some pride that I can say that to you. I think that is a great benefit to many right across the Victorian public.

Mr BARBER — I would like to ask about rural obstetrics, coming back again to the baby theme. We seem to be progressively obliterating it with 80 services gone since 1983 and 37 since 1997. There are about 42 services left. It seems to be a workforce problem, as it is with anything else to do with medicine in rural areas. What sort of workforce package can you put together to get people to work in that service, and what additional incentives are in the budget?

Mr ANDREWS — Thanks, Mr Barber; it is an important question. We are committed to making sure that rural and regional communities can get access to the broadest range of services as close to home as possible. You are right to say that rural and regional obstetric care, as with much specialty care across rural and regional Victoria, is largely determined by the availability or the unavailability of an appropriately trained workforce.

Mr BARBER — Do you think having babies is a specialty though?

Mr PAKULA — I bet you can't do it!

Mr BARBER — I suppose my question is about the service planning as well.

Mr ANDREWS — In my experience delivering babies is a very special thing and requires a degree of skill, knowledge, understanding and physical stamina that is sometimes rare in rural and regional areas. What is important is that as a government, we support our GPs who want to up-skill to expand their scope of practice. For instance, we just had the third medical school open down at Deakin; a really positive step forward. We took the extraordinary step of putting money on the table. This is a commonwealth government job, but we put the dough in to do what we could to open that. It is open with 120 students, one-third of whom come from rural and regional communities, all of whom will rotate through rural and regional areas as part of their undergraduate clinical placements.

I spoke about the medical workforce boost — the $55 million-plus in this year's budget to support internships and PGY2 years, and also the fabric of our undergraduate and postgraduate clinical education environments in Warrnambool, Northern and others. Again we are committed across what is a pretty complex area. This is not an easy issue; it is a complex issue.

We are committed to expanding the medical workforce and the allied health workforce and the nursing workforce across rural and regional areas. That is why back in 2006 we had a $40 million allocation over four years for specialist training. That is why each year we invest around $40 million on a range of different workforce programs. They are not all medical but they are across the spectrum of care, and they are about making sure we can increase the total number of health workers in rural and regional communities, but also assist them to expand their scope of practice.

I can probably give you some more detail in relation to the specifics of obstetric care. In relation to the availability of services, I have to say that workforce — clinical education in both undergraduate and postgraduate — needs to be a greater feature of the next health care agreement, much more than it ever has been, and I think that will be part of the ongoing discussion we have with the commonwealth. I think that is how we will start to see things turn around in terms of additional totals — we have the total number of medical students, we have many more coming through the system now that we have ever had, so we have had a win on that front. The question is how you provide an environment and support to train them as a postgraduate to meet some of the critical workforce shortages.

I am happy to come back to you, though, on the detail of the issue you ask, but service availability and the scope of the services that are offered at a given health service are principally matters for the board, and they make very difficult judgements often about what is safe to offer and what is not, what they can do and whether or not they can attract an appropriate workforce. They are very hard decisions in relation to the sort of preamble to your question. But we will come back to you with some more detail on that, unless Dr Brook wants to add to that.

Dr BROOK — I just might make a couple of comments. Whenever this issue comes up it strikes me as unfortunate that no-one talks about the 40 rural hospitals that still do provide obstetrics care.

Mr BARBER — I did talk about them; I said 42, though.

Dr BROOK — That number is considerably higher than other states — for example, to our north. When you look at the record it is important to think about not just those services which have closed. It is important also to look at the time of those closures. People talking very large numbers of closures go back often into the distant past, and we have to reflect that rural communities are all different and many of them are demographically very different than they were 10 years ago, 30 years ago, whenever.

I am reminded of Hopetoun, a community of less than 600 people, all of whom are aged more than 60 years who very recently were extremely concerned to reinitiate and continue an obstetrics service, which is something that should be taken into mind. Most closures do actually reflect simple demography, particularly in broadacre farming communities where there are fewer people and they are growing older.

The last thing that I would mention is when talking about obstetrics services it is often — I think your question asked basically a medical question, 'Is obstetrics a specialty' — not essentially about general practitioners, as important as they are, or specialists. It is about whether there are sufficient trained midwives who have recency of practice. We have had many, many services where there are still some midwives, some very old themselves, but who are not prepared to provide obstetrics services because they have had no recency of practice. You cannot just do obstetrics. It is considered unsafe, and you have to have sufficient recently-qualified midwives to maintain three shifts. You cannot assume that a woman will give birth in one nursing shift. It is a little more complex.

We also need to take into account theatre availability, the availability of anaesthetists and simple things like does the hospital have an adequate blood supply in the event of an emergency transfusion requirement. What we have done is to take a capability-based approach to this and released an important policy paper on rural maternity services which says to hospitals, 'Here are the capabilities that you need to make your decision as to whether you continue to provide obstetrics services'. I think as the minister has said, make no mistake, we strongly support those facilities which should provide obstetrics services and we do everything we can to sustain those services.

Mr PAKULA — Minister, I want to ask about Nurse-on-Call. On page 86 of budget paper 3 the page is headed 'Acute Health Services' and it goes on to look at the outputs for admitted services and in that context I am wondering, with regard to Nurse-on-Call, what sort of a contribution Nurse-on-Call makes to managing that part of the health budget going forward.

Mr ANDREWS — That is a very good question. Again the notion of basically diversion away from and the substitution of inpatient or highly costly, highly sought after services is something that we have embraced, something that we have tried to embed in all of our health decision making as we go forward. It is a key feature of the HARP program and some of the other support programs I have spoken about.

We are very proud of Nurse-on-Call. It works very, very well, and what is really encouraging is that it has the confidence of the Victorian community. As it approaches its second birthday — it will be two next month — I am advised that they have answered 700 000 calls across those two years. They record, through their equivalent of our patient satisfaction monitor, very substantial customer satisfaction and broad support and approval — up to 99 per cent of respondents are satisfied with the service that they were given through Nurse-on-Call.

It is very important to be able to speak to a nurse, to be able to get the advice you need and to have in some respects the comfort of knowing that that is only a phone call away. It seems a simple thing, but it really does I think support people, particularly back to young kids. I think it does support each of us, particularly in relation to small children. It becomes just one further example of where we have needed to and proudly we have stepped in to support the failings in primary care that are such a hallmark of the previous commonwealth government over more than a decade. There is a need for a service like this. That is why we put it in place. It works very, very well and we are delighted with that.

I will give you a couple of examples in terms of your question about what it does in terms of demand pressure on other parts of our health system. The most recent estimates are that hospitals have diverted nearly 90 000 calls from their telephones in the emergency departments through to Nurse-on-Call. So it is actually 88 490. Whereas a nurse or another highly trained individual in an emergency department, a very pressurised environment, a very challenging environment, would have to spend time on the phone answering what are basically primary health questions, all of that work has been diverted across to Nurse-on-Call, and it forms an important part of their role. What that means in real terms — apart from I think we all get a sense in broad terms of what that is about, a better use of precious resources — if you try to cost it out is 11 799 hours or 492 days of hospital nursing time. That gives you a practical demonstration of how this new platform, this new service is not just about better quality outcomes and the certainty and the safety if you like that comes from knowing it is only a phone call away, but it is about more efficiently running our health system and giving people an alternative avenue to get the health advice that they need.

Just in closing on that front, recently they had a good look at a number of calls that they made: 8363 callers surveyed in January to March this year said they would have stayed at home following triage. Over 13 per cent of those calls — 158 — after they had rung Nurse-on-Call actually needed an ambulance, so it is trawling for and finding people that are a good deal more unwell than they think they are and then getting the care that they need earlier. That is obviously about better outcomes for them as well as better outcomes against the sustainability of our overall health system. It is a really good program and one that is working very well.

Chair, just before you sum up I want to add to an answer in relation to MICA paramedics.

The CHAIR — Excellent, thank you.

Mr ANDREWS — Mr Rich-Phillips asked me about additional MICA paramedics. I am advised that somewhere between 27 and 30. The number of 17 was actually a two-seven, not a one-seven. It is 27 to 30 odd MICA paramedics will be needed as part of the package.

Mr RICH-PHILLIPS — And that is an increase in the total number of MICA paramedics, or is that — —

Mr ANDREWS — I have only got advice as to how many will be required to deliver the service commitments we have made in the 186, noting of course it is not just on the road, it is in the air as well. It will be 27, but for safety's sake, say, 30.

Mr RICH-PHILLIPS — Perhaps you could clarify that?

Mr ANDREWS — I am happy to, absolutely. I did commit to come back to you before we stood up.

Mr RICH-PHILLIPS — You certainly did.

The CHAIR — We certainly welcome the ones at Box Hill, Nunawading and Ringwood.

I thank the minister for his attendance and Ms Thorn, Mr Hall, Mr Wallace and Dr Brook. That concludes our consideration of budget estimates for the portfolio of health. I also thank the departmental officers for their attendance. There are a number of issues to be followed up. We would appreciate receiving the responses for those within 30 days.

Committee adjourned.

Transcript of Evidence

4.2 Housing portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

4.4 Mental Health portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 5: DEPARTMENT OF INFRASTRUCTURE

Transcript of Evidence

5.1 Major Projects portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

5.2 Public Transport portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 14 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms L. Kosky, Minister for Public Transport,

Mr J. Betts, Secretary,

Mr B. McDonald, Executive Director, Corporate Resources,

Dr A. Smith, Deputy Secretary, Capital, and

Mr H. McKenzie, Director of Public Transport, Department of Transport.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolio of public transport. On behalf of the committee I welcome the minister, Lynne Kosky; the secretary, Jim Betts, whom I congratulate; Bob McDonald, executive director of corporate resources; Alf Smith, deputy secretary, capital; and Hector McKenzie, director of public transport. 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 they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers can approach the table if requested by the minister or her chief of staff. Members of the media are also requested to observe the guidelines for filming and recording proceedings in this committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn; however, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript, and the committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. 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 — in other words, there will be no supplementaries, and reasonably short answers of no more than 4 or 5 minutes. I ask that all mobile telephones be turned off. I invite the minister to give a brief presentation of no more than 5 minutes — I may give you 7 minutes, if you like — on the more complex financial and performance information that relates to the budget estimates for the portfolio of public transport. Thank you, Minister.

Ms KOSKY — Thank you, Chair. This budget continues our biggest single ever investment in public transport across Victoria, so it fits in with the Meeting Our Transport Challenges plan which was delivered in 2006. We have got a proud achievement, since we came to office, in investing in public transport, and this budget continues to deliver funding for projects to really revitalise and reinvent our transport system. In order to further concentrate our efforts to increase capacity and alleviate congestion on our road and rail networks, a new stand-alone Department of Transport has very recently been created, and this really increases the government's focus on delivering transport solutions and integrating all of the elements of the transport system into a seamless whole.

Overheads shown.

Ms KOSKY — As I think everyone around the table is aware, we as a government are committed to investing sustained record levels of investment over the medium to long term whilst at the same time introducing some immediate and targeted measures to improve the system. We have had strong population growth right across Victoria together with strong economic growth, and this has significantly impacted on our demand for transport in Victoria over the past three years. It is adding to congestion on our roads and also to very significant increased patronage on our public transport system. So we have seen patronage increasing rapidly on all modes of public transport — on trains, trams and buses — and this slide actually shows the incredible patronage growth on metropolitan trains, and it also shows that Melbourne's trains are carrying more people today than they ever have before in Victoria's history. So that is quite a significant shift that we have seen in a relatively short space of time.

It is due to a whole range of factors, but obviously there is population growth, which has been very considerable in Victoria. We have got booming employment in the CBD so very large amounts of employment in the CBD, and obviously petrol costs have added to this shift to public transport particularly for travel into the CBD. So we are expecting on the metropolitan train system this financial year to have 198 million boardings. That is a growth of 11 per cent on the 06–07 patronage, remembering that for the last two years we have had 23 per cent growth and this is another 11 per cent on that 23 per cent that we are expecting. So you could say, Chair, that we are having significant growing pains on our public transport system, particularly our train system, as a result of the growth in the economy and our population.

We have also had growth in bus patronage, which is around 5 per cent by the end of this financial year, and obviously SmartBus and our investment in bus services has added to that. Tram patronage has grown at about 4 per

cent, which is higher than the annual growth rate of 3 per cent over the last 10 years. So across all modes we have seen that patronage increase, and it is not just in the metropolitan area. Figures show that in March more than 950 000 train passenger trips were made across regional Victoria. This is the highest ever number for V/Line services, and a 60 year high for Victorian regional rail. It is quite incredible — a 30 per cent patronage growth over the last 12 months. Obviously factors impacting on that are the growth in jobs in the CBD and the shorter time frame for people to travel from regional Victoria to the Melbourne CBD, and also strong population growth in the regional centres, which is where the government has really focused a lot of attention.

In the past year we have been delivering on the commitments we made in Meeting Our Transport Challenges. With rail, we have delivered on a whole range of projects including the electrification of the rail line from Broadmeadows to Craigieburn, which has been very, very popular. We have introduced more metropolitan and regional rail services. We have rolled out more park and ride facilities, and we have done work on the Dandenong rail corridor with Cranbourne stabling.

With level crossing safety, we have had a record number of level crossings upgraded over the last two years — 153 — and we are on track to achieve 46 this financial year. Last year after the budget we released the new level crossing safety package; $33.2 million for further improvements on our level crossing system. I am pleased to say that the ALCAM (Australian level crossing assessment model) assessments have been completed and have been publicly released today.

With bus services, 66 bus routes have had their operations extended, and SmartBus is beginning. With taxis, we have had the new taxi industry standards put in place. We have also put in place some more immediate solutions, so whilst we have been delivering on some of those longer-term solutions in Meeting Our Transport Challenges, we have also been delivering some immediate solutions which will complement our comprehensive medium to long-term package. These include the duplication of track between Clifton Hill and Westgarth, the works at North Melbourne station, the metropolitan train radio system, the Cranbourne stabling for the Dandenong rail corridor triplication, and the new station on the Craigieburn line at Coolaroo. With buses, we are continuing to roll out a lot of services there.

Since last year's budget we have also put in place a number of additional measures. There is the early bird program, and I am happy to talk about that later if anyone wants some of the details. Route 401 is the North Melbourne to Parkville bus service. We have also introduced 400 new services over a two-year period through changes to our train timetables; and of course, there is the recent delivery of the congestion relief package Keeping Melbourne Moving.

In terms of the long-term, we obviously have the Eddington report which has been delivered to government. That is now out to receive public comments and submissions by 15 July. Over the past year we have also begun refranchising. There is the new ticketing system, myki. I am happy to talk about that at a later stage, but that trial is now under way, and a lot of the work has already been put in place.

The next slide shows the key financials in the budget papers. This operating budget is approximately $3 billion. That is an increase of about 6 per cent over the 07–08 out-turn, and there is $50 million in new initiatives.

The next slide runs through the initiatives in this budget, so the Dandenong rail corridor, Westall — $153 million; the Laverton rail project; and the Craigieburn rail project. Those three are about removing bottlenecks. The country and passenger rail improvements are there as well. Very briefly, Westall and Laverton both include the construction of small sections of track, new platforms and additional stabling, which actually removes some of the bottlenecks that are there at the moment which will improve services along those two lines. Craigieburn involves signalling upgrading works and improvements to track design.

Other significant budget actions include the $10.4 million for design improvements for the Epping line. We have funding to increase bus services along the Eastern Freeway to Doncaster; the $14.7 million bus package for South Gippsland and the Bass Coast. There is a very major rail freight package which is identified in the budget. Last year it was $133.8 million to buy back regional rail networks; this budget includes the rail freight support package of $21.4 million, as well as the commitment to an upgrade of six lines which were identified in the rail freight network review for upgrading and maintenance there.

In conclusion, we have done a lot — an enormous amount — this year both in terms of delivering on Meeting Our Transport Challenges as well as on additional initiatives which go to the metropolitan and regional passenger

services as well as to the rail freight services to really improve public transport and to respond — obviously — to that incredible patronage growth that we have seen right around Victoria.

The CHAIR — Thank you, Minister. Now we will turn to questions. One of the issues the committee is looking at in more detail this year is getting an idea of the revenue forgone, and the subsidies and concessions contained in the budget and in the forward estimates. Could you outline to us the specific subsidies, and even implicit subsidies you might have, concessions, and revenue forgone within your portfolio and whether there are any changes to these this year?

Ms KOSKY — We have a lot of subsidies and concessions — —

The CHAIR — We realise that; that's why we asked the question.

Ms KOSKY — There are a whole range of groups that are entitled to concession fares in Victoria which includes, obviously, children under 15 years of age; primary and secondary students; tertiary students but not postgraduate students; Victorian Seniors Card holders; Australian pensioner concession card holders; Victorian health-care card holders; war veterans and widows; people who are legally blind; TPI war veterans; World War I widows; and companions of people with disabilities. The revenue forgone in this budget is $123 million. Concession customers are actually not required to nominate their concession category when they purchase a ticket, so some might actually cover a number of categories — for example, children who are also students; and pensioners who are also seniors. Many are eligible across a range but they just identify which concession.

Obviously we also have the multipurpose taxi program and concessions provided there are approximately $40 million worth. In relation to the Victorian health-care card concessions, changes made to eligibility for health-care card holders in January 2005 cost the Victorian government about $78 million over a four-year period to ensure that low income people were eligible for that concession. The tertiary student concession card was reduced in 2007 to the same level as primary and secondary students — it is now $8.80 for that card. That reduction was at a cost of $87 million — sorry, it was reduced by $87 per annum. It is at a cost of $2.2 million. Then there are a number of other transport benefits that we have that I am happy to talk about later, which are really fare adjustments, not formal concessions.

The CHAIR — What about the early bird one?

Ms KOSKY — There are some other benefits: early bird, which is very early but is actually travelling very well — pardon the pun. That was a cost of $6 million. That is free transport if you arrive at your destination on the train system by 7.00 a.m.; that has been run out across the system from April 2008 and it is estimated at $6 million because obviously we do not know the numbers that will take it up properly at this stage.

The Victorian Seniors travel package was introduced in 2006, and that provides concession travel at all times on V/Line services, free travel on Sundays for seniors in metropolitan Melbourne and free travel on Sundays in select regional centres. That is at a cost of $3 million per annum. And we have the Victorian pensioner travel package, which is a new initiative and the benefits provided to seniors in the Seniors travel package are being extended to Victorian pensioners who are under 60 and therefore who are not eligible for the Seniors card. This will benefit disability pensioners and this is forecast to cost about $100 000 per annum. That is a new initiative in this budget.

The CHAIR — Thank you, Minister. Perhaps if the department could give us a list of those in a more detailed form and also point out which are the new ones and the changes, that would be great.

Mr WELLS — Minister, I would like to talk to you about replacement trains, and I refer obviously to the handout where you state that there are 18 six-car train sets on order. Are those 18 a net addition to the already 163 six-carriage suburban trains or are they replacements?

Ms KOSKY — Those 18 are new trains remembering that we are also refurbishing the six Hitachi — —.

Mr BETTS — Seven in total.

Ms KOSKY — The seven Hitachi trains which were already on the network. So there is refurbishment of the Hitachis but the 18 that are on order are in addition to the current fleet.

Mr WELLS — Do you have 163? Is that right?

Ms KOSKY — We have 165.5 six-car trains. Some operate as three-car sets.

Mr WELLS — That's fine.

Ms KOSKY — So we have 93.5 Comeng, 29 X-Trapolis, 36 Nexus which are Siemens. The X-Trapolis are Alstom, and 7 Hitachi.

Mr WELLS — Did the latest contract have an option for a further 20 six-car train sets?

Ms KOSKY — I will defer to Jim Betts in a minute, but when we originally did the further commitment of 10 in May 2007, we did that with the option for expanding that contract, which we do. I understand it is not unusual to do that so you can actually purchase then at the price that comes in at the contract and we expanded that contract in October 2007 to include the additional eight. My understanding is that it did go slightly higher than that in the original option, but I might ask Jim Betts to comment.

Mr BETTS — The supply contract provides us with an option to purchase up to an additional 20 trains at a pre-fixed price. Whether we exercise that option is entirely at the discretion of the government.

Mr WELLS — When will that option expire?

Mr McKENZIE — We will have to double-check. It is about June 2009.

The CHAIR — About the time the first ones are delivered, is that right?

Ms KOSKY — The end of 2009. Yes, when we are expecting the first one to be delivered and then they will be rolled out over the following year.

The CHAIR — Successively? Thank you very much.

Ms MUNT — I would like to ask a question regarding the country passenger rail network. In budget paper 3, page 322, there are just a couple of line items that I would like to draw your attention to. The country passenger rail network renewal and maintenance program over the next four years is around $100 million and the maintenance and operation of V/Locity cars over the next four years is around $23 million. I was wondering if you could just break down for me what that is for?

Ms KOSKY — As I mentioned before, I think V/Line is a real success story of this government. The commitment that we have made and the take-up by people right around Victoria has been quite extraordinary where we have both regional fast rail but also where we have opened some of the lines that were previously closed. We have obviously rebuilt the Ballarat, Bendigo, Geelong and Traralgon lines through the regional fast rail project, and we have re-opened Bairnsdale and Ararat lines. We have extended the network with new stations at Marshall past Geelong and Sherwood Park near Warrnambool, and we have also worked with the operators of the Overland from Melbourne to Adelaide and have been able to return rail services to Nhill — that is N-h-i-l-l rather what occurred before. Not the number!

Ms MUNT — Zero.

Ms KOSKY — But we have obviously opened up a lot of those lines. I think it is worth putting it into perspective: so there is capital investment that we have made but we have also delivered approximately 450 extra services per week, which when you think about it is quite extraordinary. Echuca, for example, went from just 4 services a week to 18, so that is a 350 per cent increase in those services. It actually means that you have a lot of people from Echuca who work in Bendigo or students who are travelling, and the timetable matches both the TAFE and university starting times, so that they can actually travel down on a daily basis. Previously they could not make that connection if they needed to make a daily trip.

Some of the other innovations that we have put in place are the counter-peak services to Ballarat and Bendigo trains so they arrive at the regional centres before 9.00 a.m., going in a counter-peak direction. We have also put late night services on a Friday, and I will be able to talk about it tomorrow. That has been an absolute boon for people in

regional Victoria who travel to arts events and other events down in Melbourne; they can actually get back on the same night rather than having to pay for accommodation.

We have improved our rolling stock. We have increased our rolling stock. Of course, we have 40 new V/Locity trains that have already been delivered. We are also refurbishing the Sprinter trains and some of the locomotive-hauled rolling stock. This budget contains $40 million to bring forward the eight intermediate carriages for the V/Locity fleet. That brings our total commitment to 22 new carriages, because we already had 14 on order. They are being made by Bombardier. We are expecting, I think, the first of those 22 carriages in June; I think that is correct. And then they will be rolled out one per month — the intermediate carriages. When you consider that V/Line carried almost a million passengers in March, you start to get a sense of the growth in the system. Obviously the expenditure was necessary, but having made that investment the passenger numbers are increasing, so we are increasing the investment to follow.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the tram network. You indicated an increase in patronage is expected this year, and the budget papers show, target on target, about a 9 per cent increase in the new financial year. What increase in capacity has been made to cater for that increase in patronage?

Ms KOSKY — Through Meeting Our Transport Challenges we had identified more additional trams to be purchased at a later stage, but obviously across the network we have had patronage increases that are unlike any other jurisdiction around Australia. That has actually meant we have had to bring forward quite a number of projects. With the trams we had an unusual opportunity through the leasing of five trams from a town in France, Mulhouse. They had the five trams ready to go but the network was not ready to go. We actually secured that opportunity through Transdev, operating as Yarra Trams here. When I was overseas recently I had discussions with them and also with Alstom, which makes the trams, about the possibility of leasing those trams. We are doing that over a four-year period. They are much longer — they are the same as the longest ones we have already got in the system — so they take about 240 passengers. That would be more than 200 cars off the road, at $24.8 million over a three-year period. It was a chance for us to bring forward the provision of those extra trams. Even if we were to bring forward the purchase, we actually would not have them in the system immediately.

Those trams will be allocated to route 96, which is the busiest — it has the highest patronage — and some of the trams that are currently on route 96 will be moved around the network. Two of the trams will be released from route 96 and utilised on route 86, which is Bundoora to RMIT and to Telstra Dome, servicing the Docklands. It means that on route 96, I think, all of the trams will now be low-floor trams. That is also the route where we have the highest number of level access platform stops, so it actually works to use them there. The first one should be rolled out into service in June of this year. The driver training is currently being done and some of the modifications such as air conditioning, which they did not need as much of in Mulhouse but is appreciated here.

Mr RICH-PHILLIPS — The rest of those will be phased in over the three years?

Ms KOSKY — No. They should be out — —

Mr McKENZIE — The rest of them should be due about the end of September, I would say; they should be all here.

Mr RICH-PHILLIPS — Have there been other increases in the network to date to address patronage, prior to that five you were talking about?

Ms KOSKY — Sorry?

Mr RICH-PHILLIPS — Have there been other increases to the tram rolling stock to address patronage to date?

Ms KOSKY — The most recent patronage increase has obviously been over the last two years; we are continuing to see that. Meeting Our Transport Challenges predicted growth of around 3 to 4 per cent in patronage, which is what was expected at that time, and we have just seen those incredible shifts because of a range of factors. This is the first opportunity we have had to actually respond to that. I should say it is $24.9 million over five years, which is in the budget papers.

Mr SCOTT — Minister, I would like to refer you to budget paper 3, page 328, and the South Morang rail extension. Could you please outline how this fits in with the government's strategy for the Epping and Hurstbridge lines?

Ms KOSKY — What we have been able to do in this budget, which I am really pleased about, is to put in $10.4 million to do the very detailed design works for the duplication of Keon Park to the Epping line. There is a whole range of different initiatives that we are putting in place for that line. The first two include the works that are obviously happening at Clifton Hill in terms of the duplication of track works there. That untangles one of the bottlenecks that exist there. That will help both the Epping and Hurstbridge lines. The second, which I announced in April, is to reverse the Clifton Hill a.m. train in the morning so that it travels in the same direction throughout the day, so it does not cross tracks as it enters the loop. That will be the second initiative, and that will actually provide for more services for the Clifton Hill lines. Stage 3 is obviously the duplication from Keon Park to Epping, and stage 4 is Epping to South Morang. This $10.4 million will do the detailed design work for both stages 3 and 4 but particularly stage 3 in terms of the detailed costings, which will then allow us, in budgets coming up, to look at the investment.

We have brought that project forward from what it was in Meeting our Transport Challenges**,** which was 2016, and we will be able to proceed with that. But we have to do the detailed design work because you cannot go to tender if you have not done the detailed design work, and you need to have a very detailed assessment of the costings — and it is not until they actually get in there and do that very detailed work.

It is looking at how much of the track will have to be replaced, how much of it is still in okay condition, how much of it has to be replaced. There are a number of level crossing issues that need to be addressed as well, so there will be that detailed work. Also there are considerations around the station at Epping as well, I understand. There is a lot of detailed design work that has to go into it. That will be done over the next two years, but we hope to have the detailed design work for stage 3 completed by the end of this year.

Mr SCOTT — I wonder if I could have some clarification, Chair?

The CHAIR — Okay.

Mr SCOTT — What you are saying is that in the morning the trains on the Epping and Hurstbridge lines going through Clifton Hill would now go through Flinders Street rather than Parliament Station — is that correct?

Ms KOSKY — Have I got that correct? If you look at the presentation, it will be quicker than me actually explaining it. You see the Clifton Hill train coming along from Epping or Hurstbridge. It has to stop with an outbound train. You can see the number of crossovers that it does — that will be changed. This is only in the a.m. peak. In the p.m. peak it travels the same direction. It will be changed by shifting its direction in the loop. It might seem like an easy thing to do, but you are actually changing things for a whole lot of passengers, some who are happy with the change and some who are not. They have known it has been coming for some time. Removing some of those crossovers is how we have been able to have the 200 extra services — well, the 95 extra services that will be brought in later in the year.

Mr BARBER — Mr Scott catches the train every day at Parliament, I am sure. He will now have to go round the loop first or walk from Jolimont, which would be a good thing for him.

Ms KOSKY — It would be very good for him — or he could get a tram.

Dr SYKES — I refer you to chart B15 on page 378 of budget paper 3, which relates to the proportion of freight transported by rail. I understand the government has a policy of increasing the proportion of freight transported to and from ports by rail from 10 to 30 per cent by 2010, but as that graph shows there has actually been a drop-off between 2001 and 2007 from 20 per cent to 15 per cent.

What initiatives does the government have in train to turn that around, assuming that the objective is still to get back up to 30 per cent? Some examples that would be of particular interest to me are the expected completion date for the upgrade of the Mildura line, the improvement of interconnectivity between the rail lines and Melbourne ports, and, thirdly, how many train sets are you committing to for the forthcoming season? I think Tim Fischer's report recommended to have seven on stand by.

Ms KOSKY — That is about five questions there, I reckon, Bill.

Dr SYKES — I'm getting my money's worth.

Ms KOSKY — We set that target previously. As you would know, the drought has had a very significant impact on that target, because a lot of freight movements on the train system are to do with grain, and that has been a much more reduced harvest than any of us would have hoped for or anticipated. The freight is largely grain, so it is bulk grain, logs and other primary commodities such as meat and dairy products. The drought has had a really major impact, but obviously the condition of the rail freight network has had some impact in terms of encouraging different operators and producers to move to freight.

We have obviously made a major commitment, and you mentioned the Mildura line where we have provided $53 million and the federal government provided $20 million for the upgrade of that line. That is due for completion in late 2009. The works are progressing well at the moment. The works started at Mildura.

Dr SYKES — Has the dry weather been favourable to the works, Minister?

Ms KOSKY — The people who have been doing it have been very clever. They started work at Mildura, and then obviously when things heated up in Mildura they moved down to work on the Gheringhap section. Then a little bit later for the next stage, when it gets a bit wetter they will move back to the Ouyen–Mildura section when there are cooler weather conditions in the north. To date they are replacing two in every five sleepers. That gives you a sense of the condition. Approximately 1000 new sleepers are being installed each day as part of that project. That is coming along well.

You asked about the connection with the port. We have secured $110 million in AusLink funding towards the construction of the Dynon Port Rail Link. That project is now under construction. I do not know whether any of you have driven past on Footscray Road, but it is an area that I am familiar with, and those of us who have travelled along it certainly know there is grade separation occurring there and are aware of the wait we have when there are a very long freight trains going through. That work is going along incredibly well at the moment.

Dr SYKES — Will that result in actually unloading off the train straight onto the boat, or will there still be the road connection?

Ms KOSKY — Alf would know.

D**r SMITH** — It will provide two tracks into the port so that it should be able to greatly facilitate direct loading from train to ship, and vice versa.

Ms KOSKY — There are also other works occurring, so there are $45 million works in conjunction with the Australian Rail Track Corporation to increase rail capacity from Tottenham into the Dynon rail terminals and the port of Melbourne, and the missing link — or the W track — which is $7.1 million as well. There is a lot of work being done in terms of the link of freight and port, and a lot of that work down there is really necessary to stop the delays that have obviously been occurring.

Dr SYKES — So a completion date in terms of being able to unload off the train onto the ship? You can come back to us on that.

Ms KOSKY — We will come back to you on that. Obviously there is the commitment through the budget in relation to the gold lines that were identified in the rail freight review. We have made the commitment in this budget, and I am very pleased to say that Tim Fischer popped in and dropped off some gold flowers actually to thank me for the gold line.

Mr DALLA-RIVA — I hope they are recorded in the pecuniary interests. Clearly if they are gold they must be solid.

Ms KOSKY — They are still looking fantastic in my house, so I appreciated that, but he and the committee were obviously very pleased that we had moved so quickly — that we had put in the rail freight support package and then obviously the commitment around gold lines.

The CHAIR — Good to see us scoring gold in an Olympic year.

Dr SYKES — Is there a commitment to a number of train sets for the future grain harvest?

Ms KOSKY — I could talk about this for the next 3 hours. Yes, we have. As you would know, as part of the commitment we made in terms of domestic grain there was a commitment by Graincorp for two trains, and GrainCorp has recently signed up as a result of the $20 million package that we put in place in terms of their freight access package, which related to both export grain and also to containers. GrainCorp has signed up with Pacific National or Asciano, and they have committed to eight trains across New South Wales and Victoria, and they have made a definite commitment to the number of trains we need here in Victoria according to the harvest. We had $1.4 million for the domestic grain rebate that was announced earlier this year, I think, and $20 million — —

The $1.4 million is from January to December 2008, and $20 million for container and export grain is April 2008 to June 2010. That was really to give certainty to the industry so that they could actually then move towards making longer-term commitments, which GrainCorp had done, and, as I understand it, AWB are fairly close to their commitment, and that will then allow us to have discussions about what were identified as the silver lines in the rail freight network review.

The CHAIR — Are those subsidies worn by your department or worn by the Department of Primary Industries?

Ms KOSKY — It was government funding, so I put a submission. The money is in our budget.

The CHAIR — When you put your return in, can you include those subsidies in the return?

Ms KOSKY — Yes. Sorry we did not do that; we did it in relation to passenger.

The CHAIR — Yes, I know, but there are other subsidies in the rural area.

Mr NOONAN — Minister, I want to draw your attention to budget paper 3, page 325, which gives a description of the Laverton rail upgrade. You have also covered it in your PowerPoint presentation, including a diagram as well. What is in front of us? The PowerPoint explains what that upgrade actually involves in terms of design, but from my point of view I am perhaps interested in how it will benefit rail travellers. In particular I should declare an interest that, once it leaves Laverton and heads for town, it does come through my electorate.

Ms KOSKY — Yes. I travelled on that very line last Friday. I should declare an interest, because it actually travels through my electorate, but I suppose there are two lots of benefits that will develop from the works that are being done, and that is for people who travel right along the Werribee line. This line in 2007 recorded an increase in patronage of 11.5 per cent, so it is just an extraordinary increase. About 6800 people use that line to get to the CBD during the morning, and you are probably aware, as I am, that during the peak period it can be quite crowded. The work we are doing at Laverton is $92.6 million. I have got a quick clip that I will show you on this, because it is much easier for me to show you than to explain it.

At the moment it is quite bizarre. The train comes through the Altona loop, which is A, and it has to stop if there is a direct line, and B is the V/Line train, and then C is a train coming from Werribee. Some of the trains from Werribee are express and some actually have to go through the Altona loop. You can actually see that, because the Altona loop, for some historical reason, actually crosses over the other lines — both the V/Line and the Werribee line for the platform — it just leads to delays. If you get one delay in the service, it just builds up along the service. With the change that is being made, a piece of track is being developed and there is also a new platform which will be put in place. You can see the track. They will have stabling at that track, so if you come around the Altona loop there is a new rail bridge as well. The train will be coming very shortly — it should be on time!

Mr WELLS — No, it will not be on time!

Ms KOSKY — It was just waiting for all those people down at Newport. It comes straight through, and you can actually see that it then does not create any blockages. It just irons out the system. It gets rid of some of the blockages. This had a very high cost-benefit ratio. At the moment — Hector, correct me if I am wrong — if there are four trains, three go through the Altona loop and one goes direct toWerribee. With this change, we should be able to have four through the Altona loop and four direct to Werribee.

Mr McKENZIE — Yes. I think you might have to say three via Altona.

Ms KOSKY — We might say three. So we can put extra services on as a result of getting rid of that blockage. I certainly know, as the local member, sometimes when the system is running a bit slow some of the trains do not do the Altona loop and that leads to other difficulties. This will mark a critical difference, and it will also save time. By adding those extra services for Werribee, it takes about 10 to 15 minutes off their trip, rather than going through the loop.

Mr McKENZIE — It should be about 8 minutes for the expresses.

Ms KOSKY — We are also putting in 698 new parking spots at Laverton and surrounding stations, so that means that we are increasing the park-and-ride as well. Construction is expected to start next year at the Laverton station and be complete in 2011. This will make a really significant difference for people right along that line and for V/Line trains as well.

Mr NOONAN — Which was the point of clarification; in the description it does talk about travel times and reliability of V/Line. Can you give some more detail on that?

Ms KOSKY — That is because V/Line uses that line as well, so at the moment the Altona loop train has to cross over the V/Line line and the other, so it actually blocks the V/Line train. It is okay if they are absolutely on time, but if you have had a problem, if someone has been sick on a train and there has been a delay, or if dwell times are slowing trains down — so people moving on and off trains during peak periods, slowing down the system — then it just has a knock-on effect through the whole system. So everything gets clogged up, and then you actually get those junctions where trains have to wait, and it just delays it even further.

The CHAIR — Thank you, Minister. I am very impressed by this. My mates down at the railway association in Glen Iris would well and truly welcome that.

Ms KOSKY — I could probably sell this.

The CHAIR — Have you been down there? You should go down there — —

Mr DALLA-RIVA — Is that in the budget paper, Chair?

The CHAIR — We are dealing with attacking train congestion.

Ms KOSKY — These are just better to show the story.

Mr BARBER — With regard to the processes of the refranchising, leaving aside timeliness, can you give us a bit of an idea of what the steps are? Obviously you have had to do a fair bit of work to work out what it is that you are refranchising and how you want to structure that contract versus how it is being structured. Then there is the actual tender process itself, where I presume you will not wait until 5 o'clock and then open the tender box and see what you got. Can you give us an idea of what those various steps and stages have been and will.

Ms KOSKY — We have got a team that is set up within DOI — DOT, sorry. I knew I would make that mistake at some point — DOT, Department ofTransport, working closely with Treasury and Finance, but there is a whole process that has been put in place and there are obviously probity auditors very closely involved in that process as well. Where we are up to at the moment — you are right, there was a lot of detailed work done initially, but the work that is being done in more recent times — Jim Betts, when he was director of public transport, and one of the members of the team travelled overseas to look at a whole range of models overseas and how they go about the franchising process. The advice we are getting is there is a lot of support for the way that we are going about it, that it is very transparent, open and taking into account a whole range of the different issues.

As well, obviously, they have been speaking with potential bidders, but the stage we are up to at the moment is that the procurement phase of the project has now commenced. Expressions of interest were called in late April, and an invitation to tender will be delivered — sorry, I should say we have had a registration of interest phase, and that was complete in March 2008. Then we moved to the procurement phase, which includes the expressions of interest initially and then an invitation to tender, the tender evaluation and the negotiation and awarding of contracts. That occurs between April 2008 and July 2009. An invitation to tender will only be issued to short-listed parties, which will be given approximately four to five months to prepare detailed tenders. The objective is obviously to have the process concluded by the end of 2009. Then between August 2009 and November 2009 there is a transition to the new franchise agreements that will be put in place. It has obviously been important for that team that is doing the

work. I am clearly very much at arms-length from all of that process. I obviously meet with Connex and Yarra Trams in relation to day-to-day issues, which I would be expected to, but I am now very much at arms-length from that process.

Mr BARBER — Just for clarification, that invitation to tender document, which describes the thing they will be tendering for, will that be a public document?

Ms KOSKY — I do not think so, but I am actually going to seek advice here.

Mr BETTS — It is not our intention at this stage, subject to subsequent decisions by the minister, that that should be made public. However, we would be pretty clear that on the other side of the franchising process, when contracts have been let, subject only to excisions for strict commercial confidentiality that that document would be in the public domain in the way that normally government contracts are. We would also be looking to engage with various stakeholder groups, as we frame up the invitation to tender so that they are able to make inputs to that and help us frame the proposition.

Mr BARBER — So every industry bidder who wants to tender and pays their $25 000 application fee, and all their employees and all their contractors, they are all going to know what they are tendering out for, but we as parliamentarians, let alone people who use public transport, are not going to know the service that will be defined after that time until you tell us what has happened?

Ms KOSKY — With the invitation to tender it is not absolutely specific in certain areas, but there are clear outlines for what we would want. Some of it is — —

Mr BARBER — Like a service standard?

Ms KOSKY — Yes, a service standard and issues such as that. So we also want to see what comes back in relation to the tenders, and there may be some changes that are then made on the basis of the tenders. I am comfortable to provide what I can, because a lot of it is information that is already in the public domain, I have to say. I just want to take advice in terms of probity and some of the commercial issues, but I am certainly comfortable. I accept what you are saying — that there should be a clear framework of the sorts of directions we are wanting to head in. I am pretty confident that we can do that, whether it be the full document or whether it provides, I think, the issues that the public would want to know about how we are framing up and what we expect of the service delivery.

The CHAIR — Thank you, Minister, for that assurance.

Mr PAKULA — Minister, in your answer to Mr Noonan's question you touched on the park-and-ride program. Budget paper 3 on page 328 talks about the stage 2 of the metropolitan park-and-ride program. Could you just expand on that for the committee and give us some information on where, other than Laverton, those additional spaces will be, particularly if there are any more in the western metro region?

Ms KOSKY — There is.

The CHAIR — There are other parts of Victoria, you know.

Ms MUNT — There is one in Cheltenham, for instance.

Mr PAKULA — We are about to hear all that.

Ms MUNT — Right; okay.

Ms KOSKY — You are being parochial. There is $32 million in this budget to both improve Noble Park station and add a further 1700 new car parking spaces at 10 stations over the next four years. There is Laverton, which I have mentioned already, and there is Hoppers Crossing. There are 317 to be added at Laverton, 271 at Hoppers Crossing, 80 at Chelsea, 90 at Lilydale, 110 at Aircraft station, 55 at Cheltenham, 78 at Seaford and 209 at Berwick. This is part of a commitment we made through Meeting Our Transport Challenges, where we committed $90 million over 10 years to construct 5000 additional car parking spaces. It is probably worth mentioning that there are 480 additional spots that have already been provided at Holmesglen, Tottenham, Cranbourne, Beaconsfield, Wattle Glen and Pakenham railway stations. Work has commenced at Eltham railway station. That

will deliver 140 new spots, and we are also well under way to deliver 200 additional spots at Hallam railway station.

The park and ride has been unbelievably successful and I think has also contributed to people shifting to the train network for travelling into the CBD. Also what we are finding is there are people who are non-commuters who are using those park-and-ride spots. Obviously our investment is in relation to the public transport network, so the department is investigating at the moment ways that we might be able to prevent people who are not commuters from using those spots so that we can actually attract more users. It is expensive obviously to provide the spots, and I think it has been really critical that the legislation that we did bring down does at least allow officers to control how people park in the spots. But they are very much for commuters, so that is being investigated at the moment, and we will look at what some of the possibilities are.

Also you would be aware that with the bikes announcement I made earlier in the year about the bike cages, we are looking at where they are located so that they can also assist, because these are critical places where people actually make the shift to public transport. So we are looking at a range of ways that we can encourage that. Bus timetables are also important, but the further out from the city you get, then people actually factor in the time that it takes for their trips.

Mr DALLA-RIVA — I will move on to the forward estimates. Minister, I refer you to the service delivery budget paper at page 125. Essentially my questions will focus around the taxi industry in particular. I note under 'Quality' and 'Taxi service complaints investigated and closed' that in 2006–07 there were 1758 complaints investigated and closed. The target for this financial year was 1700. The expected outcome is something around a 35 per cent increase, at 2300. The target is now set at the higher level of 2300, and if you look at the timeliness in terms of those complaints investigated and closed within 30 days of receipt, you will see that you set a target greater than 60 and that you achieved only 50. I will just put the question in relation to the recent issues we have had with the taxi industry, in particular some of the safety mechanisms. Firstly, were those complaints related to the issues of safety primarily? And, if they were, I understand there is a program that is about to be rolled out in respect of providing some more additional security for the taxi industry. In terms of the forward estimates, what allocation of funds is there for that? If there is none, how are you proposing to get those moneys, given that, I would suggest, the budget had already been drafted before you made that decision with the taxi industry and the relevant taxi drivers?

Ms KOSKY — Just in relation to the complaints, the Victorian Taxi Directorate investigates complaints made by taxi customers; so it tends to be customers. They have increased for a range of reasons. We have got more staff on deck now, but also taxi customers can lodge their complaints via a 24-hour phone service. They can do it in writing or they can do it over the internet. So we have actually expanded it and made it easier for people to lodge their complaints. Between July 2007 and March 2008 the VTD received 2377 complaints about taxis. Of those 2377, 1967 were investigated and finalised during that period. Some of them are actually relatively complicated matters, but the three most common complaints are about refusal by a driver to take a customer; poor service standards by the driver, including driver behaviour; and breaches of road rules by the driver. They are the three most common complaints.

I think this needs to be put in the context that over 35 million taxi cab trips are made each year. It is a very large industry with lots and lots of trips. The number of complaints is actually quite small compared with that. We have introduced a range of initiatives to actually address the complaints and improve the service delivery in the taxicab industry. The accreditation that was put through recently requires the industry to meet and demonstrate that it actually meets minimum standards that will improve the overall professionalism. We can now take action on operators— or the VTD can — if they are actually not meeting those requirements. Sometimes drivers pick up the cab and it is not in a condition when they pick it up to drive it — it is actually not their responsibility. Through this accreditation system we have got the opportunity to deal with that.

As well, as part of that accreditation there are issues around professionalism with the driver's test that is in place. We have increased the number of transport safety officers from 9 to 36. That is making a huge difference. That has happened more recently. I think it is important to say — I know some people wondered why it had taken so long — they are put through, I think, certificate IV level courses, so they have actually got the sorts of skills that are required to investigate these complaints and actually take the appropriate actions. If they do not do it properly, it obviously then ends up further down the system, and the issues are not being dealt with.

In 2004 there was a taxi services customer charter that was introduced. The numbers displayed in the cabs as well as information at booking depots were so that people were actually aware of their rights.

In relation to the changes that we made recently, that I announced earlier, we had been trialling the safety screens for some time, working with the Victorian cab drivers association, which is actually quite a disparate group. It was quite clear to me that a lot of the taxidrivers that I met with were not aware at all of the drivers association. That is something that we need to address, about how we get information out to all the cabbies who probably rarely, if ever, meet with one another as a total group.

We had been trialling safety screens because there was a very clear view amongst cab drivers. Some like them, and it tends to be the evening drivers. Daytime drivers do not like them. New South Wales put in a screen that they have now had to take out. They put it in, I think, all their cabs. They have had to take it out because the cabbies refused to drive, because it actually separates them from the customer. That is one of the reasons why cabbies then like driving. We wanted to trial a screen that would actually work for all drivers, which is why it has taken some time to develop the screen and to get all the specifications ticked off. It is specifically designed for Fords, which is the large percentage of the fleet. It is removable, so it will meet all needs.

I have agreed to fund 50 per cent, which we can do from within the transport budget, so it is not an additional call on budget, for existing cabs on the basis that operators or owners actually fund the other 50 per cent. I have to say that previously operators have been very reluctant about providing these screens as well. There has been a lot of resistance because they have had to pay for them. So they have been absolutely reluctant. They have now, I believe, come to the party on it. So we will be paying 50 per cent. I think they are around $1000 to $1200 per screen. I am in the process of writing to the essential services commissioner as part of his review of taxi fares to actually look at how that cost can be incorporated, going forward.

Mr DALLA-RIVA — So there may be an increase in fees to cover that?

Ms KOSKY — There may be. I will take the advice of the essential services commissioner in that. It was my view that safety was a really critical issue. We were fortunately at that critical point in time where in fact we had taken delivery of a number on that day, to trial them so drivers actually get to test them properly to see whether they like them or not. It was fortuitous — that is probably a bad word to use, given the circumstances — but it lined up with when we were able to start to roll them out. They have just gone into production as well. It worked in terms of that time frame. I have to say I understand why cab drivers have been frustrated, because they do not understand why it has taken so long to deliver the screens.

You will have noticed in the paper that there are a number of cab drivers who are indicating they do not want the screens as well. I think the screens that have been developed now will actually meet the whole variety of needs, and we will not be in the position where New South Wales was where they had to pull them all out.

Mr DALLA-RIVA — So just in terms of the cost, roughly what do you expect it will be out of the budget? Is the taxi industry now under the Department of Transport?

Ms KOSKY — Yes. It is about $1000 to $1200 per cab.

Mr BETTS — There are about 4000 cabs, I think. We are paying for half of it, so it works out at about $2 million.

Ms KOSKY — And that is maximum exposure. It depends on how many take it up.

Mr DALLA-RIVA — Yes, that is right.

Ms KOSKY — We worked it out on that basis. It is only the Fords at the moment because it does not fit the other cars.

Mr DALLA-RIVA — As you said, if they want to take it out during the day, they can?

Ms KOSKY — Yes, they can. It can fit in the boot. I think it was mentioned that one of the drivers indicated that if operators have got a number at the depot, we will not necessarily have to provide them for every cab. But we are currently doing the numbers on that and how it will work.

Mr DALLA-RIVA — I am sure the operators will work around it.

Ms KOSKY — I am sure they will.

Mr DALLA-RIVA — A financial solution.

Ms KOSKY — But it is actually good that they have come on board.

The CHAIR — Minister, in your presentation you mentioned level crossing safety. I know in the output initiatives — the government-wide one, interestingly enough, in budget paper 3 on page 290, that there is money not only in this financial year but also in the following financial year in terms of the level safety package. What is this going to deliver? How does it relate to the current program?

Ms KOSKY — We have done a lot around level crossing safety. It is obviously a critical issue. Since the last PAEC hearings and this one we had the tragedy in Kerang. As a government we have been investing a record amount in level crossing upgrades. Over the last two years we have had a record of 153 level crossings that have been upgraded, which is an extraordinary number. We are expecting and are on target to have 46 level crossings upgraded this year, and I think the target for next year is 45; it is around that figure. The upgrades include obviously boom gates, but they also might include moving from what is called passive protection such as signs to active protection, which includes lights, bells and boom gates.

The CHAIR — It does not include the rumble strips, does it?

Ms KOSKY — No. That is additional to that. In June last year I announced, or the government announced, the Level Crossing Safety Package. We have committed $30 million over two years through the level crossing safety upgrade. This was another $33.8 million, I think it was — over $30 million — to put in place a range of other initiatives. There were the 200 rumble strips that we committed to rolling out around regional and rural Victoria, and they are all in place now. That has been a fantastic shift, and that has been completely delivered.

We are also putting in place the automated advanced warning signs. The original test site was at Warncoort. There are now four places where those automated advance warning signs are in place, and that will be progressively rolled out as well. We are focusing also on vegetation clearance; red light cameras, which are being trialled at the moment at a number of locations; and obviously increased penalties. The increased penalties have been announced, the legislation has gone through the Parliament, and they will be put in place. I think all the provisions have been proclaimed. We are putting all that in place.

But today, Chair, I released the ALCAM assessment — the Australian level crossing assessment model — which is being looked at by the deputy chair at the moment. At the beginning of the year I committed to releasing that list when it was complete. It has taken two years to do the work. It is based on a nationally agreed assessment, which is based on the likelihood of an accident and the consequences if there is an accident. It takes into account traffic volumes both on the rail and on the road. It takes into account weather conditions and the types of vehicles — whether they are vehicles carrying large numbers of people or whether they are single cars. So it looks at a whole range of issues, and it comes up with a number. The number becomes meaningless, except that what it does is give you a list in terms of the order of the risk.

The CHAIR — So it ranks them all.

Ms KOSKY — It ranks them in order of risk, understanding that the top-ranked ones all have boom barriers already in place. It means that the sorts of works we do at those level crossings are really about enforcement and ensuring that drivers are doing the right thing at those level crossings. That is actually where a lot of the enforcement activities come into play. When the red light cameras have been tested and tried they can be put in place.

The CHAIR — So you are just testing the cameras at the moment, like the ones at Springvale Road, for example?

Ms KOSKY — We are testing them at the moment to see whether they — —

The CHAIR — Because there is too much movement and rumble.

Ms KOSKY — You have to make sure they are absolutely accurate. A lot of vibration occurs, so it is different from having them at a road location. But also I should say that the ALCAM is a very dynamic assessment. For instance, I think eight level crossing upgrades will be completed in the next two weeks, so that will change the number for those level crossings. It is based at a point in time, and it will be changed as works are completed, but it does give all the authorities the clear information about the priority for the works that should be done, including local government, because quite a few issues are line-of-sight issues involving trees where you can have vegetation clearance, and that will change the number. But it gives that information. I was very keen to ensure that once all that work was complete that it went to local government for their input to say whether in fact things had changed since the assessment. That has now been provided. In releasing it today I made it very clear, though, that every level crossing is dangerous if people do not obey the rules. It is not an assessment of danger, but it gives a priority listing for the sorts of works that might be done to actually affect driver behaviour in a sense.

Mr WELLS — Minister, can I ask you a couple of questions about the myki ticketing fiasco?

Ms KOSKY — I do not know of a fiasco.

Mr WELLS — What is the anticipated capital and recurrent expenditure for myki in the 07–08 year and each year moving forward until its completion; what payments have been made to Kamco; and how much has the government charged the consortium in regard to late penalty payments?

Ms KOSKY — I may, with your approval, Chair, have Ray Van Kuyk, who is the interim CEO of the Transport Ticketing Authority, speak in detail about those issues.

The CHAIR — Certainly, if you wish.

Ms KOSKY — But just in responding, can I just say that you can have your fun calling it a fiasco, Mr Wells, but — —

Mr WELLS — Do you want me to call it a shambles rather than a fiasco?

The CHAIR — The minister, thank you.

Mr WELLS — I am happy to call it a shambles if you are not happy with 'fiasco'.

Ms KOSKY — Let us just look at it in comparison with other jurisdictions, because sometimes we are a little bit too insular in the way we look these projects. Let us look at the London Oyster and the Octopus card in Hong Kong, which everyone raves about now. I have had many MPs come up to me and say it is fantastic. Let us look at the Octopus card in Hong Kong. Hong Kong announced in 1993 that it would move to smartcard technology. Between 1994 to 1997 it went live with the system, but it subjected it to three years of trials. The people there indicated to me that they had all the glitches happening out there very, very publicly, and their advice to me was 'Do not do it that way'. On 1 September 1997 they went live. In the year 2000, non-transport businesses began accepting Octopus for payment, and then in 2001, Octopus was extended to trams. So it was not until 2001 that Octopus was extended to trams. London Oyster card: in 1993, they scoped the concept for the smartcard ticketing system. 2003 was the first phase of customer use; that is 10 years later.

Mr WELLS — Minister, based on that — why did you say it would be ready by 2007?

Ms KOSKY — Can I just explain? The phasing was basically by ticket type, the way they did it. In 2005, that was the last part of the introduction of their system, they did the Student Oyster and Child and Youth Oyster was made available. Likewise, there are all the other systems that have been introduced that have had difficulties because it is technically a very complicated system to deliver, and it is multimodal, so that creates issues. You do say, given its complexity, why did we set the dates, and I accept absolutely that point, and I think that if government has made an error — —

Mr WELLS — Based on that prior experience, the government still went ahead and made a commitment to 2007.

The CHAIR — Let the minister answer, please. Can you try to get on to the question and answer the question?

Ms KOSKY — If government has made an error, I think the error was accepting that we could do it quicker than any of the other jurisdictions, and I accept that. However, I think it is important to acknowledge that there have been difficulties because it is technically very difficult. Having said that, a lot has been put in place. The bus trial is now under way in Geelong, and it is obviously early days — that is a four-week period — and I will be getting the report back at the appropriate time. But I just want to make it clear that these are very complicated systems, as was RFR, and as I recall with the regional fast rail, it was the opposition who attacked us constantly over that, saying that was a fiasco. I think they would have been the words as well — —

Mr WELLS — Massive cost blow-out.

Ms KOSKY — I think the Victorian public — —

Mr WELLS — Massive, massive cost blow-out of $80 million to $900 million and you could not get any private sector involvement.

Ms KOSKY — The Victorian public are voting with their feet and think it is sensational. So sometimes you have to, as a government, take hard decisions, and they are hard projects but they are actually worth persevering with because you get the benefit at the end of it. I will ask Ray Van Kuyk to just comment. Sorry, Bob is going to do it.

Mr WELLS — Okay, so Bob is going to cover the issues of the costings?

Ms KOSKY — Yes, which are in the budget papers.

Mr McDONALD — As I understand the question, if I could refer members to page 138 of budget paper 3, under the output 'Public Transport Infrastructure Development'. On page 138, the total output cost for 2008–09 includes the amount of $114.6 million. That figure includes the amount for the ticketing cost of about $48 million associated with ticketing. In addition to that, the 08–09 budget includes under 'Assets' around $73 million, which you will not find in the output statements because these relate to the recurrent payments made and capital is included — —

Mr WELLS — That is what we are trying to get to. What is the capital component and the recurrent components today?

Mr McDONALD — The capital component that is included in the forward estimates that is inside the budget is $73.8 million, and the reference to capital can only be found in budget paper 4. Capital payments are not itemised in accordance with the standard budget conventions.

The CHAIR — You can provide us with some, as necessary.

Ms KOSKY — And just in terms of the contract, TTA has reserved all rights under the contract, but it is actively working with the contractor to refine the schedule for the remaining project works.

I know there has been some confusion in the public domain about the costings around the project but there is a costing for actually developing the new ticketing system, and there is the costing for the operations of any ticketing system, whether it is OneLink or whether it is the new ticketing system, which is around 50 million per year. I think it was 18 months ago that the operation of OneLink was actually moved from Metlink across to TTA, which is why it looks like there has been an increase in budget when in fact it is transferred from Metlink in terms of the cost of operation to the TTA.

Mr WELLS — And the third part of my question was just how much you have charged Kamco in penalty payments for late delivery of this product.

Ms KOSKY — I did indicate that TTA has reserved all its rights under the contract, and it is actively working with the contractor to refine the schedule for the remaining project work. My understanding is — —

Mr WELLS — So how much has been charged in late payments?

Ms KOSKY — There have been no penalty payments.

Mr WELLS — There have been no penalty payments even though it is three years late?

Ms KOSKY — We can argue over how long it is late, but no, there are no penalty payments at this stage, and TTA has reserved all its rights under the contract.

The CHAIR — Ms Munt?

Ms MUNT — Thank you, Chair. The Frankston line, which goes through my electorate, was one of the lines where the early bird fare, or lack of fare, was rolled out as a trial, and I think it was a successful trial. You have mentioned that there has been an increased patronage of 36 per cent over the past three years. I am just wondering if you could let me know if the rollout of the early bird has had success in spreading that patronage from the peak times when it was getting a little difficult and consequently whether there have been any cost benefits from that?

Ms KOSKY — Obviously we ran the trial of early bird and following that trial on the two lines, I did indicate at the time that we saw both an increase in the number of customers in that pre-7.00 a.m. period as well as a transfer of customers. So there were 1500 users during that trial, and there were about 450 people of the 1500 users, about 30 per cent, who had shifted their travel. So on the basis of that it was our view, the government's view, that it was certainly worth running it out across all of the system. We announced a $12 million package over two years for early bird right across all the 15 lines.

It is the very early stages at this point of time, but at the beginning of May, there were 7700 passengers a day in that timeslot — that is, the pre-7.00 a.m. timeslot — travelling to Melbourne using the ticket, and that represented an additional 2000 passengers a day travelling in that timeslot. What we have done is the analysis of the pre-7.00 a.m., and then there are 2000 more travelling at that time. We still do not know how many of those are transfers and how many of those are new passengers, but that is the equivalent of more than two six-car sets, so it is making a significant difference. Certainly it is much cheaper; $12 million is cheaper than two six-car sets, although obviously we are purchasing trains at the moment. We have done with early bird as we are doing with a number of other initiatives such as the 401 bus, which has been a stunning success. It goes from North Melbourne to the university. They are small measures but they are actually making a huge difference. There are quite a lot of people who are taking up these options, and it just reduces the stress on the system.

I saw the guys the other day — and women — doing the load breach work; they are actually checking the loads at different stages of the day. We are expecting these initiatives to run through in some of those changes there. Certainly in November last year when we had the load surveys done — I committed to PAEC to do another load survey — we believe as a result of the timetable changes, the 200 extra services that were provided in October last year, that the load breaches had reduced. Each of these initiatives is making a difference while we are actually dealing with increasing patronage each year and an increasing number of people using the system. I think it has been very successful, certainly for the people who use it. They can save over $1000 a year, so they are very happy.

Mr BARBER — Just on those numbers, it is possible that a lot of those early birders were people who previously drove their cars early and who now take the train early.

Ms KOSKY — It could be; so we are achieving two things. We are achieving a shift, and I have indicated that to find that out we have to do interviews with people, which is what we did with the trials, and we will be doing that. It is still very early days. We will be doing those trials. It is likely that some of those numbers are people who have shifted mode rather than shifted time, but we would see that as a positive as well because it reduces the congestion on the roads at a time when the public transport system is able to deal with it as well because we do not have the same numbers pre-7.00 a.m., so you are right.

Mr BARBER — They have to come back in the afternoon as well.

Ms KOSKY — You are right; they do, but if they start at 7.00 a.m. they tend to go home earlier.

Mr BARBER — At 3.00 p.m.

The CHAIR — Except for parliamentarians.

Ms KOSKY — It actually works well in terms of being outside the peak period on both occasions, unless they are parliamentarians who would be going back at 10 o'clock at night.

Mr RICH-PHILLIPS — Minister, I would like to ask you about performance indicators for bus services, particularly new bus services and when you are renegotiating existing contracts. Can you tell the committee what are the KPIs you lay down for bus operators? Do they include punctuality measures? With the new ones, will these KPIs be published in the same way as they are for train performance, and equally are there penalty clauses against bus operators as there are for train operators?

Ms KOSKY — Our bus network operates a little differently than the tram and train network. The bus system is largely run by private operators and has historically been run by private operators, so the arrangements are somewhat different. There have been a large number of discussions over a long period of time about who owns the bus routes.

The CHAIR — It went to the Supreme Court, if I remember rightly.

Ms KOSKY — It did go to the Supreme Court at one stage. It is a different set of circumstances. We obviously provide subsidies to bus companies to run particular routes, and we provide concessions as well. What we have done with the most recent contract review, which is being done in conjunction with the bus association, is develop a new set of contracts with Melbourne's bus operators, which make quite a number of very significant changes which go to some of the issues that you have raised.

The new contracts have been agreed by the operators and they are subject to finalising minor pricing issues with a small number of operators. But they are expected to be executed before 30 June this year. The legislation that went through the Parliament late last year, I think it was, actually set the framework for these contracts. The new contracts will have improvements in a range of different areas. They will include increased service planning flexibility and coordination between modes, so these are agreements we have with all the operators — new performance and incentive regimes. We are still to work through what they will look like because we have to get detailed information that we were not previously able to get. Governments over a long period of time have provided the subsidies, but we did not have the level of commitment we now have through these new contracts to get that level of information and therefore be able to put in place those new performance and incentive regimes.

There are termination rights in circumstances of continued poor performance. There is service continuity mechanisms if operators default or become insolvent — that has never been the case before. There is agreement to tender out the orbital SmartBus network, which is not considered to be owned by any of the particular companies in terms of the areas they operate in.

For the first time the contract prices will be determined through transparent processes that reveal the real costs of service provision and profit margins paid to operators. That will obviously be private information. That has taken a lot of discussion and agreement, but for the very first time, through these contracts, we will actually get the sort of information that is required. It helps us continue to grow the bus services, to direct the money to the services that are most needed and where they are most needed and best utilised. We will get a lot of that detailed information, obviously linking in with the other public transport operators. This is a real shift from what we have had before.

Mr DALLA-RIVA — You are telling me it is!

Ms KOSKY — It is a huge shift. It does mean that we will get the best value for money through these contractual relationships. What I would like to say is the bus association have been fantastic in actually working with all of their industry, and they have a whole range of different players, to be able to negotiate this contract through. I think it would be fair to say that, because we are as a government putting a lot of extra money into improvements in bus services, it was clear that we are very committed to the bus industry, so they were prepared to enter into the contracts in different ways.

I could not say at this stage if the KPIs will change from what they are, but over time we will actually be able to get much more information and be able to do - not the same things we do with franchises but similar things - in terms of rewarding good performance and obviously being able to take action where we are not getting the sort of good performance for the dollars we are putting in.

Mr RICH-PHILLIPS — You will be publishing that data going forward?

Ms KOSKY — Some of it will not be, particularly in relation to the profit margins paid to the operators — part of the agreement we have got in them providing it is that it will be provided through a third party.

Mr RICH-PHILLIPS — More along the lines of punctuality and those types of things?

Ms KOSKY — But in terms of punctuality — —

Mr BETTS — The punctuality figures are actually published on a regular basis at the moment through the department's *Track Record* bulletin. The circumstances the minister is describing mean those figures will become much more accurate and much more auditable. We would certainly be looking to publish those in the same way that we have done for trams and trains for the last nine years.

The CHAIR — The pricing stuff you are doing with them is almost like what the Essential Services Commission does with water and electricity.

Ms KOSKY — And the Essential Services Commission was involved.

Mr BETTS — It was, but remember that these are subsidised operators.

The CHAIR — I understand that.

Mr BETTS — It is a rather different set of circumstances.

The CHAIR — But you are talking about profit margins and things like that, and obviously the Essential Services Commission when it does its review of water and electricity does take into account all the costs, et cetera.

Ms KOSKY — I should also say that some of those performance measures are already in the budget papers, and they are in conjunction with the other train services and tram services. There is also customer satisfaction that is provided through that system.

Mr RICH-PHILLIPS — You mentioned you were finalising the performance incentives mechanism.

Ms KOSKY — Yes.

Mr RICH-PHILLIPS — Will that include performance penalties? Is it an incentive or a penalty regime?

Mr BETTS — The first task is to gather the information so that we can assess what the real performance is of the bus operators out there on the streets today, because we are not satisfied that we have enough information to tell us accurately about the delays out there. We need to improve that information. We then need to work with the industry to establish a baseline, a starting point, which is fair for it. From there we can potentially calibrate incentive and penalty regimes, but it something we want to work cooperatively with the industry on, not least because a bus driver often cannot control the traffic conditions in which he or she is driving. It has to be a collaborative process, but we certainly would like to get a regime like that in place.

Mr RICH-PHILLIPS — What is the time line to have these new contracts operational?

Ms KOSKY — By 30 June 2008 it is expected to execute those.

Mr RICH-PHILLIPS — And you will have all these issues resolved by then.

The CHAIR — That is good.

Mr RICH-PHILLIPS — Thank you.

The CHAIR — And they are in these indicators here that we have.

Mr BETTS — Yes.

The CHAIR — Particularly when the amount of money being spent on buses in terms of payments is going to exceed the payments which we have made for trains, and this coming year is the first time it is going to occur.

Mr SCOTT — Minister, I refer you to pages 322 to 325 of budget paper 3, and I would like to ask you about the bus services in the Doncaster area specifically. I would like you to explain the improvements in the bus

services for the Doncaster area and how they fit into the government's plans for better bus services for Melbourne overall.

Ms KOSKY — In the budget there was $11.3 million for bus services for Doncaster over four years. That provides for eight additional buses, being very specific, and 20 extra services each day. That obviously adds to the work we have already done in relation to Doncaster with the SmartBus, and it is ahead of the work we are doing around the Doncaster area rapid transit which will be progressively implemented over the next two years. The upgrades will greatly improve bus services within the areas of Doncaster, Doncaster East, Templestowe, Donvale and Warrandyte. They are really about providing much better connections for people in Doncaster.

You are probably aware of some of the issues with Doncaster. They do not have the direct connection via train, and the reason for that is historical; it was not put through. There has been a lot of discussion with the people of Doncaster about whether that is the most cost-effective way of providing the sort of service they need to the CBD and connecting people from those communities. Certainly the Eddington report indicated that this is probably the better way to go, and this commitment is really to improve their bus services and the collection points.

I mentioned before that we were making major investments in buses, which is one of the reasons we are able to achieve the sort of detailed contracts that we have. We have committed to $650 million through Meeting Our Transport Challenges, and since the middle of 2006 we have introduced service improvements on 66 bus routes across metropolitan Melbourne. That has resulted in more than 4500 additional trips per week, and it is one of the reasons why you are seeing the increase in patronage. We know that people will shift to buses if there are more frequent services and if they connect with other services, so a lot of the improvements have included increased service frequency to at least hourly every day of the week, new services and route extensions. At the moment we are undertaking reviews in a whole range of different metropolitan areas of Melbourne, so there will be a further 58 service improvements introduced by mid-2008 and then further improvements beyond that. Some of those improvements include extending the operating hours to 9.00 p.m., new bus routes, route extensions and increased frequencies. There are a number of select routes that will be upgraded to a minimum half-hourly service during peak periods on week days. Our bus patronage has grown by 12.8 per cent over the last two years, so because of these improvements we are making people are using the bus service. Often people think of public transport as trains and trams, but when you actually improve the service delivery, the connections and the frequency then people do move to that bus system.

Also, in the congestion package that was announced the other day there was a major commitment to road improvements for bus and tram priority. That will make a difference as well in terms of buses being able to get priority in certain areas. Again it adds to people feeling that they actually get a benefit by moving from car to bus.

Mr BARBER — Those 4500 trips you mentioned as a result of the improvements, are they 4500 bus trips or 4500 passenger trips?

Ms KOSKY — Bus trips.

The CHAIR — More buses, more often, obviously.

Dr SYKES — My question relates to level crossing upgrades, and I refer you to page 123 of budget paper 3. As you indicated earlier today you released a list of 1872 Victorian level crossings, but that list had no information for each crossing — apart from their location — on what level of protection they have and their Australian level crossing assessment model (ALCAM) risk rating. Previously you had released to every council a list of crossings within their municipality which listed the deficiencies of each crossing such as a lack of signage as required under the Australian standards. You will also recall that Mr Terry Mulder released a list of 143 of the most dangerous level crossings which even showed how many road users and trains used each crossing on a typical day. Why does the document today omit these other details that have been released previously?

Ms KOSKY — Just to clarify a couple of issues: previously when Terry Mulder released that document of 143 most dangerous — 'most dangerous' is just wrong. Every level crossing around the state is dangerous if people actually do not do the right thing. I cannot stress that enough. It was incorrect for Terry to say that they were the most dangerous level crossings. At the time I indicated that that was an interim list compiled by the department, having had discussions with a range of other authorities. It was an incomplete list that was developed in order that we could continue with the record investment we are making around level crossing upgrades rather than wait for the ALCAM assessment to be fully completed, which has taken two years.

Behind every one of those level crossings there are 30 000 pages of very technical, detailed engineering work. Those assessments were sent to the engineers in local government so that they could look at them. They are engineering assessments; they are not assessments that you would put out into the public domain because they are in engineering-speak, so to speak. That is why the list has been put out as it has. I may have misheard you, but it does indicate the type of treatment that they currently have.

The detailed information has been sent to councils — to local government — so that they can respond and, if they do work at those level crossings, they can update that information. But it is very technical, specific information. I do not know whether the implication is that I am hiding anything. I have not seen the detailed documentation, because I would not understand it. It is technical engineering work for each one of those level crossings.

What I gave a commitment to is that I would release the list. I will have to be absolutely clear yet again: it is about a risk assessment applied to every one of those level crossings. I think it is very dangerous to be talking about the most dangerous level crossings versus the others, because it actually gives the impression to people that, when they get to a level crossing that is at a lower number, somehow it is safe to break the law and to actually do the wrong thing — it is not. It is not in order of the most dangerous; it is a risk assessment on the basis of volumes of traffic — rail and road — and local conditions, and a number of other issues about vehicle occupancy as well, whether it is passenger train versus rail freight train, or whether it is a larger vehicle carrying quite a number of passengers versus a car or versus a truck. So it takes into account all those sorts of issues.

Some of the issues there will be line of sight. If you have got vegetation, it is very dangerous — and we have seen that with a number of the accidents — where there have been trees in the way. When they are removed there is reduced risk, because you have much greater visibility. Some of them are easier treatments and some are more costly treatments, but it is a working document that will be used across all of the groups.

I have got a press release in front of me, so I might as well respond to it. There is a comment here that we should release this information to Victoria Police and to other stakeholders. It has been; they have actually been part of the process of developing up this list. This is about the expertise we have around the country, rather than responding to having a political knee-jerk reaction. I understand there will be some politicians who use it to get the quick press release and have a quick whack, but I think when they do that, they actually need to think very carefully.

Mr WELLS — Name names!

Ms KOSKY — They need to think very carefully, because there are level crossings right around the state. We saw an accident recently where a person was coming from a farm to a crossing with very few rail freight movements. He actually said that normally the freight train did not go through at that time of the day; he said he made a mistake. You can have an accident at every level crossings if people do not obey the rules.

I cannot stress it enough, because the last thing I want to put out there is that it is safe to disobey the rules at some of these level crossings and not at others. It is exactly the same at any intersection around the state — any road intersection — if you run a red-light. It is more dangerous probably than running a red-light — a vehicle might be coming in at right angles — but on a train line it usually means the train is coming, and the train cannot do anything except go through. I just want to make it really clear.

The other thing is we have had record investments. To be a little bit political for a minute, I want to compare the investment we are now making — $30 million per year over these two years — compared with $3 million per year when the opposition was last in government.

Dr SYKES — Can I just clarify that the reason for asking that question was that there has been a lot of interest by constituents in this issue, and they have raised issues about vegetation, road surface and whatever. They would be very interested to know the basis for prioritisation of works, which is a risk assessment as a component of it, with the cost and the feasibility of fixing as another component. There is a lot of constituent interest in there about the basis for prioritising works, and when their particular concerns are likely to be addressed.

Ms KOSKY — We cannot give a time frame. ALCAM was never about having a time frame for the works that would be done at every level crossing. It was an assessment of risk, which made it a much more technical assessment, rather than, in a sense, just gathering information and making an assessment against objective and subjective data. This is a national model that has been developed, and local government obviously has information for their level crossings.

If MPs have genuine requests about particular level crossings, I can give them some of that information. The technical information is just unhelpful, except to the technicians, but I can talk people through about what the current treatments are. We are very transparent about our level crossing upgrade program. We nominate the crossings. Again, in the press release they are wrong about the number that we have actually committed to. It says 41 level crossing upgrades in 2007–08. In fact if the same person had looked at the budget papers they would actually have seen that it was 45, and we are going to exceed that figure as well.

I am happy to put out the assessment that ALCAM uses, the different issues that ALCAM is comprised of, because I think that is helpful and then people understand.

The CHAIR — I think that it would be useful to put out the model on which the process is based. Thank you, Minister.

Mr NOONAN — My question is in relation to the NightRider bus service. There is a descriptor on page 325 of budget paper 3 about funding being provided for additional NightRider services. I just wonder whether you can share with the committee what the additional component will be?

Ms KOSKY — This budget did include $11.2 million over the next four years to extend NightRider services. NightRider has been unbelievably popular since it was introduced, and a large part of the $11.2 million is increasing the frequency to services every 30 minutes. That will make a huge difference. At the moment they are hourly, and it obviously will reduce overcrowding and the waiting times, but I think also there will be greater numbers of people obviously using it, because it will come more regularly.

You probably only have to look at some of the issues that we have seen and the changes the government has made, say, to the 2 o'clock lockout. So NightRider buses are a great way for people to get home, get home safely and they probably modify their behaviour somewhat when there are others around as well. In addition to the frequency, additional services will be introduced to Cranbourne, Doncaster and Healesville, and it is probably worth mentioning that the NightRider services from the Melbourne CBD on the nine existing routes will increase from 93 trips on a Saturday and Sunday to 138 trips. There will be a new service to Doncaster, which I have mentioned, that will provide 12 trips from the CBD, the new Cranbourne service will provide 10 trips around the Casey area, and Healesville will provide 5 trips servicing the Yarra Ranges.

In terms of the numbers who use NightRider, 105 000 users in this financial year that are expected to use — sorry, between March 2007 and February 2008. That is a 15 per cent increase on the same period in 06–07, so again we are seeing incredible patronage increases. It is a fantastic service. It operates from the CBD between 12.30 a.m. and 4.30 a.m. and into the CBD from the suburbs from 12.30 a.m. to 3.30 a.m. on Saturday and Sunday. I am not one of those people who would be travelling into the CBD at 3.30 a.m.

Mr NOONAN — Nor me.

Ms KOSKY — But there are obviously a lot of people who do. It is just a fantastic service, and I think this will make a real difference. For young people, it means they do not have to have necessarily the designated driver, they do not have to grab a cab. It is obviously cheaper. It is linked in with the Metlink ticketing system, and it is a great service. I think it is a fantastic initiative, it will make a huge difference for young people, and we will see patronage continue to grow.

The CHAIR — That is very good. It stops just near my house, for my daughters.

Ms KOSKY — You will be able to get it at 3.30 a.m..

Mr BARBER — Regarding performance penalties for delays and cancellations of trains, my understanding of the way it works is there is the number of minutes of delay and then there is the number of passengers deemed to be on that particular service, and we multiply one by the other to get passenger-weighted minutes, but it is also how many passengers are waiting. With this spectacular growth in train patronage we have had, have those deemed passenger numbers also grown by 20 per cent over those two years when calculating the performance penalties?

Ms KOSKY — In terms of the weighting?

Mr BARBER — In terms of the deemed number of passengers to be on a service; it is not the same as it was two years ago, I presume?

Ms KOSKY — No. I will hand it to Jim or Hector, but in terms of the OPR it is a combination of different issues. It is the time delays, and it is weighted by different services, so obviously some during peak period have an impact on a greater number of people than later in the day. Hector or Jim, I am assuming that it has been — —

Mr BETTS — We review the weightings from time to time. The main thing is that there is a strong incentive for operators during the peak period when there are most people on the trains to ensure that services run punctually and that cancellations are kept to a minimum. We do not review patronage every year and then adjust the number upwards to a fine level of detail, because we do not want to penalise Connex for the mere fact of carrying additional passengers on the network. So it is not like we reset that number precisely every year, but Hector might want to add something.

Mr McKENZIE — The number was set up early on. A main point is to have an incentive that appropriately penalises heavily loaded trains against less heavily loaded trains. The intention is to ensure that when Connex has a choice as to whether it makes an operational decision to change one train or another, they are making the right decision on protecting, if you like, heavily loaded lines rather than lightly loaded lines.

Mr BARBER — But lightly loaded lines are also lines that run infrequently, like the Upfield line, which means they are more likely to cancel an Upfield train than a Cranbourne train, which means I will be waiting an extra 40 minutes instead of maybe waiting an extra few minutes on a frequent line?

Mr BETTS — I would not necessarily share your conclusion that that is the case. For instance, the Sandringham line is nowhere near as crowded as certain other parts of the network, but the frequencies are pretty good. So I do not think I would go with your — —

Ms KOSKY — I can attest to that in terms of the local members indicating that. You are operating on the basis that Connex actually does not have a commitment to providing a high-quality service. I am not suggesting that that is what you are saying. But they are, and they make calls if there are cancellations. But it tends to be where it will have the least impact and the time that it will have the least impact. The OPR system was set up when we had patronage at much lower levels. If you look at the increases, both Yarra Trams and Connex are now under a regime which in a sense penalises them because of the patronage growth we have had, and we know that the dwell times that they are experiencing really do slow down the system, or if someone is ill it slows down the system because of the numbers of people using it, and that is not something that they can fix.

There are changes they can make, and certainly what they have done in terms of the maintenance arrangements I would have to say has been fantastic. In changing the maintenance arrangements we have been able to have the timetable changes we have, which have provided a whole lot of extra services prior to making some of those decisions that I have made about the Werribee line and Clifton Hill. So we have been able to get a lot of benefit just out of them changing those arrangements and providing extra services.

Mr BARBER — When a train does not go through the Altona loop because it is running late and needs to make up time, is that treated as a cancellation, because it obviously is from the point of view of a passenger who wants to get on at the Altona loop? Is it a cancellation?

Ms KOSKY — It is penalty that they get.

Mr McKENZIE — We would have to come back with further and better particulars. It is not a full cancellation. It may be treated as a short run or something like that. There are some variations to it.

Ms KOSKY — I can assure you that the local member has followed up on it!

Mr BARBER — When they get the text message saying the train is cancelled, I get the same text message saying, 'Why don't you do something about that train being cancelled?'.

Ms KOSKY — It is a very genuine issue for people on that loop, which is why some of those changes will actually benefit them but benefit people on the Werribee line as well. That will take a little bit longer, obviously, to fix. But I know there is a penalty for Connex, but we will get back in terms of how that is actually treated.

Mr PAKULA — Minister, last year there were some well-publicised incidents in and around Noble Park station. I notice both under 'Asset initiatives' and 'Output initiatives' in budget paper 3 there is mention made of some expenditure for Noble Park station. Could you just update the committee on what the expenditure is designed to do and the sorts of outcomes you are hoping to achieve from it?

Ms KOSKY — In this budget Noble Park station is made a premium station, and you are right, there have been issues around Noble Park station, not necessarily on the trains but around that area. So there has been quite a range of initiatives that have been put in place to deal with some of those issues. But just in relation to it becoming a premium station, it means that it will be staffed from first train to last train, seven days a week. So it will have staffing. It will have improved passenger facilities, such as enclosed waiting areas, and it will offer improved security and services for passengers. This brings the total number of premium stations to 72; it was 59 when we came to office, so that is, 13 extra. There have been additional changes also that have been done to Noble Park. In fact I was out there to do the launch. We have also invested in some works around particular stations to make them safer, and there are artworks that have been done at Noble Park — there is an underpass section — fantastic artworks that have been done by an artist in conjunction with lots of the schoolchildren. It is a terrific mural. Part of that is to beautify obviously the station precinct, but it is also to deter graffiti, which has been a major problem in that area, and we will continue to do that.

As well with Noble Park, Connex has instituted a change at a number of different, I suppose, hot spot stations. So it is not just on the trains, but it is actually in the surrounding areas. They have been working in conjunction with transit police, so in conjunction with Vicpol as well, and with the authorised officers, in having larger numbers of AOs at particular times when there have been difficulties so that they can operate on those trains but also to really quell some of the difficulties. But they are also available if people are worried about leaving the train to get to their cars in the parking spots. So Connex has changed their operations. We had to change the agreement that we had with them as a government, so they have been able to target some of those hot spots. My advice is that we have actually seen a reduction in incidents at those train stations. It is still early days, but we are seeing a decrease in the number of incidents at those areas as result of those changes. So it is making a real difference, and I know the people in Noble Park are very pleased with these changes.

The CHAIR — Just before I call on Mr Dalla-Riva I just ask if any of the witnesses have got their telephones on. Could you turn them off, because Hansard has had a problem with the phones. Even though you might have them in your pocket, they still interfere. Thank you.

Mr DALLA-RIVA — Just a quick question before I get to the substantive one. How many times as transport minister would you take public transport each week?

The CHAIR — I am not sure that is in the estimates!

Mr DALLA-RIVA — Just in terms of public transport services.

Ms KOSKY — It differs on different weeks. Last week I had six trips. I probably use the train more than I use the tram services, just because of where I live.

Mr WELLS — This is just not for the media; this is genuine — —

Ms KOSKY — No, that is very genuine.

Mr DALLA-RIVA — You do not kick people off the train when you go on it?

Ms KOSKY — That was actually a completely incorrect story that was in — —

Mr DALLA-RIVA — Sorry, did I raise something you know about? Sorry, I digress.

The CHAIR — I know you digress, Mr Dalla-Riva, but we probably should try and avoid those types of statements.

Mr PAKULA — You can ask next: how much is a pint of milk?

Ms KOSKY — Can I say, I use the system on a very regular basis. I catch it from home. I use it when I go out to different events. It is a very good system, and I encourage all MPs around this table and in other places to actually use the system. I actually see that it operates on the whole as a terrific service.

Mr DALLA-RIVA — Anyway I will get to the substantive question.

The CHAIR — You want another question, do you?

Ms MUNT — I thought you were going to tell us when you use it as well. Do you use it as well? When was the last time you did?

Ms KOSKY — I use it on a very regular basis, and I can say it is fantastic to use on the nights coming home from the Telstra Dome when the Bullies have won, which I have done on quite a number of occasions this year!

The CHAIR — Mr Dalla-Riva, can you get on with it?

Mr DALLA-RIVA — I am probably a little out of order, Chair, but anyway let us move on. I just go to the OneLink and the EOG Metcard program. I understand that it expired in March 2007. It has been extended for another five years on an annual basis. It relates really to the myki system, because earlier on in the initial discussion by the Deputy Chair when he raised the concern about the myki ticketing debacle, he raised some concerns that the evidence you gave is that the Oyster system in London and the Octopus system, I think it was, in Hong Kong have actually had a very long process or a long time frame in terms of when the initial project started to when it ends. I think it is in the vicinity, if I am right, about 10 years. Given that the myki system started in 2003 or thereabouts, I gather on your evidence given previously that you are assuming that the myki system will be completed in 2013, hence the reason why you have extended the OneLink EOG Metcard to possibly March 2012.

Given that it is in the forward estimates about the development, on page 137, how do you reconcile your earlier evidence about the other systems around the world that everyone admits are world-class, yet you suggest that this myki system will be completed earlier? I would suggest that the myki system may take 10 years. Do you have any comment in respect of that in the forward estimates?

The CHAIR — For the forward estimates, Minister, without the hypotheticals.

Ms KOSKY — I will stick by the time frames that I have publicly announced. I think you are incorrect in that assessment. All I was indicating was that it does take time. They are all different systems and they are different modes. The Octopus was one of the first to go. All of them have taken quite some time, and I am just pointing to the difficulties. What we do have on our side and why I still stand by the commitments I have given around the time frame is that we can access some of that knowledge now. I can access the knowledge that people in Hong Kong gave me to not do it the way that they did it, because they ran out the system with difficulties. With OneLink, that contract has been extended because there is a point at which you switch over to the other system, but we needed to do it for contractual reasons as well, I think, to that date. I am not assuming that we will have to use it to that date.

Mr BETTS — The extension of the OneLink contract from 2007 up until to 2012 was actually negotiated four years ago — in other words, before a contract had even been let by myki. It was a prudent measure put in place at that time. It does not reflect any subsequent developments in terms of the delivery of the myki project. There is no magic about 2012.

Mr DALLA-RIVA — In terms of myki, given it is in the budget paper, when do you expect it to be up and running and fully operational?

Ms KOSKY — I have indicated that we are doing a pilot at the moment, which is a limited pilot. It is testing quite a range of things, including the swipe-on, swipe-off facility, whether it can actually adjust for the different fares and it actually gives the right fare and the connection between the front-of-house and back-of-house material.

It is probably worth mentioning how much has already been rolled out in terms of myki. Just in relation to metropolitan rail, the work to accommodate the new myki ticket vending machines at metropolitan railway stations has all been completed. All the under-track drilling at metropolitan railway stations to provide the cable conduits

necessary for the future installation of devices has been completed without any disruption to passenger services. The majority work involving the relocation of electrical and data cabling at regional railway station platforms has been completed. In relation to country rail, all under-track drilling for the cable conduits has been completed, and the majority of works for the electrical and data cabling at regional railway station platforms has been completed. Over half the bus depots have been pre-wired. Three-quarters of buses and coaches have been pre-wired. All the tram depots have been pre-wired to support myki operations on trams, and 100 per cent of trams have been pre-wired to accept the ticketing equipment.

There is a lot that has been done. It is being trialled obviously at the moment. It is expected to commence in late 2008, so it will be rolled out in Geelong, to go live in metropolitan Melbourne in late 2009, and to be completed in 2010 because the regional aspects are the last to come on board.

I give those time frames but I have made it really clear since I have been the minister that we have got to make sure the system is working before it is rolled out. The difficulty that we have here in Victoria is we have essentially got five modes. We have got metro train, tram and bus and we have got regional train and bus. It is five different systems that we are trying to connect up. Because of our fare system that we have, which is unlike some of those other fare systems, it is all interlinked. You just cannot roll out one mode and then the next, because we have a fare system that operates across all of the modes. Unless I receive further advice — and I have not — and the TTA has still committed to those time frames, that is what we are operating on. Obviously at the end of this four-week trial we will have a closer picture of any issues that had not been anticipated and how well issues are working. That then forms the next set of work in terms of the rollout. There is a lot that has been done, but it is a complicated system.

Mr DALLA-RIVA — And the myki system has never been the debacle, in your view?

Ms KOSKY — I remember the saying — —

Mr BARBER — Anything involving computers is a debacle, including my laptop.

Ms KOSKY — Have you ever had a computer that has not operated according to — —

Mr DALLA-RIVA — No, but I sat through the public hearing with the Auditor-General before you sacked Vivian Miners.

Ms KOSKY — Is parliamentary services therefore a debacle?

Mr PAKULA — You sat through them. That is one way of describing what you did.

Ms KOSKY — You were the ones who said RFR was actually a debacle as well, and I think it is fantastic.

Mr WELLS — I did not. I said it was a fiasco.

The CHAIR — Back on to the questions. Ms Munt.

Ms MUNT — In budget paper 3, page 328, I have noted a line item for the Dandenong rail corridor, stage 2, Westall rail upgrade. That is a very significant amount of money. It is listed as $151.1 million TEI. Can you explain what is involved with that project?

Ms KOSKY — I can. We have actually got another little clip, if it helps. No, we have not got Westall. I have got a handout, though.

The CHAIR — We will be happy to put it up on the Web for you.

Ms KOSKY — What the work of Westall does — it is part of obviously the commitment to the Dandenong rail corridor, and it stage 2, so in the last budget we had the commitment to the track work and the stabling work at Cranbourne. This is stage 2. What it will do is add a new section of third track at a very critical point in the Dandenong corridor and will also add stabling there at Westall. It means that trains can be stabled overnight and, similar to Laverton, they can start first thing in the morning from Westall rather than actually getting a train to that point in the morning before they can start. The third track will do similar things to Laverton in getting rid of some of those bottlenecks and where they cross over, as well as allow for that stabling. There are three

pedestrian footbridges along this section of track that will be built, and that will obviously be important for pedestrians to be able to cross the track.

If you look at this diagram — I always find it easier to look at the video clips — it actually shows where the existing parking is. New park and ride will be provided, and you can see where those pedestrian overpasses will be provided. You can see the new section of third track included there. It reduces the crossovers and allows for express trains, but it is really also for that stabling. It will allow stabling, Janice, for five trains at Westall. That will allow for additional services to be provided once this is complete.

I should say also that it will deliver important benefits for users of V/Line services as well. Again, similar to Laverton, for Traralgon and Bairnsdale and for rail freight it really provides extra capacity as well as for Dandenong, Pakenham and Cranbourne.

Mr WELLS — Minister, I am just wondering, in regard to V/Line and the rural and regional public transport services, is it correct to say that V/Line has made losses of $23 million despite government subsidies which have increased from $161 million in 05–06 to $203 million in 06–07?

Ms KOSKY — Can you just give me the page numbers you are working from?

Mr WELLS — Pages 131 and 132 of budget paper 3.

Ms KOSKY — Where are those figures from, because the figures are not in here?

Mr WELLS — We have total output costs, then underneath rural and regional public transport, which goes over the page to total output cost down the bottom.

Ms KOSKY — You are comparing here payments that are made by government to V/Line.

Mr WELLS — Yes.

The CHAIR — Which is 272 for next year.

Ms KOSKY — Compared with the total output cost, so that does not include the fare box. I will need to seek clarification. There is a difference between those. They are payments made by government, and then there is the total output cost, and it also includes buses. That total output cost includes buses as well, and it includes capital assets charged, so it is not comparable. If I can — —

The CHAIR — I am not sure where you are getting the figures from.

Ms KOSKY — I will come back on the figures because they are different; they are not comparable in the way you are interpreting them.

The CHAIR — Minister, there are further figures up the page — namely, the second list for payments of 272 for next year and an expected outcome of 262 for this year; and then there is a previous actual of 256 in 2006-07. Are they the ones you are referring to?

Mr WELLS — Yes. Perhaps you could take it on notice. I am interested in getting a figure on the losses made by V/Line, also the fare box, and also the issue of payments made for V/Line train services.

The CHAIR — It is probably something we should ask in the outcomes.

Mr PAKULA — Chair, I am just wanting to know from Mr Wells where these losses are indicated?

The CHAIR — They are not here at all.

Ms KOSKY — They are not losses; it is just figures.

Mr WELLS — In answer, I am just asking for clarification.

The CHAIR — Do you want to know what payments are made?

Ms KOSKY — It is possible — I mean, I can provide from the annual report from last year; obviously for this financial year I will not be able to provide that until it is actually complete.

Mr WELLS — Sure, because the $23.4 million V/Line loss was actually disclosed in the V/Line annual report in 06–07.

Ms KOSKY — Yes, and I am happy to get Bob to provide a clarification for that document.

Mr McDONALD — We do not have that document in front of us, but it is not unusual for an entity like V/Line. It all depends on how depreciation is actually funded. So in the accrual sense it might make what might be called a book loss, but in terms of cash, there is no loss on a cash basis, so it goes to the nature of the funding of the depreciation.

Ms KOSKY — We are obviously increasing their asset base as well, so that will have an impact.

The CHAIR — It is obviously something we will follow up in our financial performance outcomes.

Ms KOSKY — Yes, okay.

Mr SCOTT — Minister, I refer you to budget paper 3, pages 322 and 326, where reference is made to an improvement service package for South Gippsland. Could you please explain what this public transport service improvement package entails for South Gippsland?

Ms KOSKY — It is a $14.7 million commitment that we have made for bus and coach services in South Gippsland and the Bass Coast. It actually includes major improvements to the premium road coach services from Leongatha and the Bass Coast, including Phillip Island; more frequent services between townships on the South Gippsland and Bass Coast highways; new and upgraded links from Leongatha, Wonthaggi and Inverloch, via Koo Wee Rup, to Pakenham; and a new cross-corridor connection between Koo Wee Rup and Pakenham. We will be working closely with local government and the community to get feedback on the timetable, and these improvements will be rolled out over the next 18 months. This is a commitment we made in May 2005: $3 million over two years for detailed work to look at options for improved public transport services to South Gippsland. As you will probably recall, we had made a commitment in 2001 to reintroduce passenger train services to South Gippsland.

When the detailed costings were done on that, it was a package of around $71.7 million, as well as additional funding to operate the service, which would have operated three return services a day seven days a week and would not have resulted in freight being transferred to rail. So there was detailed work that was done to actually look at whether this was the best option, whether this was, in fact, what the local community wanted, and as part of the research, working with local government down in South Gippsland. Some of the work that was done in a piece of research, that again the council was closely involved in, indicated that of all the people who responded to the survey — or respondents in the survey — only 20 per cent actually indicated that they considered restoring the train services to be a main priority, and that this would actually provide a lot more of the sorts of services that they would use locally rather than a train service that went from the CBD to Leongatha. That is why we have made the shift, because it was after that detailed work that we have done, and it is why we have made this significant commitment.

Mr RICH-PHILLIPS — Minister, I just seek clarification on the budget papers which Mr McDonald might be better placed to answer.

The CHAIR — We will see how the minister goes first. We will see how the minister goes first.

Ms KOSKY — What was that interjection?

Mr RICH-PHILLIPS — I said that Mr McDonald may be able to provide clarification.

Ms KOSKY — He is in trouble if he can't now, isn't he?

Mr RICH-PHILLIPS — On page 131 of budget paper 3, the output costs for the integrated metropolitan public transport is just under $1.9 billion, and payments to operators — tram, train and bus — are roughly

$970 million, so there is a $920 million difference between what is actually paid for operations versus what is through the output group. I wonder if you could reconcile the difference, please.

Ms KOSKY — Bob can answer. He has sort of whispered to me, but he can answer.

Mr McDONALD — The predominant difference between the two figures that you quoted relates to the capital assets charge associated with the assets. As you probably recall, the capital assets charge was established some time ago when accrual accounting was introduced, and it represents the opportunity cost capital to government, and it is struck at a rate of around 15 per cent, which was also established back in early 1999, and it has remained unchanged from that time. So total capital assets charge across the whole of this sector is around $969 million, and a good proportion of that relates to metropolitan infrastructure, which is around the $750 million mark; and the other part relates to the rural part, the V/Line services, and that is included in the rural and regional public transport services output as the other part of the capital assets charge. That is predominantly the major difference. There are also the costs associated with Metlink, OneLink arrangements that are contained within that output.

Ms KOSKY — I could not have said it better myself.

The CHAIR — Minister, that concludes our consideration of the estimates for the portfolio of public transport. I have two questions on notice which the secretary will provide to you. I thank you and departmental officers for their attendance today. The committee requests that written responses to the matters that are on notice be provided within 30 days. Thank you very much.

Committee adjourned.

Transcript of Evidence

5.3 Roads and Ports portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 16 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr T. Pallas, Minister for Roads and Ports,

Mr J. Betts, Secretary,

Dr A. Smith, Deputy Secretary,

Mr B. McDonald, Executive Director Corporate Resources,

Mr G. Liddle, Chief Executive Officer, VicRoads, and

Mr T. Garwood, Executive Director, Freight Logistics and Marine, Department of Transport.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolio of roads and ports. On behalf of the committee I welcome Mr Tim Pallas, Minister for Roads and Ports; Jim Betts, the secretary; Alf Smith, deputy secretary; Bob McDonald, executive director, corporate resources; Gary Liddle, CEO of VicRoads; and Terry Garwood, executive director, freight logistics and marine, from the Department of Transport. Departmental officers, members of the public and the media are also welcome.

According to the guidelines for public hearings I remind members of the public they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach the 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 this Council committee room. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and protected from judicial review. There is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript. The committee requests that verification be forwarded to the committee within three working days of receiving the proof version. 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 the questions in the Assembly. I ask that all mobile phones be turned off, and I invite 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 roads and ports. Thank you, Minister.

Overheads shown.

Mr PALLAS — Thank you, Chair and committee members. The government's investment in roads is targeted at improving and expanding the existing road network. It is also aimed at making the network safer, reducing congestion, improving travel time and reliability, and delivering economic benefits through improvements to freight access.

Victoria's population is growing, as the chart would show, at an unprecedented rate. And you can see from the graph how we have outstripped Sydney and Brisbane. The demand on our transport system and our road network is also growing. This year's budget for the roads and ports portfolio reflects this. We are building additional capacity into the network, but we are also recognising that meeting the competing needs of road users does not always mean building more capacity; it means allocating our valuable road space more efficiently.

The 2008–09 budget includes almost $770 million for new roads to upgrade existing roads, to improve road safety and to reduce congestion. Keeping pace with demand will be possible only because of the planning and delivery of significant road projects throughout the whole state. This slide shows the remarkable Middleborough Road project, which was reopened to traffic last year after an intensive construction period that saw the rail placed under the road in only four weeks.

The CHAIR — It was very good. I was there with the minister at the opening.

Mr WELLS — Which union do they belong to — that they are working that fast?

The CHAIR — It was near my electorate; that is why I was there.

Mr PALLAS — This landmark construction approach was undertaken to minimise disruption to traffic, train passengers and the local community, and involved work being undertaken 24 hours a day, 7 days a week.

Over the next few years a number of major investments will be completed. These include EastLink, which will open on 29 June; major upgrades to the Goulburn Valley and Midlands highways, due to be completed this year; the Calder Freeway in 2009; the Geelong ring-road; the Donnybrook Road interchange on the Hume Highway at Kalkallo; the Deer Park bypass from Sunshine West to the Western Highway at Caroline Springs; and the M1 upgrade, which I will address shortly.

The budget continues the government's commitment to upgrading key routes in Melbourne's outer suburbs to improve access and traffic flow across metropolitan areas. Projects to be funded include $36.8 million to upgrade the intersection at Pound Road, South Gippsland Highway and South Gippsland Freeway in Dandenong; and $48.5 million to duplicate Kororoit Creek Road from Grieve Parade to Millers Road at Hobsons Bay, including a grade separation of the railway crossing and an on-road bicycle lane.

The following slide shows a flyover of traffic modelling after the Monash–CityLink–West Gate upgrade is completed. The green cars represent those travelling at the speed limit, and the red are stopped cars. If I showed you the slide today, the vast majority of the cars would be red. The budget includes a further $363 million investment along the state's busiest corridor, which comes on top of the $1 billion already committed to this project — the biggest state-funded road project in Victoria's history. We are building more lanes, increasing road capacity by 50 per cent, decreasing casualty crashes by 20 per cent, and we are saving Victorians time and money through efficient travel.

Let me now turn to the key financials in the budget. The operating budget for 2008–09 is $1.37 billion, which provides funding for key services and programs, including road and marine safety, vehicle and driver registration and licensing, road network maintenance and improvements, and freight and port development. As well as new operating measures, which I will detail shortly, VicRoads capital spend has more than tripled, from $230 million in 1999 to $887 million is 2006–07. The 2008–09 budget again demonstrates our commitment to delivering the best possible transport network for all Victorians, including $224 million in funding for rural roads.

As our population grows so too does the number of cars on our roads, making congestion one of the biggest transport challenges we face in urban areas. This series of photos taken recently on the Monash Freeway shows how freeway traffic flows can break down within minutes. Between 2002 and 2007 there were also an additional 260 000 licensed drivers right across this state. Congestion is a complex issue that cannot be addressed either at a specific location or in isolation from a myriad of other factors. Our four key strategies to manage congestion are therefore, firstly, improving the reliability and flow of road-based public transport; secondly, making existing roads operate better; thirdly, improving service coordination, integration and customer interface; fourthly, promoting sustainable travel through better demand management.

Two weeks ago the Premier announced an investment of $112.7 million over the next four years for congestion improvements, which includes $12.6 million to standardise clearways, $28.2 million for walking and cycling initiatives, $37.8 million for targeted bus and tram priority measures and $11.7 million to expand VicRoads rapid response services.

This chart shows some of the key points in terms of road safety history in this state. Since the introduction of Arrive Alive in 2002, Victoria has recorded its five lowest road tolls over the past five years, and an estimated 579 lives have been saved in Victoria as a consequence. Since 1999 the government has funded some 1927 road safety projects, which include a number of new projects fast-tracked out of the additional $650 million committed over the next 10 years as part of the new road safety strategy, Arrive Alive 2008–2017. Our new strategy also includes a new focus on drink driving with drivers; introducing a peer passenger restriction for P1 probationary drivers; and electronic stability control and head protection technology — that is, side-curtain airbags — will be compulsory for all new cars from 1 January 2011 and 1 January 2012 respectively.

In 2008–09 around $75 million will be spent on safer roads infrastructure projects right across the state, the majority in regional Victoria. The commonwealth government has committed to fund 22 transport projects in Victoria under AusLink 2, with 19 of these projects being ones that we had nominated in the state's AusLink 2 policy document, *National Transport Links — Growing Victoria's Economy*. This chart shows the range of those projects. The projects have a total value of commonwealth expenditure of $2.715 billion, which equates to 18.4 per cent of the national transport funding commitments. Based on election commitments, the alternative under a Liberal government would have been 10.9 per cent. Victoria has proposed to contribute approximately 25 per cent of the total cost of the — —

Mr WELLS — What year was that? Under a Liberal government? Which year are you talking about?

Mr PALLAS — That was the alternative offering at the last federal election — AusLink-funded roads to the state of Victoria — from the federal coalition. That is as a percentage of the total AusLink-committed funds to all states.

Mr WELLS — We will check the *Hansard*.

Mr PALLAS — Victoria has proposed to contribute approximately 25 per cent of the total cost of the AusLink 2 package. This budget locks in spending to start to meet this challenge, including $110 million for the Princes Highway west duplication, $65 million for stage 4B of the Geelong ring-road, and $40 million for the Western Highway Anthony's Cutting. We were encouraged by the commonwealth's bringing forward of planning funds for many of the committed projects in this week's federal budget.

As well as road construction and maintenance, a key business function of VicRoads is the registration of vehicles and licensing of drivers. The budget contains a $7.5 million investment towards the development of a more efficient and secure licensing and registration service for Victorians, as well as a further 16 million to improve VicRoads call centre response times and customer service performance.

Turning to port issues, we are also taking action now to meet the challenge of port freight with the channel deepening project in which over 3 million cubic metres of material has already been dredged while meeting all of the environmental safeguards in the environment management plan. We are also keeping our port competitive while we do the project, including a contribution of 150 million, reflected in this year's budget. The graph demonstrates that the port of Melbourne remains competitive with the other major Australian ports even with the introduction of the channel infrastructure fee, that being about $34.65 TEU, including GST, for the project.

This budget continues to deliver on this government's commitment to building better and safer roads for all Victorians, relieving congestion and improving travel time reliability, enhancing on-road public transport and ensuring our road network is supporting the state's economic growth through reliable freight access.

The CHAIR — Thank you, Minister, for that presentation. We will now have questions from the committee for the next hour. I normally ask about concessions and subsidies, but we had a previous minister here and the department's paper was presented. If you have anything to add to that you can do it by a further note. I notice you have got some regulatory exemptions. Could you actually try to give us the cost of those regulatory exemptions which you did not cost in the questionnaire. You mentioned the Monash–West Gate project, and you said it was the biggest one that was undertaken under the public purse. I notice that in appendix A to budget paper 3 there is funding for that, and it is also mentioned at page 47 in budget paper 3. What is this going to do? What is the value for money in this particular project? What do people get for it?

Mr PALLAS — The Monash–West Gate upgrade is probably one of those projects that is critically important to the state's long-term viability, vitality and the economic capacity of the state going forward. As I indicated in my presentation, the increase in road capacity by about 50 per cent will have a dramatic effect on the flow of traffic. It will therefore provide for greater travel time reliability. There will be a decrease in casualty crashes on the road by 20 per cent, and it will save Victorians both time and money through more efficient travel. The cost benefit of the project is estimated at around 14 to 1, which is a significant benefit for the Victorian taxpayer. However, all of these benefits do come at a cost, and they cost more than the original estimates. The project now includes better design, less disruption to motorists during construction and more environmentally-friendly disposable waste. It also includes and takes account of historically unprecedented worldwide escalation in construction costs. We have made some changes to the design as well because we wanted to get it right. Our view is that we do need to get it right. It is our legacy to the future, and we do not want to cut corners on this. The Montague Street ramp will be closed from 18 May for around 18 months.

The CHAIR — There was an ad in the paper at the weekend, I think, for that — or was it yesterday?

Mr PALLAS — There is quite an aggressive advertising campaign because, if people do not make alterations to their travel arrangements, Chair, it could add as much as 10 minutes to their travel time. Being informed and recalculating their trips further out will effectively reduce that. We are taking the effort to also advise people that work is going on around them. It is currently a major work site, but it is also one of our major economic assets and roadways, so it requires a deft management arrangement to ensure that the traffic management skills are adequately put in place. We have now established that completed sections of the road will be able to be opened progressively, and the sections between Jacksons Road and Warrigal Road will now be likely to be opened in April 2009 and also completed Monash Freeway and CityLink sections will be due to be opened by the end of 2009. If you effectively calculate the cost benefit and incorporate that into the benefit to the community, the extra cost on

this project is about $363 million and the extra economic benefit — putting aside the improvements in design — from just the early opening has a dramatic effect of about $600 million in terms of economic activity.

The CHAIR — What is the revised cost-benefit ratio now?

Mr PALLAS — It is still, as I say, 14 to 1.

The CHAIR — I remember that figure; it is very high.

Mr PALLAS — It was higher than that. I think originally it was closer to 16 to 1 — it is because of the additional cost, but nonetheless there is a substantial benefit in terms of the efficiency to the community. For such a large capital investment it is rare that you get this sort of return.

The CHAIR — Is that higher than the average for VicRoads?

Mr PALLAS — On large capital investments?

The CHAIR — Yes.

Mr LIDDLE — For a project of this size that is a very high BCR. Normally on a large capital project it is two to three to four — in that two to four range. So this is a very good return.

Mr WELLS — My question is also with regard to the West Gate-Monash freeway project. I am just wondering if you could step us through the specific details of the $363 million blow-out. I note with interest that it has gone from a $1 billion project to a $1.3 billion project because of the blow-out. That is the first part, if you could step us through the overruns; I know you stepped through a couple of them. Secondly, how much additional income will Transurban receive in tolling as a result of this widening project?

The CHAIR — They are two separate projects. Which do you want to focus on?

Mr WELLS — If you could focus on both, that would be great.

The CHAIR — I am sure it would be, but — —

Mr WELLS — Obviously there is going to be a greater impact on — —

The CHAIR — Sure, but the CityLink part is actually a separate project altogether, so do you want to answer the first question and then answer that one later?

Mr PALLAS — Chair, I think probably in fairness, given that we are dealing with them as an alliance project — —

Mr WELLS — It is the West Gate-Monash freeway project.

Mr PALLAS — I am happy to deal with the two aspects of the question.

The CHAIR — All right.

Mr PALLAS — Firstly, I suppose when we talk about this project, Kim, we do need to recognise that this government actually has proposed to do something in respect of Monash West Gate. The alternative government at the last election actually did not propose to do anything. So whatever the criticisms that may affect the operation of this proposal — —

Mr WELLS — Tell me you are kidding! Let us go back to the previous government. We had traffic lights on at Warrigal Road, for goodness sake!

Mr DALLA-RIVA — 1999 traffic flows.

Mr PALLAS — Whatever concerns you have about the operation of this project, they are substantially better — —

Mr WELLS — Are you going to talk about population? Are you are going to talk about traffic flows?

The CHAIR — One at a time, thank you.

Mr WELLS — You have got to be absolutely joking.

Mr PALLAS — They are substantially better than doing nothing, which was your remedy for the future.

Mr WELLS — Let us step through it: $363 million — if you want to do it that way, let us do it. The first point — —

The CHAIR — Let him answer the question, please.

Mr WELLS — He is — —

The CHAIR — No, he is answering the question.

Mr WELLS — No, he was not. He was having a go at the previous — —

The CHAIR — Can you just let him answer the question, please.

Mr WELLS — Is he going to stick the question?

The CHAIR — He will.

Mr WELLS — He will? Okay, let us get on with it then.

Mr PALLAS — As we have indicated, at the time the project was announced we took a clear decision in terms of what we saw were the key deliverables in this project, and that goes essentially towards the road capacity. We were quite clear to the community at the time we announced this in Meeting Our Transport Challenges in 2006 that we would aim to increase the road capacity by 50 per cent and we would decrease casualties crashes by 20 per cent, and it would have a saving for Victorians, both in time and money, through efficient travel. So in respect of the design, those were the specifications that we were anxious to make sure were actually delivered.

Importantly, in being able to do that, the project did require quite an intensive review of the interchange arrangements, particularly the Montague interchange and the Bolte Bridge interchange. So we have spent a fair degree of time and effort working to make sure that we achieve the deliverables but also we get the best we can out of the design arrangements on those two interchanges, because quite frankly that is where the greatest efficiency in this road construction project lies. We have sought to ensure that we do this at the same time as providing as little disruption to motorists as we can, so we have invested further and additionally in the capacity to reduce disruption to motorists during the construction phase. That has a critical value in the sense that it allows the work to go on efficiently and safely, and it also enables, as a consequence of the arrangements that we have put in place, for it to be delivered in a staged process — so less disruption to motorists during construction.

More environmentally friendly management and disposal of waste is a contingent element of the revised project, and of course with worldwide costs escalating, the construction costs have also played a constituent part. We have consistently said that we want to be able to get this project managed in a way that means that we do not cut corners. It is the single biggest state-invested piece of road infrastructure as a project in the state's history, and we are committed to getting it right. Our view is that on the basis of the design we have got in place we have every confidence that Victoria will get the outcomes that were committed to at the time the project was undertaken.

Mr WELLS — How much additional income will Transurban receive in tolling?

Mr PALLAS — At the time that the agreement was struck with Transurban and they became part of the alliance arrangements, I do not believe there is any material difference since the introduction of those arrangements and since the announced alternative design arrangements, the reason being that we have been focused on making sure that the deliverables in this project remain consistent. Transurban, in terms of its contribution to this project, essentially put in $166 million. The breakdown in the costs are $737 million from the state, as it initially announced; $166 million from the Transurban contribution; $120 million for bridge strengthening work — that does not yet account for federal contributions; and $363 million for the extra work that was announced recently. So it is $1.386 billion.

Mr WELLS — Am I fair in saying that there has been no modelling or calculations with Transurban to find out what extra tolling it will receive as a result of these works?

Mr PALLAS — As a result of these additional works?

Mr WELLS — No, as a result of the project.

Mr PALLAS — As a result of the project from the point of announcement — do we have an answer?

Mr LIDDLE — I do not have the exact figure. There was some modelling done as to the uplift that would result from the project, but I do not have an exact figure here today.

Mr WELLS — What is the rough figure?

Mr LIDDLE — I do not know off the top of my head.

The CHAIR — Okay, we will take that on notice.

Mr WELLS — You can take that on notice and provide it to the committee.

The CHAIR — There was probably a vote made available last year.

Mr NOONAN — Minister, I wanted to ask you about congestion. You put up some slides on the Monash Freeway. But as part of this budget — and I note on page 14 of budget paper 3 tackling congestion — I wonder if you can outline how the government intends in terms of road management to tackle and manage congestion on our roads?

Mr PALLAS — Certainly I can. Congestion is one of the greatest challenges that confront our community. The Victorian Competition and Efficiency Commission identified this having a cost upon our economy of up to $2.6 billion. That figure could triple effectively over the next 10 to 15 years if not addressed. Congestion of course is in many cases a by-product of a strong and vibrant economy. That does not make it any less a challenge or something that we need to confront, but it is certainly a demonstration that it constitutes part of the symptoms of success in many respects.

Melbourne is experiencing strong economic and population growth, which is contributing to increased congestion on public transport and roads, particularly during peak periods and the inner and middle suburbs. The extent of population growth, the rate of growth and its geographic distribution has exacerbated existing congestion. The economic, social and environmental costs of traffic congestion are significant. The government is committed to tackling congestion to minimise its impact on Victoria's livability and its prosperity.

The Premier held a round table in January of 2008 in which he sought to apprise himself of the views and concerns of key stakeholders in this area. Representatives from a wide range of community public transport, road, business and local government organisations came together to identify practical solutions to improve traffic flows. This round table reinforced the view that congestion is a crucial issue, particularly in inner Melbourne and that there are no easy answers.

Four key strategies associated with addressing these issues are, firstly, to improve the reliability and flow upon road public transport; secondly, to make existing roads operate better — that is, to maximise the value of the existing asset; thirdly, to improve service coordination, integration and customer interface, so effectively people have a clearer appreciation of how the system is operating and what their choices are; and finally, promoting sustainable travel through better demand management.

The $112.7 million Keeping Melbourne Moving package, announced on 29 April, focuses on these four strategies and it will assist in reducing congestion across the road network. Keeping Melbourne Moving will greatly assist and also ensure that road-based public transport is and remains a viable option for people to take up. About 88 per cent of all public transport services are actually on-road public transport. Keeping Melbourne Moving therefore seeks to provide tangible and realistic benefits. I will give you an example. If you look at tram route 109, the extension of the three clearways in the afternoon period is estimated to provide an average saving of around 400 tram hours in travel time each year. On Hotham Street, bus routes 216 and 219, the extension of the afternoon peak clearway is estimated to provide up to 2 minutes per bus additional time savings. Clearways are a key feature

of a modern and successful city. We have provided $12.6 million to be spent to standardise clearway times on arterial roads in the peak direction in the 10 kilometre radius of the CBD. The new times will be from 6.30 a.m. to 10.00 a.m. and from 3.00 p.m. to 7.00 p.m. It is important to note that counter-flow clearways will not be affected — that is, counter-peak clearways will not be affected — during the operation of these standardised clearways coming into effect.

The Keeping Melbourne Moving package also includes $28.2 million for cycling and walking infrastructure; $37.8 million for targeted bus and tram priority measures; and $11.7 million for VicRoads rapid response services to assist with breakdowns. I think this is a little known but a particularly important element to this package. One of the things we are finding is that when you have breakdowns on freeways, and VicRoads up until now has essentially provided this capacity on freeways only, if you do not get in and resolve that blockage quickly — it could be a broken down truck on the West Gate or any other part of the freeway network — then we have a rapid response unit in VicRoads to deal with it. But on the arterial road network we do not have a similar facility. We are going to increase our investment. The thinking is that if we get that response in place, it will stop the congestion effectively clogging up the rest of the arterial network and ensure that we get smoother and efficient operation of traffic flows, and stopping a flooding of banked up traffic right across the network.

We will also put in 3.4 million to better manage the impact of roadworks. That will essentially be a responsibility of VicRoads to make sure those network operations, where it is roadworks that are undertaken by either VicRoads or councils, do not unduly adversely affect the congestion affect, even though they are working towards a substantial benefit in terms of improving the operation of the road. There is $2.2 million to improve the efficiency of tram route 6 on High Street, Malvern, and also route 96 in East Brunswick–St Kilda, and $16.8 million to provide more information to motorists to help them make travel smart options, so that is greater interaction with motorists, giving them greater appreciation of not only how the arterial road network is operating but what their alternative choices are in order to get to where they need to go.

Mr RICH-PHILLIPS — Can I take you to page 139 of budget paper 3, and the targets for pavement resurfacing. You will see that for metropolitan resurfacing you are targeting a much lower level of metropolitan resurfacing for the 08–09 year compared to the current financial year. There is a note to the effect that for 07–08 there was a needs assessment and that the increased work was as a consequence of that needs assessment, but we are now going to revert to a target that is actually much lower than the previous year's target. I am wondering if you can explain to the committee has the work that was identified in that needs assessment been completed — i.e., is there any outstanding work against that — and which projects will be delayed as a consequence of that 35 per cent cut in the target for metropolitan resurfacing this year?

The CHAIR — Minister, there is a footnote of course, which says that there is a transfer from metropolitan to regional, but there are a number of other issues which have been raised there.

Mr PALLAS — Obviously in the budget there is a substantial increase in terms of the maintenance allocation, but in terms of the response to the specific issue associated with the resurfacing and targeting, I will hand over to Gary.

Mr LIDDLE — I think, as the note says, it was recognised over the previous years that there had been a need to do some more works in the metropolitan area, and as a result we had increased our spend on metropolitan resurfacing. That resulted in our getting a much higher smoothness, if you like, to the road network in Melbourne, and we have achieved what we set out to achieve. In the coming year, in 2008–09, we recognise there is a greater need in regional Victoria than there has been in the previous two or three years, and so the prioritisation for that resurfacing has shifted to regional Victoria in 2008–09.

Mr RICH-PHILLIPS — Are you able to identify which projects will be completed in metropolitan Melbourne under that reduced target? Have you got a priority list of projects that you will be working on within that target?

Mr LIDDLE — This is for 2008-09?

Mr RICH-PHILLIPS — Yes.

Mr LIDDLE — The answer is yes, we do have a list of projects, and as the year progresses we ensure that the priorities are still being met, so those projects might change marginally through the year. But yes, we do have a list of projects that are part of that budget allocation.

Mr RICH-PHILLIPS — Is that a rolling list of projects? Obviously it is an ongoing issue to resurface; is there a shelf life or an effective life for a road surface?

Mr LIDDLE — No. VicRoads does basically a zero-base review every year, so every year we reassess the prioritisation for resurfacing projects. There is no ongoing rolling list of projects, it is actually a zero-base review every financial year to ensure we are doing the highest priority in the coming year.

The CHAIR — There is one out in my electorate which I am sure must be high priority, and no doubt other members have similar things.

Dr SYKES — Is yours a marginal electorate?

Mr DALLA-RIVA — It is now!

Dr SYKES — Do you sit on the marginal seats committee? Have you had any comments recently from the public?

The CHAIR — I am very well behaved in that regard.

Ms MUNT — When the Minister for Police and Emergency Services came in he gave a presentation that showed that in the 1970s I think there was a peak of 1100 road deaths in that year that has since been reduced to around 300, and he outlined the measures that they are putting in place to contribute to road safety. Can I refer you to page 323 of budget paper 3 under 'Arrive Alive' where it says:

> An additional contribution has been provided by the Transport Accident Commission for the safer roads infrastructure program as part of Victoria's new road safety strategy — Arrive Alive 2.

Could you take us through what is actually involved in that program?

Mr PALLAS — Sure. I think one of the issues about road safety is that we actually do not sit back on occasion and recognise how far we have come. I often say that whilst we have seen the road toll drop from 444 in 2001 to 332, that effectively should be of no comfort to us. We have got to continually and diligently apply ourselves to the task of actually addressing the problem that 332 lives lost is 332 too many.

Victoria actually is seen as a world leader when it comes to road safety, but we cannot simply rest on our laurels. If you look at how far our road safety performance has come, you will see that in 2001 we had about 9.2 deaths per 100 000 head of population. In 2007 that has reduced to 6.4 deaths per 100 000, so it is a substantial reduction — 30 per cent or thereabouts. It is also significantly below the rest of the nation, which sits at about 8.1 per cent. We have recorded our five lowest levels of road deaths on record, and Victorians can be proud of that. Over the life of our strategy about 579 deaths have been prevented.

There is of course an economic reason why we need to look at road trauma. About $3.6 billion is what road trauma costs the Victorian community — in effect more than the current assessment of what congestion costs — but the financial costs are really subservient to the emotional and community desiccation that flows from it. So despite our record low, the government is taking action to further reduce trauma and increase road safety. Our Arrive Alive 2 package identifies that we seek to reduce the road toll by a further 30 per cent over the next 10 years between 2008 and 2017.

If we are successful in being able to achieve that, we will have dropped, from 2017 every year thereafter; a further 100 lives lost will not have been lost. They will have been prevented by a more rigorous approach towards the introduction of these sort of measures. For the first time we will be applying what is known as a 'safe system' approach towards to road management. What that means is: safer vehicles, safer roads and safer drivers. We need to get a holistic approach in terms of making sure that each one of those areas is effectively addressed.

We have committed $650 million over the next ten years for road safety initiative projects, which includes $230 million over the next three years. In 2008-09, through the safer road infrastructure program, we will be

investing $75 million to be injected into road safety right across the state. We will be investing $16 million over two years to continue the successful greyspot program, which I am sure, Bill, you would be happy to hear about. It is certainly something that has been quite well received, particularly in country Victoria.

Encouraging safer drivers is another focus of our new strategy, and our initiatives in Arrive Alive are based on the statistics rather than rhetoric. We have tried to take a systematic approach to this. It is not simply making judgements because we think they may be expedient in the short term. We need the science to demonstrate that we are heading in the right direction, and I am satisfied that, on the basis of the development of the strategies that we have got, we are doing that.

In the graduated licensing system is a requirement for 120 hours for young drivers in the first 12 months of their driving experience. They get 120 hours on-road experience. We will be putting in tougher testing to better assess the capacity of young drivers, and introducing peer passenger limits for young drivers on the new P1 licence — that is, for the first 12 months. We will also be targeting areas such as speeding, drink-driving, fatigue driving and driver distraction initiatives through education enforcement and investment in infrastructure. We are also encouraging the take-up of safer vehicles on our roads.

As you would be aware, Victoria has historically been a pioneer in road safety. We led the world when it came to seatbelts, we led the world when it came to random drink and drug testing initiatives, but around about 20 per cent of all new cars sold in Victoria in 2006 achieved a maximum safety rating level of 5 stars. In comparison, if you look at what is happening in Europe at the moment, it sits at around about 85 per cent for new cars. To improve vehicle safety for Victorian road users the government will be requiring the installation of electronic stability control and head protection technology for new cars from the end of 2010 and 11. The Premier has championed this initiative and he has been successful in getting the Council of Australian Federation and obtained their agreement to mandate these important vehicle safety changes. Our aim would be to see if we could do this, in a national sense, working with the federal government, and all indications are good. Recently I attended the Australian Transport Council, where all states indicated their willingness to move towards a common date and implementation of these arrangements. Essentially Victoria should take some pride in being able to move this agenda on.

Finally, over the life of our new road safety initiatives the estimated economic saving to the Victorian community will be about $5.2 billion. More importantly, though, we are also talking about taking action to remove the emotional and the physical costs associated with road trauma: preventing 100 road deaths, as I have indicated, a year; we are also aiming to reduce 2000 serious injuries on our roads annually by 2017 — a very worthwhile objective.

The CHAIR — Absolutely.

Dr SYKES — Minister, my question follows on from that. I should say that I am struggling a bit with information overload at this stage of the week, but I am sure you will have some detailed notes there that we can pick up on. I am interested in a bit more information on the peer passenger number restrictions, because The Nationals were also supportive of that approach. Have you got any information on the expected impact on road toll, and then — following on from that — your information strategy in terms of timetabling and budgeting? But also, can you expand on any exemptions you may have, particularly coming from the point of view of the country young people, who have to a large extent reacted rather negatively to this proposal? They see serious implications where there is generally an absence of public transport options, and therefore going to and from work or to and from school become issues, and even the concept of designated drivers getting to and from functions which they may need to travel been communities to get to — so impact, information strategy and consideration and exemptions, particularly for country young people?

Mr PALLAS — I might throw to Gary during the course of this presentation. On the impact issues, Bill, I have got to be one of the people who actually says my initial reaction towards the concept of passenger restrictions for young drivers was probably that it was better for us to stick to our strategy. The strategy up to that date, until this change was announced, was that we should not go to a process that would undermine the idea of strategies such as Keys Please, which aimed to ensure that you had a designated driver. The problem with all of that — and it really goes back to what I said earlier — is that, as a government, we need to be guided by the factual material about what the practical effect of these changes. I was persuaded by the material which was shown to me and I think is replicated in the Arrive Alive 2 strategies that were released at the time of the announcement. There was a

four times higher likelihood of a young driver being involved in a fatal accident in circumstances where they had more than one peer passenger on board. In the light of that sort of evidence, I felt it was compelling, so I was more than prepared to acknowledge in a substantive way that we had to change tack. To the extent that that was a backflip, I am more than happy to backflip in the interests of community safety, and I think it was critical.

Dr SYKES — I am not pursuing you on that.

Mr PALLAS — In respect of the issues associated with travel, the operation of these arrangements is that they apply only for the first year for young drivers. There are exemptions in respect of the peer passenger arrangements. They do not apply for siblings, and they effectively only apply in circumstances where it is the first year of driving. There will be a substantial advertising campaign around it, which has already started in terms of the graduated licensing system. You may have seen some of those in newspapers — the 'There are two Ps on the Plate' campaign, identifying the difference between the green and the red Ps, and so forth. Gary might be able to give you some further elaboration on the specific issues.

Mr LIDDLE — With respect to the estimates we have made of the impacts of this, we have not made specific estimates of the impact of peer passenger restrictions, but the estimates we have made are of the impact of the total graduated licensing system and the outcomes we believe that will have, and that estimate is that there will be 800 fewer casualties a year and 12 fewer deaths a year as a result of the full graduated licensing system, of which the peer passenger restriction is one component.

The other thing that we also looked at is the impact of people not being able to take other young people with them and the idea of a designated driver. We made an assessment that even when you allow for some additional trips on the road, the overall impact of a peer passenger restriction is still a positive one. It is important to recognise that in the work we have done, only about 7 per cent of total trips undertaken by people in the first-year of their probationary licence are trips undertaken with more than one peer passenger; so it is quite a small number of total trips, and the overall impact is still a positive one.

Dr SYKES — I would like clarification: this will apply in their first year of licence, regardless of whether they get their licence first at 18 or 28?

Mr LIDDLE — Only for those under 21.

Dr SYKES — Okay. The second thing is: did you give any consideration to an option that we have put out there — that is, to have their first year of licence come down to 17 so that it is a carrot for the young people? These restrictions are applied in this first year, but right now you are taking something away from them which they really have reacted to, whereas if you gave them the opportunity to have their licence at 17 with these restrictions, you would be giving them something. It is my understanding that in other states generally the licences are coming in at a younger age and the issue of deaths and accidents is associated with first year of licence rather than whether you get it at 17 or 18.

Mr PALLAS — I can answer that the state of Victoria has no desire or intention to move towards younger drivers' licensing. The reason that that is our view is that it is not just the first year of driving after they receive their licence where the problem exists, although admittedly there is a substantial problem in the first year of driving. It is in that age group of 18 to 25, where we notice that the highest level of accidents occur. From memory I think they constitute about 23 per cent of all accidents.

Dr SYKES — It is 18 to 24-year old males, so why are you penalising females, is one of the arguments that has been put to me.

Mr PALLAS — From a government point of view I think it would be folly from a policy point of view to start to make a distinction; quite frankly, the government intervening in these areas for the purposes of trying to protect people so that they can be efficiently road-ready has a practical effect. You asked earlier what we saw as being the ultimate benefit of the safety outcomes of these arrangements, and I am reminded that at the time that we looked at these things, we came to the view that it was something like 12 lives that would be saved and something like 800 fewer serious casualties would occur once these changes were operational. If we were to look to bring younger people onto the road earlier, I think that would run counter to all the things we are trying to do in terms of road safety.

Dr SYKES — Can I encourage you to look at that again, because my understanding of the information interstate and overseas is that the issue is related to when you first get your licence, not whether it is at 17 or 18, and I have seen some graphs that show that the real jump up in accident rates is when you go off Ls and onto your Ps; so I would ask you whether you would undertake to have a look at that and come back to us.

Mr PALLAS — If you are asking me whether the government will have a look at the idea of introducing younger driving capacity, the answer is no. We have a very clear view about this. If you bring people into driving earlier, you expand the category of people in the at-risk group.

Dr SYKES — Is that evidence-based in terms of comparison with other states and overseas?

Mr PALLAS — The evidence is pretty clear when Victoria leads the nation in terms of deaths per 100 000. We are at 6.4 and the rest of the nation is at 8.1. It is evidence-based in the sense that if you look at the progressive implementation of our strategies, we have been able to bring the road toll down. I think sending a counter-intuitive message like bringing in younger people — the highest risk category that we have in terms of their involvement on the road, onto the road earlier, is not a good thing.

Mr BARBER — In relation to the clearway announcement, do you know how many kilometres of road that applies to? You said 'a number of roads within 10 kilometres of the CBD'; did you also announce the preferred timing for the implementation of that at the time you announced it?

Mr PALLAS — Yes, certainly 150 clearways are directly affected. Exactly what the road space is — I do not know. We did announce the timing, and it was effectively expressed in terms that as a government we saw it as being appropriate that firstly, we would identify a number of specific, key areas on the public transport network in the a.m. period that would need to be addressed, and that we would progressively roll it out into the rest of the a.m. peak on the arterial road network, and then subsequent to that we would look to move it into the p.m. peak. It would be progressively introduced over the next 12 months, so we would not anticipate implementation, even in the priority areas, for some months yet because there is clearly a process of consultation that we are going through. Our view clearly is that we need consistency in terms of the operation of the arterial road network, particularly around the public transport areas. They are our priorities; they are the areas we are looking to move on first, and principally in the a.m. peak.

Mr BARBER — Just on that consultation period you just mentioned, that is to occur under a code of practice designated under the Road Management Act. Is the version of the code of practice that you are working off the one that was gazetted on 16 September 2004?

Mr PALLAS — I believe it is, yes.

Mr BARBER — In other words, when it requires you to determine whether to create or alter a clearway, and you have to take into account traffic congestion; Melbourne 2030; whether it is beneficial to the community with regard to the enhancement of the environment; the view of the relevant council and all of its policies; economic and social activity, amenity and accessibility; the future relationship between bicycle use, transport operation, curb lane marking; opportunities to address conflicting demands of schools, shopping centres and other sensitive land uses; plus a notification and appeal process that requires at least 60 days of notice: you are saying you can do that within a few months in some cases?

Mr PALLAS — Our view is — —

Mr BARBER — And a year overall?

Mr PALLAS — Our view — —

Mr BARBER — For 165 clearways?

Mr PALLAS — Have you got any more bits you want to add? Our view is clearly this: the Road Management Act provides us with a capacity to undertake the actions we have. The code of practice was actually developed at the time the Road Management Act was introduced for the purposes of dealing with isolated and singular addendums and amendments to clearway times. This is clearly not contemplated by that process. It is actually a system-wide change; it is unprecedented — it has not happened before — and as a government we see it as being ultimately in the long-term interests of the community.

We are going through a process of seeking to engage all affected stakeholders through local council discussions, but it would be entirely disingenuous if we were effectively to say, 'We intend making a one-size-fits-all approach to clearways' and at the outset start a process of individual engagement. That would be a nonsense, and it would be dishonest. What we have said — —

Mr BARBER — But the code requires you to do exactly that, Minister, and that is my question.

Mr PALLAS — Of course, I believe the code does not contemplate a system-wide amendment. If you are advocating that I should have gone out and been dishonest with the community and actually had an engagement with them around the fact that perhaps we should create a sham process of engagement, and say, 'We would like to talk to you what best suits your community. I have gone through the motions, and by the way it is a system-wide adjustment', that makes not only a nonsense of the process but it also insults the councils and the communities that we are obliged to consult with. Given the constraints of the act, I believe we can act entirely consistently with the obligations contained in the act.

Mr BARBER — The code — —

Mr PALLAS — Certainly in respect of the code I do not believe the existing code actually contemplates the sort of changes that we are proposing to put in place. As a government we would seek to ensure that in future the code actually contemplates such generic-wide changes, and we have already started the process of engaging peak stakeholder organisations to ensure that system-wide variations can occur.

Mr BARBER — Do you think there will be further expansions to this clearway network in years to come?

The CHAIR — I think that is probably a policy question outside the estimates. I will let that one go, maybe it is a question for the house.

Mr SCOTT — My question relates to the outer metropolitan roads program which is referred to on page 330 of budget paper 3. What action is the government taking to improve travel times in Melbourne's outer suburbs in the estimates period?

Mr PALLAS — The issue of outer metropolitan arterial roads is one that demonstrates exactly what vitality and growth is going on within this community. We have seen strong population growth going on within metropolitan Melbourne. It is about 12.6 per cent since 1999, predominantly in our outer suburban growth corridors such as Melton, Casey–Cardinia and Wyndham. The government made an announcement in the current budget that it intends to make a substantial investment in the road network that services the booming outer suburbs. Of course, that investment in the 08–09 budget is $85.3 million — that is specifically allocated.

In addition to this funding the Brumby government is currently building or planning 18 significant road upgrades right across metropolitan Melbourne worth about $1.8 billion. These projects include and are in cooperation on occasion with the federal government — the Deer Park bypass being an example of that — Cranbourne, Sunbury, Dandenong, Hoppers Crossing, Wheelers Hill and Narre Warren also have projects being undertaken. In total we have completed and delivered 49 significant outer metropolitan arterial road projects, and those are at an estimated worth of about $1.5 billion. This is a significant investment in metropolitan arterial roads. It is a record that this government is proud to achieve. The infrastructure we are providing is particularly important to communities, to families and to the amenity of the suburbs they live in. Each project will help to improve and address our traffic flows.

But, as the Premier detailed in March, we now expect 1 million extra people in Melbourne a decade earlier than our previous estimates, so we are taking action to build road infrastructure in our rapidly growing suburbs that are needed now and in the future. The budget will invest $36.8 million in the Pound Road and South Gippsland freeway and the highway. It is a project that will obviously be welcomed by local residents particularly in the Dandenong and Casey areas. The upgrade will widen and the Pound Road bridge over the freeway. It will improve access to the freeway by upgrading the on and off ramps and it will see the installation of traffic signals at the nearby South Gippsland Highway.

We will also invest $48.5 million to see the completion of the duplication of the Kororoit Creek Road between Grieve Parade and Millers Road. Not only will this initiative provide a four-lane divided carriageway linking

important industrial areas such as Alton, Laverton and Williamstown North, but it will also include a grade separation of the existing rail level crossings. We recognise that the quality of our infrastructure can enshrine Melbourne's reputation as one of the world's most livable cities. These initiatives, combined with $112.7 million in the Keeping Melbourne Moving congestion plan will continue the government's record of investing in our infrastructure.

Mr DALLA-RIVA — Can I just get clarification on the clearways? Are they going to be tow-away zones as well? Is that the anticipation?

Mr PALLAS — It is anticipated that the clearways will be serviced by the tow-away arrangements, absolutely. Those tow-away arrangements are part of the reason we will be taking some time in not only consulting with the local communities but also reaching the appropriate arrangements for those tow-aways to occur.

Mr DALLA-RIVA — The other bugbear that we have in parts of Box Hill is the super-stops along Whitehorse Road. If you are looking at expanding into clearways for trams and then you put these super-stops, which actually convert the traffic into one lane — —

Mr BARBER — They are going to put super-stops on all these roads as well.

Mr DALLA-RIVA — I am just curious — —

Mr BARBER — The DDA requires them to put super-stops in the tram network.

Mr DALLA-RIVA — I am just trying to work out how you are going to work around that.

The CHAIR — They are only 0.8 of a minute actually extra, but have you got a question?

Mr BARBER — The code goes, the Disability Discrimination Act goes, tow trucks come in.

Mr DALLA-RIVA — I gather you are going to support the super-stops and the clearways, which will then bank it up again?

Mr PALLAS — The government does have a priority and a commitment to the provision of public transport as a priority on road. That is clearly our objective in terms of seeking to ensure that the appropriate road space is provided. Nonetheless we recognise that we have obligations, as Greg has indicated, under the Disability Discrimination Act to provide appropriate levels of access. That does not necessarily mean that there will be a substantial level. Part of this process will also be aimed at looking at rationalising the number of stops that we actually put along the roadway for the purposes of being able to ensure a smooth movement of traffic and a smooth movement of public transport. Other things that we will be able to put in place, for example, are on occasion we will look at restrictions in terms of right-hand turns on road, the aim being to make sure that we do have effective movement of trams on road. Our trams currently move at about 9 kilometres an hour — —

Mr WELLS — The slowest in the world.

Mr PALLAS — And we are going to have to make some hard decisions if we want to get effective utilisation of our road space to get public transport moving. If we genuinely accept the proposition that we need to provide clear and effective priority for mass movement of people, then we have to take some reasonably firm and appropriate actions. We will also be looking at the provision of the installation of dynamic signals and pavement markings to alert motorists to stay clear of tram tracks. All over, with the construction of platform stops at high loading points to reduce tram dwell times, we are looking basically to rationalise but to increase the level of efficiency of those stops that we put in place.

Mr DALLA-RIVA — You mentioned those lights. I have seen them in Kew and they do have an effect because as soon as people see them, they merge to the left. I am just curious in terms of your budgeting forward with the clearways to reduce congestion, which is one of the key indicators on your concerns about trying to keep the roads clear, but as part of that process there has not been much consideration given to the componentry of super-stops as part of your budget estimations. In other words, this proposal to open the clearways may actually be short-circuited by the fact of the disability requirements for trams. I am just wondering: are there any forward estimates budgetary considerations you have given as to how you are going to deal with the road network if there is a requirement for the trams to comply, like we have got in Collins Street with the super-stops, where they actually

congest traffic into one lane? I am just wondering from a budgetary consideration if that has been put forward in the forward estimates?

Mr BETTS — No, it does not so much feature in the forward estimates. But obviously the establishment of clearways enables you to introduce DDA-compliant tram stop infrastructure without completely blocking roads. In other words, it frees up road space to enable you to do both. If you consider that a tram can carry 140 to 200 people, that can be a kilometre of traffic jam taken off the roads. Often giving priority to the trams is a decongestion measure. While Mr Wells said we have a slow tram system, we also have one of the largest tram systems in the world, which is a huge asset for us in the fight against road congestion. Protecting it through super-stops and the other measures the minister has described is part of reducing congestion in the long run, it is not a contributor to it.

Mr DALLA-RIVA — You have not ruled it out.

The CHAIR — Minister, I note in the budget papers that under Labor's financial statement, under the assets ones, for one small project you have actually done the assets initiatives, or they are there. Obviously we have to move on to newer projects as well. You mentioned in your overheads the AusLink program. What will this budget and the estimates going forward do to deliver vital road projects under AusLink?

Mr PALLAS — I think AusLink is one of those areas where Victoria can feel justifiably proud of the improvement in the position we have got, but we should not be particularly smug — there is still more work to do here. As a government we have had a consistent position that we expect to get 25 per cent of federal funding allocated under the AusLink program. We are 25 per cent of the nation's economy, we are 25 per cent of the freight task, and we pay 25 per cent of fuel excise.

The CHAIR — We are 25 per cent of the population, too.

Mr WELLS — When will you achieve that by?

Mr PALLAS — Appreciably earlier than you ever did, I suppose.

Mr WELLS — Just tell us: when are you going to achieve it by? You have got your mates in Canberra, so when are you going to achieve it?

Mr PALLAS — We are making substantial inroads.

Mr WELLS — Tell us.

Mr PALLAS — We have increased it — —

Mr WELLS — Is it 2008, 2009, 2010?

Mr PALLAS — We have increased it from 16.5 per cent under the previous government to 18.4 per cent.

Mr WELLS — What is your expectation?

Mr PALLAS — My expectation is I want to get 25 per cent as soon as I can.

Mr WELLS — When?

The CHAIR — Thank you. He has given an answer. Can you give us some more details of this funding, as was in the original question?

Mr PALLAS — Last year the Victorian government released its national transport links, which was a strategic vision of some 30 priority projects for consideration as part of the $22.3 billion AusLink 2 program. Victoria lobbied both sides of politics in the lead-up to the federal election. We sought then, and we continue to seek, 25 per cent of the AusLink 2 program. This approach has largely been vindicated, I think, in terms of a demonstration of a substantial and positive move forward. Our state secured 19 promises out of a total of 23 promises from federal Labor: 19 of our priority projects were identified, and an additional four projects that federal Labor also identified. That is 18.4 per cent of the total committed AusLink allocations. So this funding level is still less than Victoria deserves, given, as I have indicated, our 25 per cent contribution to the national economy.

The projects identified are quite substantial. They include the Western Ring Road upgrade — the federal government has actually already identified $5 million for planning and $9 million for a feasibility study associated with the Western Ring Road; West Gate Bridge rehabilitation — the federal government has identified $25 million towards planning and preconstruction of that project; Somerton intermodal terminal; Altona intermodal terminal; Dandenong intermodal terminal development; Wimmera Dooen intermodal terminal; Shepparton freight and logistics centre; Western Highway duplication between Ballarat and Stawell — the federal government in its budget identified $5 million for planning on that project; Western Highway Stawell–South Australian border capacity improvements; Western Highway Anthonys Cutting; Melbourne–Adelaide rail line upgrades featuring concrete sleepers and longer passing loops; Melbourne–Adelaide rail line with the Geelong port connection; Geelong ring road stage 4A — in this current budget the federal government has allocated $6 million and a total of 62.5 million over the next four years in terms of being able to conclude the construction of that road; Geelong ring road stage 4B; Princes Highway west Geelong–Colac duplication stage 1, Winchelsea section — once again in the federal budget $1 million has been allocated in the planning process of the federal government; Nagambie bypass — the federal budget has identified 5 million for planning and preconstruction activities; Princes Highway east Traralgon–Sale duplication — the federal budget identified $1.2 million over two years to commence detailed planning; Calder Highway Kings Road interchange; ARTC projects in and around the Dynon precinct; Springvale Road grade separation, Nunawading; Clyde Road upgrade, Berwick; West Warrnambool interchange terminal; and the Colac–Lavers Hill Road — the federal budget once again put in $7.5 million over the next two years for preconstruction.

The CHAIR — How much is that overall that the federal government is putting in? What did you say before?

Mr PALLAS — It is 18.4 per cent of the total; it is about $2.7 billion over the life of the AusLink 2 agreement. I think it is important to recognise that we still have some negotiations to go with the federal government, Chair. AusLink 2 is not due to come into operation until 2008.

Mr LIDDLE — July 2009.

The CHAIR — July 2009. So the money that you have mentioned, a lot of it is for planning work.

Mr PALLAS — It is good to see really that what we are getting here is a down payment demonstrating that the commitments that the federal government has made in respect of these areas will be honoured, and indeed the federal minister has publicly said that all commitments given in the election in respect of the AusLink and funded roads will be honoured and that, I have got to say, comes as a considerable satisfaction to me. If you look, for example, at the Western Ring Road, which is a critically important piece of infrastructure for Victoria, it is estimated at around about $2.3 billion in terms of the provision of that road, which is an extra lane along the entire length of that road. That would take quite some time to actually deliver, and it is important that we get the appropriate demonstration of commitment from the federal government. A lot of planning work needs to go into it, but the fact that they have actually put aside planning money is a great indication.

The CHAIR — So what is our commitment as our share of these particular projects so far?

Mr PALLAS — The government has indicated and we remain committed to our publicly stated position that we will put in 25 per cent of the total of these projects, and we have started and we have demonstrated that process in this budget by making appropriate contributions — for example, the $110 million to Princes Highway west, the contributions that we sought to make in respect of both the 4A and the 4B development of the Geelong ring road. I have got to say that road is going to be of enormous significance and benefit to the people of Geelong, and it is great to see that the federal government is working with us. Kim, you will recall that some have said that this, Princes Highway west, was entirely a state responsibility. It is good to see that we actually do have a cooperative approach in working with the federal government, and a recognition of that in respect of the completion of the work of the ring road and of course in terms of going forward with the Princes Highway west. I am sure a lot of people would be very satisfied that we are going to get a much better outcome as a consequence of that. I thought it would probably be useful to show you a couple of handouts which show us exactly how far we have come in terms of federal funding on these issues, and if I could — —

Mr BARBER — Are they updated to include the budget last night?

Mr PALLAS — Last night? Was there a budget last night?

Mr BARBER — The night before. I have been in these estimates for a long time, Minister. I am losing track of time.

The CHAIR — This is only the first week, Greg.

Mr PALLAS — So do we have the handouts?

The CHAIR — Okay, I will get the secretariat to hand them out.

Mr WELLS — Minister, can I just seek clarification. You mentioned earlier the strengthening of the West Gate Bridge was 125.

Mr PALLAS — One hundred and twenty.

Mr WELLS — One hundred and twenty?

Mr PALLAS — Sorry, that is a state contribution. We are expecting — —

Mr WELLS — And the 25 from the commonwealth is in addition to the 120?

Mr PALLAS — Sorry, the 25 million that the federal government has identified would be a down payment on their ultimate and total contribution of $120 million that is yet to be received, but they have put in effectively a 25 million contribution which demonstrates they are signed up to this project. So effectively a fifty-fifty contribution — —

Mr WELLS — Okay, so it is going to be — —

Mr PALLAS — One hundred and twenty- One hundred and twenty.

The CHAIR — Because you said originally 25 per cent, but some of them are actually fifty-fifty, are they?

Mr WELLS — So that one is fifty-fifty.

The CHAIR — But most of the other ones are twenty-five-seventy-five.

Mr PALLAS — These are really just a couple of graphics to show that we have got a fair bit of work to do in terms of federal funding.

Dr SYKES — That is a party line: 'But there is more to be done'. We must coin that one!

The CHAIR — There are two different ones, are there? New South Wales gets more than their fair share.

Mr PALLAS — But we are getting on with the job, Bill.

Dr SYKES — Yes. And is Victoria a great place to live, work and raise a family — and suffer traffic congestion or something like that?

Mr PALLAS — What you have here are two graphic descriptions essentially of our commonwealth road expenditure share by state. We will no doubt share a common goal here looking at the great outrage that has been suffered by Victoria. It was an outrage in 1994–95, Kim, so you will be happy to hear me say that — when Victoria got 20 per cent of the national share, Queensland got 20 per cent of the national share and New South Wales got 37 per cent of the national share. In 2000–01 that share actually declined and we got 15 per cent of the national share, Queensland went to 26.3 per cent of the national share and New South Wales declined marginally to 34.5 per cent.

Mr WELLS — You are not being selective in the way you have just chosen, for example, 1994–95 compared with 2000–01? Are 2001–02 and 02–03, 04–05 the same? Are they all the same at 15 per cent.

Mr PALLAS — The point here is that — —

Mr WELLS — I know you would not be that selective.

Mr PALLAS — You know I would not do such a thing.

Mr WELLS — No, I know you would not do that.

Mr BARBER — What about 07–08?

Mr PALLAS — The point here is to actually identify the problem and that is the trend: it is going against the economic share and the argument for the state.

Ms MUNT — And population growth, too.

Mr PALLAS — There is reason for optimism here but not for smug satisfaction. We have come a way forward, but I think Victoria would be expecting substantial improvement in the next budget.

The CHAIR — We are up to 18. What did you say it was? Eighteen point something per cent?

Mr PALLAS — It is 18.4 per cent of the total committed AusLink funding in terms of federal Labor commitments.

The CHAIR — What was it last year? 15 or something?

Mr PALLAS — It was 16.5. Is that right?

Mr McDONALD — About 16 — yes, around that.

The CHAIR — Yes, 16.5 in 2006–07.

Mr WELLS — Mr Rich-Phillips?

The CHAIR — Have you had yours?

Mr WELLS — No.

The CHAIR — No? That was my question.

Mr WELLS — We are swapping.

Mr RICH-PHILLIPS — Minister, off the roads and into the bay. The government committed $150 million last year for the channel deepening project. Can you tell the committee what the current total cost estimate of the channel deepening project is, and is that commitment from the government capped at $150 million if there are further cost increases, that is, do they have to be borne by the port of Melbourne?

Mr PALLAS — Yes, I can certainly tell you that channel deepening is a critically important project, and we have consistently said the costs associated with this project are necessary for the long-term vitality of the state. I also think it is only fair and appropriate that I make the point that the state has never indicated a figure except since the federal approvals and the business case was ultimately approved and that figure was $969 million — —

Mr WELLS — How much is that again, Minister?

Mr PALLAS — Were you not here when the announcement came out, Kim? Were you on holidays?

Mr WELLS — No. Just so that I can write it down again — $969 million.

Mr PALLAS — It is $969 million.

Mr WELLS — Just a smidge under a billion.

Mr PALLAS — Let us be clear when you are talking about the vitality and assurance of Victoria as the freight and logistics hub of the nation, the channel deepening project is a critically important and valuable investment. If you take, for example, the fact that there is rapid container growth, rapid container movements coming right through the port we know that over the next 30 years we are likely to see a five-fold increase in terms of container movements from 2005 to 2035, from 1.4 million to 7 million TEU. It is also critically important that

we recognise that this project is part of an integrated process on the government's behalf in order to ensure that we can essentially preserve our place as the freight and logistics hub of the nation. Slightly less than 40 per cent of the nation's containers actually move through the port of Melbourne, and we want to be a bit careful that we do not embrace and adopt the approach that other ports have done and chosen not to deepen their hub. That is a decision they make but it is also a decision about the long-term economic vitality of those areas. If you look at the port of Portland in Oregon, it made a choice not to actually deepen its harbour. The practical effect of that was that over a 10-year period the port saw about 50 per cent of its container services reduce because other ports were seen as alternative and more appropriate ports to go to. About two out of three of the major shipping lines actually ceased going into that port.

As we have indicated, the economic benefit for this process, which has been the subject of a study by PricewaterhouseCoopers and which was released on 21 March by the Treasurer, found the port of Melbourne generated in 2004–05 a total economic impact of $2.5 billion per annum and supported almost 14 000 full-time equivalent jobs. The study also calculated that the net economic benefit of the channel deepening project was in the order of $2.2 billion for the period to 2035. The government has essentially identified that we would make approximately $100 million of contribution in respect of the assistance to maintain the TEU viability rate, and I take you back to the slide I have shown you already which assures people and the community that the TEU handling rates in Melbourne are still competitive and lower than our eastern seaboard competitors into the long-term as well. Also there is an additional $50 million for critical port infrastructure work that can be made in order for the port to be able to harness the full effect and benefit of the channel deepening project.

Mr RICH-PHILLIPS — And all further costs to be borne by the port of Melbourne?

Mr PALLAS — The way that the project is proceeding we would not anticipate that occurring and certainly from our perspective we see that the project is being managed extremely well. We are about 20 per cent of the way into the project. I might add that all the environmental advice that is coming to us is that the environmental issues are being managed and within the environmental management plan safeguards. We do not anticipate that the project will have any greater costs but ultimately we see that the port has a commercial responsibility. That is its charter, and it will manage this project responsibly, and ultimately it will take responsibility for delivering the project to the state.

The CHAIR — So it is on time going forward, is it?

Mr PALLAS — It is on time, yes.

Ms MUNT — Can I just follow up on that topic a little bit. There is a lot of business in my electorate, particularly in Braeside, and a lot of that business relies on import-export. So the efficiency of the port is paramount to not only their business but business in Victoria generally. We are a manufacturing state, and we rely on business to be the powerhouse of our economy. Could I just refer you to budget paper 3, page 140, 'Freight, logistics, ports and marine development'. It says there:

> Plan and deliver policy and infrastructure initiatives to improve efficiency and safety in the freight and logistics sector and the state's ports and marine environment …

Could you expand on exactly what that plan entails and what is being envisaged for the next 12 months or so in that regard?

Mr PALLAS — Sure. The government has invested, as I have indicated, $150 million for the development of portside infrastructure improvements and to minimise the burden on businesses at the port using the port of Melbourne. The project will also recover costs through port users, and work is continuing pursuant to the approvals provided by state and federal ministers. So far over 3.4 million cubic metres of material has been dredged in accordance with the environment management plan. Today marks the 100th day of the project, and obviously a substantial amount of progress has occurred. I think I indicated that 20 per cent of the project had been done since — —

The CHAIR — Yes, you mentioned that.

Mr PALLAS — Fifteen per cent of the project has actually been done to date. The port has been providing weekly reports on turbidity over and above the quarterly reporting requirements, and data from the environment monitor shows us that the environmental requirements are being met. The second trailing suction

hopper dredge, the *Cornelius Zanen*, or the *Coza*, arrived at the start of May to begin work on the port of Melbourne channel to continue dredging and dredging works. Obviously the thing that is critically important about this project is that it has relevance for every Victorian in terms of their capacity to go about their daily lives. It has an effect upon the way the freight moves around the state, around the city, and it also has an effect ultimately upon the cost of goods, whether it be DVDs and whitegoods and the competitiveness of our exports too. Getting our materials from our exporters and to our exporters is critically important.

In port logistics alone, as I have indicated, there have been 14 000 jobs and $2.2 billion worth of economic benefit over a 30-year period. We have always said that there will be an impact in terms of channel deepening. At times the water will be murky, and the currents and the wildlife will be temporarily affected. But in a broader sense it is critical that we need to make these changes in terms of the long-term efficiency of freight movements throughout the state. Because of Melbourne's proximity to New South Wales, South Australia and Tasmania, the port of Melbourne's access to road rail and rail corridors is critical to national competitiveness; not just Victoria — we cannot take that for granted. The port of Melbourne handles about $75 billion worth of trade each year, and that includes more than $100 million worth of exports in every day.

Current draught limitations that attach to the bay as it currently operates, it is about 11.6 metres, and around about 27 per cent of ships entering the port from loading to maximum capacity in 2005–06, and this has substantially increased since that time to as much as 38 per cent recently. Adelaide and Brisbane currently provide access for deeper draught vessels, and plans are already under way for deepening channels in Auckland, Shanghai and Kelang, all of which have direct and important connections to Melbourne. To remain competitive we need to look at ports across the world. They are all embarking on these channel deepening projects, and history has shown that ports in the US, the UK and Europe that have failed to deepen their waters actually lose their market share and their trade. I have given you the example already of the port of Portland.

The port of Melbourne is projected to increase its handling of 20-foot TEU, as I have, said, from 2 million to 7 million TEU over the next 25 years. As I have indicated, the economic benefit of channel deepening varies, at up to $2.2 billion in economic benefits in net present value terms. It does have a benefit to cost ratio of 3 (rounded to the nearest whole number), and the additional jobs that are likely to be effected is about 2200 during the construction phase. So these are the opportunities that we can either grasp or we can forego, but ultimately they are decisions that define the community and the sort of community that we want to live in.

Channel deepening is a project supported by business, supported by industry, supported by farmers, supported by exporters and supported by trade unions. Their view is clear and unmistakable; we have got to keep up with global trends in shipping, and we need to complement those actions. So, for example, the Dynon port rail link, which will complement the movement of freight by rail into the port, has to occur. The project will also help the efficient movement of freight into the port of Melbourne. It will integrate the port with the Dynon port terminal to establish a cutting edge intermodal precinct, catering for the efficient movement of freight between road, rail and sea. It is a significant project which will markedly improve road access and efficiency. Just on that point, that is an intersection that has three roads that intersect at Dynon port: Enterprise Road, Footscray Road and Appleton Dock Road. There is something like 19 freight movements along that road every day. We will be able to grade separate those, and that will have a dramatic effect upon congestion, particularly in the inner west. So it is not only good for the port; it is good for road users as well.

Mr BARBER — Just a point of clarification, Chair, on that one.

The CHAIR — Okay, quickly.

Mr BARBER — The minister gave a figure on TEU in 30 years' time. Can you tell us what it will be this year? What is the projected growth in TEU for this year?

Mr PALLAS — I think it is currently just over 2 million TEU.

Mr GARWOOD — That is correct.

Mr PALLAS — The growth is around about 7 per cent per annum at the moment on TEU.

Mr GARWOOD — That is correct. It will go down over the longer period; down to about 5 per cent. That is conservative.

Mr BARBER — So projecting 7 per cent for this year?

Mr PALLAS — Seven per cent or five?

Mr GARWOOD — Yes, for this year.

Mr PALLAS — Seven per cent for this year, but five going forward.

Mr WELLS — My question is also about channel deepening. Did you say that the economic benefit of the project is 3 to 1?

Mr PALLAS — That is right; the benefit to cost ratio of 3 (rounded to the nearest whole number).

Mr WELLS — That is a cost of 969 million, and the economic benefit over the life of the project will be 3 to 1; is that correct?

Mr PALLAS — That is right.

Mr WELLS — In regard to legal costs associated with the project, how much has been spent by the port of Melbourne and the state government, and do you have contingency funds put aside for legal costs over the forward estimates?

Mr PALLAS — I could not give you the legal costs off the top of my head but I can tell you that the port will bear those costs within its own budget. As a consequence, they are actually not incorporated within the terms of this budget. The port itself will absorb and meet the responsibilities of legal costs.

Mr WELLS — So there will not be any payments by the state government. All legal costs will be with the port of Melbourne.

Mr GARWOOD — Minister, the state is a party to the legal matters, therefore there are costs accruing to the state.

The CHAIR — You will need to come up to the microphone, otherwise Hansard will not be able to record it properly. You will need to give us your name as well.

Mr GARWOOD — Terry Garwood. I am the executive director, freight logistics and marine division, Department of Transport. The state was a party to the legal matters before the Federal Court, and therefore the state has incurred costs. Those costs will be met from within the department's appropriations.

The CHAIR — So you will report them in the outputs and outcomes in the annual report, will you?

Mr PALLAS — Yes.

Mr WELLS — How much of those costs are borne by the state?

Mr GARWOOD — On the costs associated with our representation, the state actually engaged legal services, so those costs will be paid by the state. The port engaged its own legal services, and therefore it will pay the costs associated with legal services that the port has accrued.

Mr WELLS — What is the expense to the state?

Mr GARWOOD — I do not have those figures in front of me, I am sorry, but we can provide those for you if it is required.

The CHAIR — We can take them on notice.

Mr WELLS — On notice.

Mr BARBER — A double-up.

Mr NOONAN — Minister, I want to ask you about country roads. You have talked a little bit about AusLink, but I want to ask you specifically in relation to funding commitments for the rural roads program how

this investment will support the development of the regional roads network. There is a reference to this on page 328 of budget paper 3.

Mr PALLAS — The government has placed a strong emphasis on upgrading roads in our regional communities. As part of this budget you will see $224 million has been announced to upgrade regional roads, which is aimed at improving road safety and reducing travel times. The government has substantially increased the proportion of regional capital road expenditure since coming to office. On a per capita basis our road investment in country roads has increased from around about $76 per person living in regional Victoria in 1999–2000 to around about $191 per person by 2006–07.

Mr WELLS — Do you have the city figures?

Mr PALLAS — We have a graph for you, if you would like. I might hand that up. Kim, I can assure you I have not been selective. Between 1999–2000 and 06–07 these are the figures. So there is nothing selective there, but what you can see effectively is that there has been a substantial increase in — —

Mr WELLS — But that does not include investment in EastLink, does it, only government — —

Mr PALLAS — No, this is state funding. This growth has taken place over a time when the population of regional Victoria has grown significantly as well. In fact if you look at it overall, I think the state population growth is around about 11 per cent, and we have allocated $110 million to the Princes Highway west duplication between Waurn Ponds and Winchelsea, an upgrade that the local community and the member for South Barwon and the federal member for Corangamite have campaigned pretty fearlessly on. I am delighted that the commonwealth has put forward $1 million in their budget for the planning funds for this project. The reason why it is so important that that planning money is there is that it is a clear demonstration that the federal government are acknowledging that this is now part of their shared responsibility. We have been quite public and quite outspoken about the need for this road to be seen as a joint responsibility, and I am pleased to see that the federal government is honouring its commitments prior to the last election and working with us on this.

I have spoken with local community members about this project, including members of G21, local business groups and representatives from the seven councils that support the upgrade. It is a project that the Brumby government has clearly and very forthrightly spoken in support of, and I am pleased to see that we have been able to achieve it, because the Brumby government in funding this road along with the commonwealth government's commitments knows that it will be a major transport corridor with a vital role in supporting trade between Victoria and South Australia and throughout the south-western region of the state. I know that, for example, the member for Polwarth actually expressed the view that he thought this was all a con and that after the election people would walk away from their commitments. I am pleased to see that they have not. Far from walking away from the funding projects, clearly what we have seen is that there is a substantial contribution and commitment from the federal government going forward.

Another key and important project of course is the Geelong ring-road. As part of this budget we will invest $65 million for section 4B of the Geelong ring-road on top of our existing commitments. Stage 4B will take the significant piece of road infrastructure from Anglesea Road through to Princes Highway west. Effectively what you will see is from the Princes Freeway all the way through to the Princes Highway and then over the Princes Highway, the Anglesea overpass, over to the Princes Highway again through the 4B connection and then all the way through to Waurn Ponds the development of this fantastic piece of infrastructure that I think is so vital in terms of the growth that is going on in respect of the south-west and around Geelong.

We see this as a critical piece of infrastructure — 23 kilometres worth of link around the Geelong ring-road in particular. That will mean that 29 sets of traffic lights will be able to be avoided on Latrobe Terrace. Depending upon the time of day that people are travelling, it will reduce travel times from between 25 and 60 minutes by around 15 minutes, so it will effectively take approximately 15 minutes off those travel times, some of which take 25 minutes and some 60 minutes, just depending on the time of day. It will also improve the amenity of Geelong. That is going to be a great story for the state's largest provincial city. It will improve access to the Surf Coast and south-western Victoria.

The other really important initiative is the $9 million that we put forward in terms of the Yarra Glen truck bypass, which is a project that the member for Seymour was quite rigorous in terms of his support. Around 13 per cent of the 9000 vehicles that actually use that alignment are freight vehicles. This will provide the capacity to use the

Melba Highway by essentially establishing a bypass around Yarra Glen. It should provide a more efficient freight route away from the centre of town. Obviously it provides some amenity to the community that has been so anxious to see that it is achieved.

Additionally, and importantly, a project that we are pleased support is the $40 million upgrade commitment for the Western Highway, which provides a vital link between Melbourne and Ballarat. That funding will be used to develop a new freeway standard connection between West Melton and Bacchus Marsh. It will be to replace the steep grade that occurs down the Anthonys Cutting area.

The Brumby government is obviously making a very tangible and substantial commitment in respect of our investments to country roads. In addition to the projects I have outlined, we are currently delivering or preparing to deliver a further 15 significant road projects worth more than $1 billion in country areas. That is a massive investment in our regional roads. Since 1999, where there has been a 7.1 per cent population increase in regional Victoria, we understand the importance of those commitments. Since 1999 in total we have put in a commitment of around $2.5 billion to upgrade regional roads. I think these initiatives are a substantial and continuing demonstration of our commitment to making sure that regional Victoria gets a substantial commitment from this government.

Mr BARBER — Just in relation to page 140 of BP 3 for the freight, logistics, ports and marine development output group, in terms of those projects that are meant to benefit rail freight, can you give me a little indication of how much extra rail freight we expect to be carried as a result of those projects? In relation to appendix B of the same budget paper, page 378, which is your target to get rail freight increased from 10 per cent to 30 per cent, which in fact has declined, how soon do you think until you officially ditch that target?

Mr PALLAS — Certainly from a government perspective we have never shied away from the fact that the freight to port target by rail is a target that is a stretching one. We need to recognise that the amount of material that can be moved to port is to some extent affected by circumstances beyond the state's capacity — for example, the reduction in agricultural produce, which is a substantial user of the freight to port network, and the erosion of the volume of goods that has been moved as a consequence of the drought is essentially an issue that will have a practical effect.

Freight carried by a rail to and from Victorian ports consists essentially of bulk goods, logs, containerised primary commodities such as meat and dairy products. The percentage of containerised freight carried by rail to and from the port of Melbourne has been stable in recent years as a result of the drought and the overall effect the drought has had upon volumes. The most recently available information indicates that there is approximately 15 per cent of freight which is carried by rail. The government is securing federal funding and making direct investments in order to achieve improved rail freight efficiency. Quite frankly, that is where the state should be. It should be in the space of putting in place tangible efforts to facilitate and improve the capacity of rail freight to port. We have provided $53 million towards the $73 million upgrade of the Geelong to Mildura railway line. This project has now commenced and will ensure that the line remains a viable option for the transport of export freight by rail.

We secured 110 million in AusLink funding towards the construction of the Dynon port rail link, which I spent a bit of time talking to the member for Williamstown about; the work of the ARTC to progress a $45 million project to increase rail capacity from Tottenham to Dynon rail terminals in the port of Melbourne; we have introduced a $21.4 million rail freight support package in February of 2008, which provides a rebate for export grain and containerised transport by rail; we have announced $42.7 million package to rehabilitate key intrastate rail lines and to undertake general maintenance of the network. This investment follows $25 million which has been allocated for urgent maintenance of the network following reactivation in May 2007 and further to the 13.3 million allocated in the 07–08 budget.

In the long term rail share of the freight network is expected to increase as truck costs increase as result of higher fuel costs, increased registration charges and driver shortages. The introduction of carbon trading also has the potential to shift some freight to rail. To date, rail has been uncompetitive for metropolitan freight to and from the port of Melbourne. As the metropolitan freight task is predicted to grow significantly, the 30 per cent target will be difficult to achieve, although work is being undertaken to determine the long-term viability of short-haul rail shuttles to Melbourne.

Mr SCOTT — I would like to ask about safer speeds on our roads. I refer the minister to budget paper 3, page 124, where there is a reference to a Safe System approach, and I ask: what initiatives will the government undertake to encourage safer speeds on our roads? On a personal note on road safety, I will just make a simple point. It is often talked about in statistical terms, but I know that many families, including my own, are touched by road tragedies. I had a number of distant family members killed in a road tragedy recently, so I would encourage any actions that lead to safer roads.

Mr PALLAS — Robin, I am sorry to hear that. I am sure that given the sort of human tragedy that is involved in the road toll, no matter how good Victoria's position appears to be in terms of its comparison with other states or internationally, we have come a long way, but there is a lot further down the road that we can go to basically live up to the fundamental proposition that every life lost on our roads is one too many. We have a reputation as being a world leader when it comes to road safety, and as the committee would be aware, slowing down actually does reduce the incidence and the severity of crashes, particularly when we are talking about vulnerable road users, and that is in particular pedestrians, and cyclists as well.

Each year speeding contributes to about 30 per cent of our road toll on Victorian roads, but speeding only actually has a relatively minor effect in terms of travel-time savings — for example, if you reduced your speed from 65 kilometres to 60 kilometres, over a 10-kilometre distance, you would actually only lose 46 seconds on the journey. Effectively I think far too often we get so caught up in the desire to get to where we are going, we actually lose a sense of exactly how much it is that we are actually saving and what we are gambling with as we go down that path. That is why the government has been committed to encouraging Victorians to slow down on our roads. We have been doing this through education campaigns, through reducing speed limits on our streets and through targeted enforcement measures. But one of the successful initiatives regarding speed has been the introduction of school speed zones. You will see at page 323 of budget paper 3 that we have invested $13.6 million in terms of putting in place 600 electronic speed signs at over 200 schools. In addition to that, $17 million has already been allocated to the installation of electronic speed signs outside Victorian schools. Since these new zones were introduced in 2003 we have seen a 23 per cent reduction in casualty crashes and a 24 per cent reduction in crashes involving pedestrians or cyclists around schools. It is an investment well worthwhile, providing real road safety benefits. For vulnerable road users such as pedestrians a small reduction in speed can be the difference between life and death.

I will just give you a handout which shows you the graphical description of what that looks like in terms of speed reduction. It is quite impressive. Effectively what this shows — —

Mr WELLS — Is this another handout?

Mr PALLAS — Yes.

Mr DALLA-RIVA — How come we get handouts for their questions and not ours?

The CHAIR — It was Kim who asked the last one, and he got one.

Mr PALLAS — If you ask the right ones, I will give you a handout.

The CHAIR — Minister, keep going.

Mr PALLAS — As you can see, this is research which shows the risk of death of pedestrians, which increases quite rapidly as the impact speed increases — for example, if you look at a 60 kilometre speed, the risk of death is effectively 100 per cent; it is as near as you get to a certainty in practical terms. If you look at a speed of 40 kilometres, the risk of death is around about 25 per cent, so actually slowing down speeds in those areas where there is a high risk of pedestrian interaction is a critically important thing to do.

Of course I was pleased today to announce and I am pleased to advise this committee that not only have we introduced some 18, 40 kilometre speed zones at strip shopping areas right across the metropolitan area, but today I have outlined the guidelines that will attach in terms of the operation of those speed zones and also announced the application for the extension of those speed zones to five other locations: Lygon Street in Carlton, Station Street in Fairfield, Glenferrie Road in Hawthorn and Koornang Street in Carnegie. You will also see that we are upgrading the shopping strip speed limits in Fitzroy Street, St Kilda. Rollout of these speed limits will better protect the safety of pedestrians and road users.

VicRoads will be releasing guidelines to further consider reducing speed limits at other shopping strips right across the state. Each year there are on average about 800 pedestrians killed or seriously injured or our roads, and about 40 of those on average are actually killed on our roads, so initiatives such as reduced shopping strip speed limits will be beneficial to pedestrians. Looking at the year-to-date figures in terms of where we are at, one of the things that does concern me is the increased level of pedestrian fatalities for the year to date. You will see that it is currently at around about 19 in 2008 compared to 12 at the same time last year, so we are 7 above. Provided there is a capacity to meet the criteria — 400 metres in length of a strip shopping area where there is continuous — —

The CHAIR — I have got a couple of candidates, Minister.

Mr PALLAS — Let me see if I can build the criteria that at least limits your expectations, Chair.

Ms MUNT — What are the criteria?

Mr PALLAS — They are 400 metres of continuous shopping — —

The CHAIR — I was just fascinated by this. Looking at it as a research paper, there is an enormous gain to be made between 40 and 50.

Mr DALLA-RIVA — Although I do note that it is a 1997 study, and putting my industry hat on, motor vehicles have improved substantially, as you would be aware, in terms of impact and the way they are designed to — —

Ms MUNT — That is impact with other motor vehicles, not impact with pedestrians.

Mr DALLA-RIVA — It is a worldwide issue.

Mr PALLAS — Richard, you are right. There are certainly impact issues associated — motor vehicle design has improved — but, to give you a more current example of how this has demonstrably tangible benefits, MUARC undertook an analysis of the 18 areas that we had trialled for the purposes of the strip shopping speed reductions.

Mr BARBER — What is that acronym?

Mr PALLAS — Monash University Accident Research Centre. MUARC undertook research, and they found there was a 17 per cent reduction in casualty crashes involving pedestrians at those locations compared to a similar other group of locations that were not similarly regulated in terms of speed. So there is a tangible benefit. I think we do have to balance up the needs of the community in terms of being able to have requisite mobility, but also in areas of high density of pedestrians I think it is incumbent upon the state to look at those areas in terms of being able to put in place appropriate reductions.

Mr DALLA-RIVA — Will the 40 km/h limit apply in the clearways?

Mr PALLAS — It can and it does in some cases.

Mr DALLA-RIVA — So the new areas you have nominated?

Mr PALLAS — No; not as an automatic thing.

The CHAIR — There are no new clearways.

Mr PALLAS — What is happening is that, for example , in Bridge Road in Richmond, that was one of the places that we actually trialled for the purposes of a 40 km/h zone. They have to meet the criteria in respect of the strip shopping speed reductions.

Ms MUNT — What are the criteria?

Mr PALLAS — The criteria are 400 metres of uninterrupted commercial and retail activity on both sides of the road; high density of pedestrian population interaction; and also community support, both the councils and the local community.

The CHAIR — Thanks very much.

Mr DALLA-RIVA — I refer you to service delivery — budget paper 3, page 139 — in regard to the 'Road projects completed within agreed scope and standards'. In respect of the 98 per cent completed of regional roads, my understanding is that the Geelong bypass stages 1 and 2 are delayed. Are they part of that forward estimates in the target of the 2 per cent that will not be completed? Are there other roads that perhaps you could nominate in the forward estimates in both those areas that you do not expect would be completed within the required time frame, given that you say there is a 2 per cent — —

What I am trying to get at is: are they major road projects that are not going to completed within agreed scope and standards, or are they minor roads, so to speak, comparators?

Mr PALLAS — I will let Gary deal with the more technical aspects of this response, but I can tell you that in respect of the Geelong ring-road there is a likely delay on the delivery of that project. We thought it would have been due about the middle of this year, and it is now likely to be due towards the end of the year. The reason there is a delay is essentially because of wet and cold weather coming into effect. That affects the capacity to lay bitumen.

Mr DALLA-RIVA — We can disregard previous evidence from the Minister for Agriculture when he said there is a drought in the country.

Mr WELLS — It must be exclusively around Geelong.

Mr DALLA-RIVA — The minister has given us evidence there is lots of drought.

Mr PALLAS — It has rained in some places — I can vouch for that fact. Does that necessarily mean that the drought is over? I think we had better get Bill back and ask him for an expert opinion on that.

The CHAIR — The minister, to answer the question.

Mr PALLAS — In respect of that issue, clearly we could have gone through a process of laying the surface. The advice that I have received is, if we were to lay a surface on Geelong ring-road, there was an unacceptably high risk that that would require further and additional maintenance further down the track, and quite frankly I prefer to get it right. In terms of the effective deliverables on projects, most of our road projects are either delivered on time or ahead of time. The reason they are being delivered ahead of time is essentially because it is so dry — and effectively good project management. But the dry weather has substantially contributed to not as many of the wet weather days that had been effectively factored in being used for the purposes of the delivery of the projects. In respect of the scope and standards and what is incorporated within the failure to comply with 2 per cent, Gary, might have something to add.

Mr LIDDLE — What I could say is, with respect to all the other substantial projects — like the Deer Park bypass or the Calder Highway duplication — all of those other substantial projects are on time and will be delivered on time, so the 2 per cent is in the next level of projects down. I do not have the details of the ones that are not.

Mr PALLAS — In fact I think I might have announced the Deer Park bypass is going to be delivered a little bit early.

Mr DALLA-RIVA — There is no rain cloud over there; it just must be over Geelong.

The CHAIR — That concludes the consideration of budget estimates for the portfolio of roads and ports. I thank you, Minister, and departmental officers for your attendance. The committee has a couple of issues to follow up, and we request written responses on those matters be provided within 30 days.

Witnesses withdrew.

CHAPTER 6: DEPARTMENT OF INNOVATION, INDUSTRY, AND REGIONAL DEVELOPMENT

Transcript of Evidence

6.1 Industrial Relations portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

6.2 Industry and Trade portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

6.3 Information and Communication Technology portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

6.4 Innovation portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

6.5 Regional and Rural Development portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

6.6 Skills and Workforce Participation portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

6.7 Small Business portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 16 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Ms W. Noonan	Dr W. Sykes
Mr M. Pakula	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 D. Hanna, Deputy Secretary

Mr D. Latina, Executive Director, Small Business Victoria, and

Mr J. Hanney, Deputy Secretary

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The CHAIR — The committee welcomes the Minister for Small Business, Mr Helper; Justin Hanney, Deputy Secretary, David Hanna, Deputy Secretary and David Latina, Executive Director, Small Business Victoria, Department of Innovation, Industry and Regional Development. I ask you to give a brief presentation — we are running a little bit behind time — on the small business portfolio.

Overheads shown.

Mr HELPER — Thanks very much, Chair. I look forward to this session as the last one was so enjoyable also. We will detail the nature of Victorian small business, what the government is doing to support small business, major achievements and priorities for the ongoing 12 months. The next slide shows that agriculture is indeed diverse and growing.

Mr WELLS — Small business is diverse and growing!

Mr HELPER — Thanks — small business as it applies to agriculture as well! There are over 482 000 small businesses in Victoria, representing 96 per cent of all businesses and 43 per cent of private sector employment, according to the ABS figures of June 2007. Over the last five years small business has experienced steady growth at 2 per cent, which is great to see. On small business challenges, business surveys have indicated that small businesses are concerned mostly by the difficulty of finding skilled staff, increased business costs from high-inflation interest rates et cetera, falling sales and cash flow from a slowing economy and the costs of complying with regulations. These concerns have been echoed during my visits also and by the two advisory committees that I have been fortunate enough to have serve me.

The government response to these challenges falls under four pillars. The Time to Thrive statement that was brought out a little time ago has four key themes to it to help small business tackle these challenges — providing business owners with skills they need to start and grow a business; reducing the amount of time businesses need to spend on compliance; providing a fair and competitive marketplace for small business; and reducing taxes and costs.

If we go into those key themes in a little more detail, with skilling small business for growth, over 7000 small businesses per year participate in programs to strengthen their business skills delivered through the Office of Small Business. Energise Enterprise is a fantastic annual event coming up in August. I encourage all members to look out for the range of events that will be on in 2008. In 2007 we achieved 26 000 attendances at Energise Enterprise, and 370 events throughout the month.

Allowing more time for business and reducing the regulatory burden has cut business costs by $30 million per annum, which is a great achievement; and also world-class services — and I can talk about them a little later — help small businesses deal with government in a more time-effective manner. A fair deal for small business means that for contracts under $3 million, government departments and 107 agencies must pay bills within 30 days or face penalty interest. Since 2003 the Victorian small business commissioner has provided low-cost dispute resolution for 4000 business disputes.

In terms of key initiatives for small business for 2008-09, it is expected that again over 7000 Victorian businesses will benefit from the Victorian government services. The government is partnering with Toyota to deliver the C21 Challenge — a program to assist small business auto part suppliers, and 30 000 people are expected to attend the program. Energise Enterprise, as I mentioned before, is in August 2008. The World-Class Service initiative will be further expanded, as I have discussed before, and business interactions are expected to increase from 140 000 to 180 000 in 2008-09.

The Victorian government will seek agreements at the next small business ministerial council meeting to harmonise retail tenancy provisions across Australia, and achieve other regulatory improvements across the nation. In cutting the costs of doing business the government will ensure that small business services continue to meet emerging needs of small businesses, keeping Victoria the best place to start and grow a business, and I want to leave you with this particular slide that indicates the Victorian government's success at reducing the costs of doing business in this state.

Ms MUNT — I have some experience in small business. I have been a small business person myself and my husband is a partner in a small business that has grown to a medium-sized business. I have some background in this. I was also on an advisory council to the previous minister, and we travelled around Victoria, speaking to small business on what their requirements were, and what would really help them out.

I have to put in here for the record that the Dandenong branch of the Victorian Business Centre does a wonderful job and is very helpful to small business in my electorate. I was also very pleased to attend the launch of the Small Business festival at Treasury Place, and there was a great deal of excitement there from the peak bodies and businesses that attended this initiative.

I refer you to budget paper 3, page 10, where it states that the budget provides $5.5 million over four years for the Energise Enterprise Small Business Festival. I think this is a great initiative for business to forge connections with each other, and I was wondering if you could tell me some more details about how it will actually operate.

Mr HELPER — Thank you very much for the opportunity to do that. When I became Minister for Small Business it happened to be in early August and I was blown away, as a new minister in the portfolio, at the energy and the enthusiasm that was around at the Energise Enterprise month in August, looking into it as a new minister. This was fantastic to see, and I quoted the figures before about the number of visitors and the number of events that we have. We have actually set a growth target for Energise Enterprise into the future. We expect that we will meet the target of 50 000 attendances at Energise Enterprise by 2011. We can refer to appendix B of the slides, which show the growth; so it is fantastic.

We need to explore the benefits at a number of levels. Firstly there is the benefit that happens through the upskilling of having small businesses exposed to opportunities to partake in sessions ranging through a whole range of business issues, be they marketing, be they specific industry issues — a whole raft of workshops and events. That is obviously the driver.

There is another driver. The number of organisations that actually put on these events is enormous as well. Through the Energise Enterprise month the relationship that is forged between the Office of Small Business and those many organisations is a great positive as well. The third benefit I would attribute to Energise Enterprise is the attention it draws to what an exciting space small business is. In the last session of the hearings we talked about the need for sectors to be recognised as being places that people want to work and want to become in et cetera. In that sense Energise Enterprise is a great celebration of small business in this state and builds on its standing within the community.

The funding of $5.5 million that we have committed is funded internally from existing budget allocations, but it will be brought to budget to deliver Energise Enterprise over the next four years. As I said before, we have a target of attendance of 50 000 people. Of course its promotion will kick off very, very shortly. There will be an events guide in the *Herald Sun*, which of course will reach the whole readership of the *Herald Sun* of 500 000 people. We promote it well, and I think our attendance numbers show that we promote it well. I look forward to August being another exciting Energise Enterprise month. Thank you for your support of small business in your area.

The CHAIR — You might want to consider it being a specific output in the future. I notice it is not there.

Mr WELLS — There will be a photo of you in that guide, Minister?

Mr HELPER — I do not know yet.

Ms MUNT — It would be improved if there was.

Mr RICH-PHILLIPS — Shall we take a wager on it?

Mr WELLS — A Tattslotto ticket on it?

The CHAIR — All right. Can we have a question about the estimates please?

Mr WELLS — I refer you to the issue of red tape. In the Treasurer's speech he states:

> The government continues our program of reducing red tape, and we are on track to meet our target of reducing the administrative burden of regulation by 15 per cent by July 2009.

Minister, can you provide a list of the regulations that have already been removed and regulations that will be removed by July next year? As minister, can you guarantee that the target will be met given the increased regulation that has been placed on businesses recently — for example, in the liquor industry? During the target period what sectors will actually see regulation increase in small business?

The CHAIR — As it relates to your portfolio, Minister.

Mr HELPER — Certainly. Thank you very much for the opportunity to talk about the government's efforts to reduce the regulatory burden. The government committed $42 million in the 2006–07 budget to its target of reducing the regulatory burden initiative. Now the initiative is a commitment to cut the existing administrative burden by 15 per cent by July 2009 and 25 per cent by July 2011, ensuring that the administrative burden of new regulation is met by an offsetting simplification in the same related area, and undertaking a program of reviews to identify necessary actions to reduce compliance burdens.

The ongoing development in my portfolio area — for example, the ongoing development of the world-class services initiative — will create a network for all federal, state and local government regulatory matters and make it easier for small business to deal with government, something that I certainly would have welcomed very, very much during my time as a small business proprietor.

The business consultation database which was launched in May 2007 is a vehicle by which we will engage with the small business sector on regulatory changes where anybody — but my responsibility is for small business particularly — may indicate an area of regulatory interest, so that when regulatory changes do occur, as inevitably they do as regulations sunset and are redrawn, those businesses are notified and their views and their experiences are drawn on to value add to the regulatory review that is associated with any regulatory change.

The other thing that my portfolio has done in the area of regulation is the small business regulatory impact assessment manual which has been available since March 2007, which of course adds to the understanding of small business considerations when agencies of government and government redraw and propose regulatory change. We are very proud of having done that.

Specifically what we are doing into the future: the Child Employment Act 2003 and its associated regulations are under review to identify and reduce administrative burdens on businesses seeking to employ children. A number of changes to food regulations that committee members will be aware of will be made as part of the government's response to the Victorian Competition and Efficiency Commission's inquiry into food regulation. I am informed that 22 recommendations made by VCEC were fully supported by government; 9 were supported in principle and 4 were supported in part. Also the Bread Industry Act, which essentially is redundant legislation, will be repealed as part of this response. They are the initiatives specifically in my area of responsibility that I draw your attention to, but we need to recognise the enormous effort that is going in across government in terms of reducing the regulatory burden on our businesses and on our community.

Mr WELLS — Minister, can you provide a list of the regulations that have already been removed, and which will be removed by July next year? Can you just give an assurance that the targets that had been set out by the government will be met?

Mr HELPER — What I will give an assurance to is that as Minister for Small Business I will be doing my darnedest to contribute to the whole-of-government's target of reducing the regulatory burden because I know how important it is to my stakeholders, the small business sector. That assurance I will certainly give you. Now the — —

Mr WELLS — The list?

Mr HELPER — If I can draw your attention to the statement of legislative intent by the government, that certainly lists the effort that we will put, in a legislative sense, to reduce regulatory burden. We have already had the debate on the first — —

What is the title of the bill to knock off redundant legislation?

The CHAIR — We have had two of them.

Mr HELPER — Yes, two of those already. They are all part of the effort. In terms of a list, I do not know whether I am actually the best minister to provide that to you. It is a whole of government — —

Mr WELLS — Just as far as your portfolio.

The CHAIR — Insofar as it relates to your portfolio.

Mr WELLS — Can we get a list from you regarding small business? If we could have a list, that would be great.

Mr HELPER — Yes.

The CHAIR — There is also the annual VCEC report which lists the regulations in place of course and it is updated annually. And we did a chapter on regulation reduction, cutting red tape, in our most recent report; I guess you can also look at that. Hopefully the government will look at the recommendations we made in that particular report.

Mr HELPER — Two examples I can put forward to the committee right now: shop trading poll regulations were repealed and the Bread Industry Act is to be repealed. For a department that has a finite amount of regulation, that is not a bad effort.

The CHAIR — If you can give us a copy of your proposed work program.

Mr WELLS — And what has been achieved.

The CHAIR — We have got that already in this one here, and we will get it at the end of the year in our outcomes questionnaire for this particular financial year.

Mr SCOTT — Minister, in budget paper 3 at pages 47 and 50 there is reference made to increasing exports. Could I ask what action will be taken in 2008–09 to promote automotive exports and support skills among automotive parts suppliers through training, mentoring and support of the automotive industry?

Mr HELPER — I welcome the opportunity to talk about what I think is a fantastic initiative and a recent initiative by the Office of Small Business. I referred to it as the C21 challenge. It is a program which grew out of Toyota actually coming to me late last year and saying that for the automotive industry to be competitive requires its supply chain to also be world competitive, and that is not necessarily the case at present. Toyota was putting to me what can we do to actually improve the competitiveness and the effectiveness and efficiency of our supply chain. We have taken on that challenge, hence the term 'C21 challenge', and are partnering with Toyota to put in place a program to build business skills, to build the capacity and the effectiveness and the efficiency of the tier 2 and tier 3 suppliers, and not only to Toyota because, as you would appreciate, many suppliers supply to the other automotive manufacturers here as well and indeed it will have a spin-off into export trade as well.

The program consists of a number of components. We look at the manufacturing efficiency of a particular supplier, working out is it best practice, is it a lean manufacturing solution to their particular manufacturing processes, and how can we add value and how can we provide some dialogue with them to build that. Then there is also a workforce planning review which talks about that often-mentioned issue of skill shortages, labour shortages et cetera. That particular component of the project draws on the My Business My People program, which if I get a chance I would love to elaborate on also. It also draws on the mentoring service. The small business mentoring service is, I think, an absolutely fantastic service where small business owners have the opportunity to actually have a sounding board, an business-experienced sounding board, to talk about the sorts of strategic issues that may be inherent in a particular business's direction forward.

We also understand that one of the issues that makes the supply chain to the automotive sector less than optimal is a lack of negotiating skills, of conflict resolution. If we can smooth the path to the productive relationship that needs to exist between suppliers and top-level manufacturers, then we can actually add some considerable efficiencies to that supply chain. The other thing is the automotive industry is a pretty complex one. Everybody thinks they understand it, but not necessarily everybody does. Another component of C21 is the automotive industry information forums, which are an important part of getting that higher-level understanding across the supply chain for the automotive industry.

The government is contributing up to $1 million to C21. That will support up to 50 car parts businesses over a six-month period to play a part in this program. I think this is a great initiative. I look forward to a successful conclusion to this particular phase of it. I would look forward to potentially applying it in other sectors with a view to those sectors also benefiting from greater supply chain efficiencies. If I can just draw the committee's — —

The CHAIR — Quickly.

Mr HELPER — You want to move on? Okay, go.

Mr RICH-PHILLIPS — I would like to ask the minister about the output funding. But just before that, just on your slides, Minister, you referred to payroll tax. Are you able to tell us how many small businesses actually pay payroll tax?

Mr HELPER — I would have to take that on notice.

The CHAIR — It is probably something we can ask the Minister for Finance.

Mr HELPER — I am just informed that it is about 10 per cent of small businesses.

Mr RICH-PHILLIPS — Is it 48 000?

Mr HELPER — Possibly less. That is a guess, so please do not — —

Mr WELLS — Possibly more?

The CHAIR — What is the definition of 'a small business', by the way?

Mr HELPER — Up to 20.

Mr RICH-PHILLIPS — With respect to your 'Small Business' output group on page 147, could you explain to the committee the $3.7 million increase in the expected outcome cost for the current year versus the budget, and also the decline in the 08–09 budget allocation for that output group versus the 07–08 budget?

Mr HELPER — Yes. If I can summarise your question, it is about the $4.5 million difference between the 07–08 expected outcomes and the 08–09 budget. Is that correct? When you it cut all down, that is what it comes to?

Mr RICH-PHILLIPS — It is between the 07–08 target and the 07–08 expected outcome — that is the first part — and then between the two targets.

Mr HELPER — I think a couple of factors come to bear on it. The first one is the caretaker arrangements during the 06 election, which resulted in a $2.2 million underspend in the My Business My People project, and that occurred particularly during its establishment phase. The second component of what contributed to that was the peak year in 07–08 of funding of the world-class services program such as this generally spent more in the establishment phase. It is a double program, front-end loaded. This year, the funding will fall by approximately $2.7 million to $5 million.

Mr RICH-PHILLIPS — That carryover was not anticipated at the time of the 07–08 budget, given it came after the caretaker period?

Mr HELPER — I could not refer you to the 07–08 budget paper and whether it was flagged as a potential carryover. I'm sorry, I cannot.

The CHAIR — We will catch it up in the outcomes.

Mr RICH-PHILLIPS — The decline in the target for this year versus last year has gone from 24.9 down to 24.1 , a decline of $800 000.

Mr HELPER — Sorry, could you repeat that question?

Mr RICH-PHILLIPS — The decline in the target from 07–08 , which was 24.9 million, down to this budget year, which is 24.1 million. That is a decline of 800 000 in the budget allocation for that output group.

Mr HELPER — Sorry, you are reflecting on the decline in the targets?

Mr RICH-PHILLIPS — Yes. Have you got the budget paper? Do you see the 07–08 target was $24.9 million, and the 08–09 target is $24.1 million, which is a decline of 800 000 from the previous budget to the new budget.

Mr HELPER — I apologise that it has taken a little while for the cogs to click. The Koori Business Network was subjected to some machinery of government changes, and it is the exit and the re-entry of the Koori Business Network into my portfolio responsibilities.

Mr RICH-PHILLIPS — Exit and re-entry?

Mr HELPER — Re-entry, yes, in an accounting sense.

Mr RICH-PHILLIPS — But it is a decline?

Mr HELPER — The Koori Business Network is my responsibility, and at one stage the proposition was to actually have it the responsibility of the then Department for Victorian Communities, and after further consideration the decision was reached to re-enter the Koori Business Network into the Office of Small Business.

Mr RICH-PHILLIPS — Shouldn't it have gone up then rather than down if you put it back in?

Mr LATINA — If I can clarify, Minister: the unit is sitting in there, the budget allocation is not against small business. So the Koori Business Network moved out and it is now sitting back in the department. The budget just has not followed.

Mr RICH-PHILLIPS — Right.

Mr LATINA — So the budget is still accessible and used by Koori Business Network; it is just not showing at present.

Mr RICH-PHILLIPS — And that will be a Department of Planning and Community Development appropriation, currently?

Mr WELLS — How much is that?

Mr HELPER — It is about 800 000.

Mr RICH-PHILLIPS — So when was that decision taken to reintegrate it into DIIRD? I am just curious why it is in the planning and community development appropriation.

Mr LATINA — It was over two financial years but it was an internal decision that in the end did not fully go ahead in terms of the actual physical shifting of the Koori Business Network. So there was a bit of an inconsistency between the budget reporting of that and the actual physical location of the Koori Business Network.

Mr RICH-PHILLIPS — So you effectively have been drawing on an appropriation from planning and community development?

Mr LATINA — Now I think Koori Business Network is definitely within the small business portfolio, and we have been drawing upon the DPCD appropriation, that is right.

Mr NOONAN — Minister, I wanted to go to the performance measures in small business which are covered on pages 146 and 147 of budget paper 3, and specifically look at the measure at the top of page 147 on 'Client satisfaction of small business information, referral or mentoring service'. I would like to ask you about the methodology. How is that 90 per cent client satisfaction figure set and ultimately measured?

Mr HELPER — Thanks for the opportunity to talk about that. The success of the small business mentoring program, as you indicate, is assessed through surveys, and as you identify, one of the outcomes of that

survey was that 87 per cent of respondents had taken action on the recommendations contained in the action plan that they developed with their small business mentor. That is a pretty feisty sort of success rate for the small business mentoring service. I cannot talk highly enough of the efforts that about 60 or 70 small business mentors put into giving back to the business community by giving up their time. There are nominal charges attached to the mentoring sessions, and their efforts very widely respected.

The methodology of how we go about that changes over time and changes between programs, but it is largely done through intensive survey work with clients that have engaged with a particular service, in this case the small business mentoring service. We attach a high degree of accuracy to that. Also we outsource that, so that adds to the rigour of it yet again. It provides across the board of the programs that are delivered by the office of small business some pretty spectacular success, acceptance and outcomes for the different programs that we run.

The CHAIR — Thank you very much, Minister. A final question?

Mr DALLA-RIVA — Minister, I refer you to budget paper 3, page 146, which relates to businesses participating in the 'My Business My People Program'. I am just trying to get clarification in terms of the forward estimates of the number '300' in the 08–09 target and I reference a press release that you sent out — —

Mr HELPER — Do you keep them?

Ms MUNT — You did send one out, Minister.

Mr HELPER — Please inform the Leader of The Nationals on this!

The CHAIR — This is the last question. We need to keep our focus.

Mr DALLA-RIVA — I pick yours up for all the spelling mistakes. I just enjoy fixing the grammar and spelling but that aside, there was a press release on Friday, 28 March this year 'Skills support for Victorian builders' and there was another one on 5 March. In those press releases you talk about the My Business My People program, particularly on 28 March this year, when you say:

> A further 65 companies will be able to access the program on top of the 300 who accessed it in its first year.

If I go to the target and the expected outcomes in its first year, there are 200. I am just trying to get clarification as to how you have measured the target in the forward estimates given that you anticipate another 65 on top of the 300 but you have only reported 200 in the expected outcomes. I am trying to get clarification as to what you are suggesting on 28 March and what the budget papers are saying, and how you measure the businesses participating in that program moving forward.

Mr HELPER — If we go to the 06–07 actual — —

Mr DALLA-RIVA — That is 65.

Mr HELPER — We are talking about the pilot period.

Mr DALLA-RIVA — Yes.

Mr HELPER — The 07–08 target included the — —

David, do you want to add?

Mr LATINA — The figures in terms of the media release were for the pilot period. The pilot period covers both 06–07 with the delayed commencement due to caretaker arrangements and 07–08 to that point. In terms of the growth of the program over that pilot period, it has been 365 to bring us to the end of 07–08.

Mr DALLA-RIVA — So it is 365 total but it is done over two financial years?

Mr HELPER — Correct.

Mr LATINA — From memory the original target for 06–07 was, I think, 100. Therefore the comparison was the target over the pilot period being 300, the outcome was 365 and that is where that figure came from in the media release.

The CHAIR — It exceeded their targets.

Mr DALLA-RIVA — You are anticipating a further growth in that period as well?

Mr LATINA — Yes.

Mr DALLA-RIVA — Thank you very much.

The CHAIR — That concludes — —

Mr HELPER — It is the transparency of your questions.

The CHAIR — No. It was a good question. It just needed some explanation. I thank the minister and departmental officers for their attendance today. We would ask that responses to the number of issues to be followed up be provided within 30 days. Thank you very much.

Witnesses withdrew.

Transcript of Evidence

6.7 Tourism and Major Events portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 7: DEPARTMENT OF JUSTICE

Transcript of Evidence

7.1 Attorney-General's portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

7.2 Consumer's Affairs portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

7.3 Corrections portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 15 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

Chair: Mr B. Stensholt

Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr B. Cameron, Minister for Corrections,

Dr R. Kelleher, Acting Secretary,

Mr K. Anderson, Acting Executive Director, and

Mr R. Wise, Acting Commissioner, Corrections Victoria.

Mr CAMERON — With me is Dr Kelleher, the acting secretary of the department; Kelvin Anderson, who is the corrections commissioner — he is acting deputy secretary at the moment, but his normal daytime job is the corrections commissioner; and Rod Wise, who is the acting commissioner, but is usually the deputy commissioner.

The CHAIR — You have a presentation for this portfolio which will take about 5 minutes; is that right?

Overheads shown.

Mr CAMERON — As is the way, we have a presentation about the corrections system, and we will fire that off.

First of all, on the corrections system — this is at last week anyway — how many prisoners were in the system? You can see the numbers are there: 3940 male and 245 female. In addition, the corrections system has to look after people on parole — that is, 1458 of those. That is interstate and commonwealth. People are dealt with under the commonwealth system, but the states do it behalf of the commonwealth. There is also 7800 involved in community corrections, over 2500 staff, 11 public prisons, 2 private prisons, 60 community corrections locations and 1 transition centre, the Judy Lazarus centre, which was opened about a year ago.

The next slide shows you the average prison population. You can see the growth that has occurred. It dropped there for a couple of years, and again there was very large growth during 2006; more growth during 2007 but not as large as 2006. Obviously there have been some policy drivers around that: restricting the use of suspended sentences on serious offences has been a contribution; sexual assault reform; obviously issues around major crime have impacted there on sentences; domestic violence policing — we are seeing that more rigorously dealt with; longer sentences; drug trends; a tougher breach policy by community corrections where people are on order, and community corrections being tougher about breaches; and also a reduction in the number of prisoners in police cells.

Here is a just a little bit of a graph about imprisonment rates and where Victoria sits vis-a-vis the other states. Just around community work — there is a lot of work happening around graffiti, and certainly corrections encourages partnerships with councils, and that has been quite active. The Better Pathways program we continue to see in the women's prisons, involving infrastructure works and program initiatives achieved, and obviously the management of high-security prisoners has been a challenge also. What we have seen is a new facility being opened there in recent times down at Barwon Prison.

The recidivism rates — we have continued to see in recent years the recidivism rates decrease. We see a little graph there to that effect. When you compare that to other states, you will see where Victoria sits. This is a very hard thing to compare like with like.

Mr WELLS — You are using a sample?

Mr CAMERON — No, it is very hard to compare like with like here, because we have a different prison mix, for example, to Queensland or other states. We tend to have more high-end prisoners, who are obviously the harder set.

The next thing is the challenges. Obviously the challenges are around prison growth and work within prisons to detect contraband and drugs, sex offenders in the community — and the management of high-security prisons remains a challenge.

In terms of the budget this year, new facilities, new beds, 594 new beds will come online over time: at Ararat in 11–12, 350 beds; 52 beds at Port Phillip; in late 09, 52 beds at Dhurringile; 40 beds at Beechworth; and 100 beds across the system. This will ultimately lead to additional staff, and over 100 of those will be at Ararat when that is operational.

In terms of the conclusion and looking forward, environmental management in Victoria's prisons, that essentially occurs around the use of water and working on that, also around land care with minimum security prisoners at Ararat, Loddon, Langi Kal Kal, Dhurringile and Beechworth. Corrections is always master planning and planning for the future, because corrections is one of those businesses where people turn up at your door, and they always take them in.

They are not like a hotel. They cannot turn anyone away. Master planning and contingency planning is always important. Very soon we will be seeing the opening of the new centre for indigenous offenders near Yarram. That is going to be the learning place. That is for indigenous offenders on a community-based order. They do not have to go there, but that residential unit will be an option. We believe there will be good take-up. That is it, in a nutshell. Obviously you will have some questions to ask about that and other matters.

The CHAIR — Thank you, Minister, for that presentation.

Mr SCOTT — In the handout you have just given us, you list under 'challenges' the projected growth in prison numbers. What is the government doing to address the growing number of prisoners in Victoria?

Mr CAMERON —In relation to prison numbers we might just go back to the graph. You will see the prison numbers listed there. Obviously there are factors at both ends here. One of the factors is some of the policy drivers, which I outlined, but at the other end it is also about trying to work on some rehabilitation measures and trying to continue to bring down the rate of recidivism. I will ask the corrections commissioner to go over those things.

Mr ANDERSON — As you can see from the graph, there was a levelling off of the prison population between 04 and 06. Essentially that reflects the investment there was in a strategy called the corrections long-term management strategy, which provided for new infrastructure but also provided for a number of diversionary programs and rehabilitation programs. We are seeing the effects of those through that period, and then, as the minister said, there have been a number of policy decisions which have meant the increase to the current prison population.

Although we are always reviewing the demand for prison places, we are at the same time developing a demand management strategy. That demand management strategy will essentially look at those groups of offenders that we can invest in to either hold them safely in the community or to provide different types of rehabilitation programs, which again will put, if you like, a brake on this growth in the prison numbers.

Mr DALLA-RIVA — In relation to the slide you had up there about new facilities — —

Mr CAMERON — Hang on, we will get the slide up, if you like.

Mr DALLA-RIVA — You ran through the increase in the new beds. I was trying to write it down quickly. Can you just run through it again? I know it is on the record.

Mr CAMERON — Of those, there are 350 at the new prison at Ararat, which will be next to the old prison — so a doubling of its activity. That will be 350 beds. There will be 52 beds at Port Phillip; 52 beds at Dhurringile; 40 beds at Beechworth; and there will also be 100 beds across the system.

Mr DALLA-RIVA — Relating it to the budget paper, this anticipation of growth, Mr Anderson made mention before about the increase because of policy decisions. I was trying to get clarity on what were some of the policy decisions and you say have impacted on the increase in bed numbers being required?

Mr CAMERON — If we just go back over some of the policy changes, you had the change in relation to suspended sentencing for various serious offences, which you will remember. That would have made an impact. Sexual assault reform and the way sexual assault matters are dealt with and the rates of conviction — that has obviously made an impact. We have seen the issues around major crime of recent years. Obviously that makes an impact and also makes an impact around high security prisoners as well.

Domestic violence policing and the fact that that is being more rigorously attended to also has an impact. The longer sentences — we are seeing longer sentences imposed by the courts. Also a toughening of the policy of community corrections, particularly in the last couple of years. People, for example, might be on an intensive correction order or a community-based order. The tolerance level there is substantially different to what it was. So we are seeing people breached more and taken back to court. That could result in any number of outcomes.

One of the outcomes of that clearly impacts on the number of people that are in prisons. We have also seen a reduction in the use of police cells. Now there is a lot less people in police cells than there were a couple of years ago. That also has an impact on the prison system. Collectively, in terms of cells and prisons, it does not change what the number might be, but you have more in one and less in the other.

Mr DALLA-RIVA — In respect of the increase, and it was one of my pet hates when I was there a while back — not in jail; I will clarify that — when I had shadow corrections I noticed the amount of relocatable prisons. Those increases that you have suggested — the 350 et cetera — are they a component of relocatables? Obviously Ararat is not, but are the others part of relocatables? If they are, is there a funding outcomes or requirements from the budget for those? Have they been moved from other prisons?

Mr ANDERSON — No, the 350 beds at Ararat will be stand-alone new facility. We will be co-joined with the existing prison. That will allow us to re-profile the existing prison also. We are calling the 52 beds at Port Phillip and at Dhurringile quick-build beds.

We will go to the providers and look for a solution to how quickly we can get those beds produced so that they will be online by late 2009. The 40 beds at Beechworth are the same type of construction as that facility which we opened only about two years ago, and the other 100 beds across the system will be a combination of better use of some of our facilities. At open prisons we have been able to use some existing buildings and convert those to accommodation, but there will also be an element of doubling up; for example, at the remand centre there will be a small number of double bunks put into a protection unit.

The strategy we have had for some time has been to use these flexible beds and to move into those flexible beds when our musters become high. Then, as permanent accommodation comes on, we are able not to decommission them but effectively mothball them and then go back into them as we need. You will see over the last two years we have opened the new remand centre with 600 beds at Laverton and the 300-bed facility at Lara. That allowed us to come out of some of our flexible beds and simply not use them. As the numbers have increased, as you saw on the graph previously, then we have been able to move back into that surge capacity. That is the same strategy we will use with the Ararat and Beechworth facilities. We will build new; that will allow us to come out of that flexible accommodation, and then if we do require surge capacity, then we move back into that flexible capacity.

Mr DALLA-RIVA — The quick-build beds — are they just a renaming of relocatables? Is that what you are calling them?

Mr ANDERSON — We are changing the name because we do not want to assume that it will just be a relocatable; it might be another way of building. For example, with the 52 beds at Dhurringile, because that is a minimum security facility, you would not need to build maximum security-type relocatable cellular accommodation. That might be a series of cottage-style accommodation where people can self-cater.

Dr SYKES — Are you increasing the Dhurringile ones because you are expecting to put a few quasi plug-the-pipeline terrorists away in the near future?

The CHAIR — I think that is probably off the subject.

Mr NOONAN — Just a quick point of clarification: these figures do not include youth detention facilities?

Mr CAMERON — No. The youth training centres are in DHS.

Mr NOONAN — Okay. My question goes to your second dot point in terms of challenges: detecting drugs and other contraband. As part of this budget what new measures have been or will be put in place to increase security and detect drugs and other contraband in the adult prison system in Victoria?

Mr CAMERON — Drugs and contraband have always been an issue in the prison system, but Victorian prisons are doing a good job on that front. We do not want to see them introduced into prisons, and obviously rigorous barrier control and systems are needed, and they have now been put in place. As part of the Victorian prisons drugs strategy, walk-through ion scanners continue to operate at Barwon, Melbourne Assessment Prison and the Metropolitan Remand Centre, and since they have been put in they have been very effective. They can also be used to detect explosives.

The Metropolitan Assessment Prison, Barwon, the Metropolitan Remand Centre and Marngoneet Correctional Centre all continue to use biometric identification systems — that is, iris scanning — to identify all persons entering and leaving the prison. You have to sort of register so they know that you are you. There are also security booths — you have to walk into the security booth — and that is in addition to hand-held scanners and X-ray

machines. I will ask the corrections commissioner to elaborate on that further and on how that regime continues to be effective.

Mr ANDERSON — Essentially what we are relying on is our intelligence collection system in order to target our effort at barrier controls. As the minister says, prisoners have a habit of trying to introduce contraband into our facilities, and it is not necessarily just the things that you would naturally think they would be interested in, like alcohol or drugs. For example, mobile phones would be a hot commodity, you can imagine, in prisons, and our challenge is that as those things become miniaturised with more and more plastic in them, detecting them through the normal means of metal scanning might not be that successful.

In our maximum security facilities we have moved to very sophisticated drug detection booths, which, as you have heard, can also be used to detect explosives. We then also rely very heavily on the use of our intelligence section and our passive alert detection dogs, which are trained to sniff around our visitors on a targeted basis looking for, in particular, drugs.

For an example of how successful we have been, from July 2007 to March 2008 we have conducted a total of 12 698 visitor PAD searches — that is, the passive alert dogs I was speaking about — and a total of 3231 vehicle searches. The vehicle searches are particularly important, because members of the public do not realise that as soon as they enter the car park of a prison they are in a prison — they are in a gazetted prison — and so that allows us to search those vehicles.

As a consequence of those searches the sorts of things we are detecting are cannabis, prescription drugs, alcohol, varieties of white powder, smoking implements and syringes, and we have even found weapons like knives, batons and tools being seized in those barrier controls. It is an important part of our work. To give you an example of the scale of this, at a recent search of a vehicle at the remand centre we detected 100 syringes in the car. Naturally when that occurs we involve the police, and then the police will take care of any criminal charges that follow.

Mr BARBER — This big upgrade to prison capacity seems to have taken a lot of people by surprise. What sort of exercise has the government been undertaking to project these numbers? If that has been done on the quiet, then what consultation do you do with stakeholders and with other groups before you move from predict to provide? What are the key findings of that research, and will we get to read about it publicly? For example, have you modelled the number of women or indigenous people who will be in this expanded system?

Mr CAMERON — I might get Kelvin to talk about that briefly, but as things change corrections has to forward project and forward plan. Obviously that is critical in the whole corrections system. As I said, people turn up at the doorstep and corrections take them in. To that end whenever corrections see a change in patterns they have to be able to adapt for the future. That is why we have put beds into existing prisons as part of the budget. On the existing Ararat site, effectively there has been a doubling of that. That is something which is supported by the Ararat community. But in terms of how corrections does its predicting and its modelling, the corrections commissioner will give you a run down.

Mr ANDERSON — Essentially we use two methods, but they both rely on a demographic model. We look at the growth in the population, the age and then work out what the offending cohort would be. On top of that we overlay some expert advice, and we certainly consult stakeholders at this point. Broadly though, stakeholders are in the legal or the criminal justice profession, and so what we say to them is, 'What will be the trends in the next five years? Will we see an increase in this type of offending?'. On judges, 'Do you think longer sentences will be given?'. That then goes into the mix. We are following very much on the projections that we have just presented in terms of the actual prison population, so we have been within — sort of — 5 per cent of those projections, and we are regularly re-doing them; we do them once every year.

Really the consultation with the broader stakeholders comes when we know that we have money to expand. In the Ararat facility, for example, we certainly went to the local shire and spoke to people locally about whether we would be welcome there. We were pleased to have their support, and then we knew we could expand that facility knowing there would be local support for it.

Mr PAKULA — Minister, I am interested in the new graffiti laws. Apart from knowing what the government is planning to do about graffiti, in terms of the forward estimates I would also like to know in terms of the corrections system what is the likely effect of those laws?

Mr CAMERON — Thank you very much. As you know there are new laws about penalties and on-the-spot fines which have been generally well received across the community; not by all sectors, but certainly by those who do not like graffiti. As part of that a continuing emphasis has been around community work involving graffiti. Corrections Victoria has ramped that up, and what Corrections Victoria likes to do is to work with the local community so that people who are on a community based order, for example, can do some graffiti clean up. Corrections Victoria had 8 graffiti vans. That has been increased by 6 in the last year so that there are now 14. They are in discussions with other councils — new councils — around the work that they can do. But they have been doing this program to a lesser extent for quite a while now.

Since 2005 the graffiti removal program has involved 7500 offenders who have completed over 84 000 hours of community work. They have removed an area equivalent to 13 MCG playing fields. Obviously we will be seeing more vans and an increasing ramp up of that, but we see this as an important way that community corrections can contribute to its local community, particularly where a council encourages it and wants to take part. But the corrections commissioner will elaborate further.

Mr ANDERSON — Yes, indeed. We are currently involved through 14 community corrections locations across the state, and we are in partnership with 26 local governments or community partners. There is a nice sideline to this. We have been able to produce the graffiti removal trailers at Ararat prison, so we have been able to build them in prison to our specifications, and then they are used by offenders in the community to go around and clean up the graffiti.

Essentially the graffiti removal is done in two ways. It is either done with the use of recycled water through high-pressure sprays or, increasingly, given the issues with water, we are painting out graffiti. The effect of this, apart from the aesthetics in the community, has been that recently I was able to view some of these programs. After they have been involved the offenders actually take some ownership of the site and are able to say, 'I cleaned that up. I would prefer it did not get done over again'. We have found that where graffiti is removed it stays removed for a considerable amount of time.

Dr SYKES — Is there a network there so the message gets out, 'Don't do it!'.

Mr ANDERSON — I think that might be pretty accurate.

Mr WELLS — Minister, I am just interested in home detention. Which section is home detention under in the budget papers? I am looking at page 176 of budget paper 3 — —

Mr CAMERON — Hang on. Budget paper 3 — —

Mr WELLS — Yes, page 176. There is a heading 'Prisoner supervision and support'. The other category is 'Community based offender supervision'. Which category does home detention fall under out of those two?

Mr CAMERON — Sorry. Which were the two you referred to?

Mr WELLS — Just on that page, Minister, page 176. There is 'Prisoner supervision and support' and 'Community based offender supervision'. Where does home detention fit in?

Mr ANDERSON — We fund and we have attached the home detention program through our prisons directorate and not our community-based corrections directorate. That is because it is both a front-end and a back-end system, meaning it can be given as a court option but also as an option that the parole board considers.

Mr WELLS — Why is that not in the budget papers? Or have I missed it somewhere? The program for home detention and the funding for it.

Mr ANDERSON — It is just not mentioned.

Dr KELLEHER — It is part of the bottom line.

The CHAIR — The 504.9 is part of the total. Presumably therefore the number of people on home detention is included in the daily average number of prisoners, is that correct?

Mr ANDERSON — No, it is counted separately.

Mr WELLS — Hang on, we need to clarify this. We have the chair saying one thing and you are saying another thing. Where do we find the number of prisoners who are out on home detention? Is it in the top section, or where is it?

Mr ANDERSON — It is just not counted.

Mr WELLS — They are not counted?

Dr KELLEHER — There is no specific output measure in relation to home detention, but the costs of home detention are included in the total output cost for prisoner supervision and support.

The CHAIR — Can you advise, either now or on notice, just how many are on home detention and expect to be on home detention?

Mr CAMERON — Yes, I think we know — —

Mr ANDERSON — We know how many people.

Mr WELLS — Has that always been the case, that you have not included it?

Mr ANDERSON — Yes.

Mr WELLS — Can I ask some questions then in relation to home detention? Obviously, how many do you have on home detention? How many breaches have there been for those who are on home detention? What have been the results of punishment in regard to the breaches by those who have been on home detention? I mean, how many have been returned to jail, for example?

Mr ANDERSON — Since the program started and until 6 May this year the referrals for the home detention program have totalled 705, but in total only 299 orders have been made — the rest having been found unsuitable. As of 6 May there were 28 orders that were current. That is not an uncommon figure. It hovers around that mark, maybe a little more, maybe a little bit less, but about 28. Of that, 249 orders have been completed; 17 were revoked due to breach, and those breaches have been dealt with by the parole board and resulted in imprisonment; and there have been 5 revocations on top of that 17 due to accommodation issues. Typically that might be where a co-resident has withdrawn permission for the person to remain. Out of that, 17 due to breach and then 5 due to accommodation issues.

Mr WELLS — I guess I was wondering about concerns about the partner not being satisfied, but that is fine. Kelvin, you said 17 were revoked, but how many breaches have there been?

Mr ANDERSON — That is due to breach. We treat all breaches seriously. The majority of those breaches related to the detection of drug and alcohol usage.

Mr RICH-PHILLIPS — All breaches result in revocation?

Mr ANDERSON — If we detect drugs and alcohol, we will put that to the parole board as a breach and it will consider what to do with it. If you are talking about a breach being outside of curfew hour, then I do not have that figure with me, but we could get it.

Mr WELLS — Can we ask for that on notice, please?

The CHAIR — Yes.

Mr WELLS — The total number of breaches.

The CHAIR — I know we have some fascination with figures and trends and statistics, but could I ask you what is the cost of prisoners per head of population, and how does this compare to other jurisdictions?

Mr CAMERON — Thank you very much, Chair. We do have some figures. Victoria had the third highest recurrent cost per prisoner day in Australia during 06–07. The recurrent cost per day is $212. That is above the average around Australia of $187. But it is a bit like I mentioned before in relation to the recidivism rates; it is very hard to compare the whole system with the whole system. That is because in Victoria we have a different

weighting of prisoners. We have far more medium and maximum security and a smaller number of minimum. Obviously maximum security costs more than minimum; there is obviously a hierarchy. The consequence of that is our system does cost more. That is really because of the lower prisoner rate. At the start I showed you that graph about what the prisoner rate was per head of population and Victoria was relatively low; I think it was only the ACT that was lower. That is because obviously we have the harder end of the market. I might ask the corrections commissioner if he wants to add anything further around those matters.

Mr ANDERSON — The per day cost also is influenced by the significant investment there has been in the rehabilitation-type programs, such as Better Pathways for women offenders. But also our expenditure per head of general population is extremely low. Victoria's expenditure is $75 per head of general population, compared to the national average of 105. I guess that is all I would like really to add. Our costs in terms of prisons, the public prisons are currently averaging $288.20 a day, compared to our private prison average of $254.30. But these comparisons are very difficult because each of our facilities is different — different size, different profile, so there is quite a variation within those figures.

The CHAIR — There was some commentary on that in our outcomes report just recently, but we may well follow that up in the future as outcomes rather than necessarily estimates.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the expansion of facilities you mentioned earlier, just in relation to the timing of the commissioning of those and the capital funding for them, in particular Ararat, Port Phillip and Beechworth. Can you give us an indicative time when they will be commissioned and what the capital funding is?

Mr CAMERON — Yes. I went over that at the outset, around the time line. I will just go back to my presentation notes. At Ararat that will be in the 2011–12 year. It is late 2009 at Port Phillip Prison, late 2009 at Dhurringile, 40 beds at Beechworth by 2010, and then the 100 beds across the system will be earlier.

Mr ANDERSON — By the end of this year.

Mr CAMERON — By the end of 2008. In relation to the total cost, in the budget papers you will see — — you will just have to excuse me for a moment.

Mr RICH-PHILLIPS — It was $12 million last year. Is that the funding for these?

Mr CAMERON — No. We will just get the figure out for you. Just give me one moment.

The CHAIR — In terms of what you are spending for assets for prisons?

Mr CAMERON — Yes.

The CHAIR — Yes, in appendix A on page 339 of budget paper 3; I assume it is 'Building confidence in corrections'?

Dr KELLEHER — That is it.

The CHAIR — That is $78.2 million, and $316 million over the four years.

Mr CAMERON — Obviously when it comes to Ararat we would not want to be putting a figure on that because that might be a little bit indicative to the market, so we do not intend to do that.

Mr RICH-PHILLIPS — But the Ararat funding, though, is built into that aggregate?

Mr CAMERON — Yes.

Ms MUNT — In your presentation you list 245 female prisoners that are currently accommodated within the system. I am no expert, but I would assume that female prisoners have issues that are specific to them. I was wondering if you could let me know if anything has been done in particular to address mental health issues of female prisoners and also to reduce the rates of imprisonment for female offenders.

Mr CAMERON — Having gender-specific initiatives is something that we support in Victoria. Victoria is a leader of this in Australia, and other states come to see what we do. There are different needs for women; they

are different from those of a lot of men. The 2008–09 budget provides an additional $7.7 million on the ongoing delivery of programs under the Better Pathways strategy at the Dame Phyllis Frost Centre, which is one the women's prisons. We have two: one at Dame Phyllis Frost, and the other one at Tarrengower, a smaller prison which is up near Maldon, in my electorate actually.

You ask me specifically in relation to a new mental health facility. That opened a little while ago; it is called Marrmak at the Dame Phyllis Frost Centre. We believe the establishment of that unit is very much a positive step forward, and to date all the feedback has been that that has been a very good advance. In addition there are other facilities which have just come online at Dame Phyllis Frost in the last 12 months, and I will get the corrections commissioner to take you over that, but also the reason why he so keenly supports gender-specific initiatives in the corrections system.

Mr ANDERSON — We were very fortunate to get $25½ million for the Better Pathways strategy, and, as the minister says, $7.2 million of that has been delivered on infrastructure; and in total it will go to about $18.3 million for programs to strengthen early intervention, diversion, rehabilitation and transitional support for women. You are correct: women offenders, by the time they come to prison, have been through the system. They have very complex needs. They have high-risk behaviours, and it is true that they have a history of abuse, both self-abuse — it might be drug and alcohol taking — and certainly there has been a high level of other abuse, physical and mental abuse of them.

There is also a high level of psychiatric need, so the Marrmak unit now provides 24-hour nursing coverage for 20 women offenders — prisoners, I should say. Why that is a benefit for us is that prior to having that facility the only options we could exercise for women who were displaying adverse behaviour, particularly at the Dame Phyllis Frost Centre, were management options. We are now able to use a supported mental health facility for them within the grounds of the Dame Phyllis Frost Centre.

The transitional programs have also been particularly successful. We have invested in a women-for-work program. To date 80 women have been placed in employment on release, with 46 of those women being placed in employment for a minimum period of 16 weeks.

We have also created an integrated program called the Women's Integrated Support Program for Transition, and currently that has supplied support to 190 women exiting prison, including some supported accommodation; and that also includes two transitional bail support facilities that we have, one in Mildura and one in Shepparton, to place indigenous women offenders released by courts to bail.

Also money is available to support women to complete their community-based orders. That was something that we found in our Better Pathways research: that there was a high number of women who were not able to meet their commitments to their community-based orders, particularly the program commitment. Why is this all so important?

We believe that if we do intervene heavily with these programs, we will be able to do something about reducing the reoffending rate of what is a relatively small number of prisoners in our system — any day about 250 to about 280 — so we think the investment is well worth it. There has been a reduction in the number of women in prison from a high a couple of years ago, so there are some early indications that these programs are working.

Dr SYKES — I want to take the opportunity to make a positive comment to you, Minister and Kelvin, in relation to the role of the inmates, I think from Dhurringile and Beechworth, in the post-fire recovery activities. Their assistance in fencing and other recovery activities was really appreciated by the local community. It gave them a real lift, and I would like to think it gave the prisoners a sense of satisfaction. So if you could pass that on to those involved, I would much appreciate that.

Mr~~ANDERSON~~— We would be delighted to.

Mr~~CAMERON~~— Last year some of them were umpires. Are they still umpires?

Mr~~ANDERSON~~— Yes, they are still involved.

Mr~~CAMERON~~— There was a shortage of umpires in the area. It was a very innovative community engagement despite apprehension at work.

Mr~~DALLA-RIVA~~— From football to forward estimates: just a brief question and one you may wish to take on notice; the issue that you have raised during this presentation has been one of the matter of drugs in the prisons, and obviously drugs in the community and the impact that that has in terms of prison population and the like. I have gone through the budget but I cannot see any sort of indication as to how specifically drugs are being addressed in the prison population. I reference it back to your table in respect of recidivism. Whilst I accept that the percentage is lower comparatively, it is still a high figure and obviously drugs are a component of prison. You relate it to the home detention as well and I am just trying to work out given that ~~— — I think it was Bendigo, Rod?

Mr~~WISE~~— Yes.

Mr~~DALLA-RIVA~~— Bendigo closed. That was a dedicated drugs prison. I have not used the right word but — —

Mr ANDERSON — It had a large program.

Mr DALLA-RIVA — It had a large part of the rehab population. What has happened to the prisoners from there and what programs do you have in place in the funding context to deal with those types of offenders who obviously have a high level of recidivism — I do not know but I gather they do?

Mr CAMERON — Yes. As you would appreciate from your past, if you took away alcohol and you took away drugs, there would be a large collapse in the corrections business, but of course we all face the realities of life. There was the program at Bendigo but as you know, there was a large rebuilding program and reconfiguration and there are now programs at Marngoneet. Kelvin, you might like to expand on that.

Mr ANDERSON — What we have at Marngoneet is a 300-bed program prison at Lara, co-located with Barwon, and that has three areas for therapy: one is sex offender therapy, the other being anti-violence therapy, and the third being our drug and alcohol program. While we do have drug and alcohol programs throughout the system, that ranges from drug and alcohol programs that talk about the harm that you do to yourself using drugs and alcohol, the intensive program is located at that facility. That is where we have focused all our clinical effort. Currently we have introduced a screening tool which streams people by their need for therapy, and they will be headed towards Marngoneet to get their drug and alcohol treatment.

In terms of proving the point, we have a random drug test program and during 07–08 it was 1.98 per cent of those tests that came back positive. Between the barrier controls and therapy we are seeing a reduction in the number of people returning positive results while they are in jail. This is one of our constant challenges, of course — to keep drugs out and to stop people from using drugs.

The CHAIR — Thank you very much. That concludes consideration of budget estimates in the portfolios: Police and Emergency Services earlier; and Corrections now. I thank the minister and departmental officers for their attendance today. There are a couple of issues that have been put on notice there. We will follow up in writing on those and we would like replies within 30 days. Thank you very much, Minister, for your attendance.

Witnesses withdrew.

Transcript of Evidence

7.4 Gaming portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

7.5 Police and Emergency Services portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 15 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr B. Cameron, Minister for Police and Emergency Services,

Dr R. Kelleher, Acting Secretary, and

Mr K. Anderson, Acting Executive Director, Police, Emergency Services and Corrections, Department of Justice; and

Chief Commissioner C. Nixon, Victoria Police.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of police and emergency services; and corrections later. On behalf of the committee I welcome Bob Cameron, the Minister for Police and Emergency Services and the Minister for Corrections; Dr Roslyn Kelleher, the acting secretary, Department of Justice; Christine Nixon, the chief commissioner, Victoria Police; and Kelvin Anderson, acting executive director, police, emergency services and corrections. 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 they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers can approach the table if requested by the minister or his chief of staff. Members of the media are also requested to observe the guidelines for filming and recording proceedings in the Legislative Council committee room. I remind you that filming is to be of the person who is speaking. We have allowed two cameras in this year. I remember reminding people that last year, but one of the television crew did not follow the guidelines. If they are not followed, then obviously we will change the guidelines.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn; however, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript, and the committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. 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 ask the minister to make a brief presentation. Are you going to make both presentations together, or do you wish to do police and emergency services first and then follow it with corrections?

Mr CAMERON — My understanding was that we were going to do the police first.

The CHAIR — Okay.

Mr CAMERON — We are going to do 10 minutes on police — —

The CHAIR — Yes, 10 minutes on police and then 1 hour and 55 minutes for questions.

Mr CAMERON — Two hours altogether?

The CHAIR — Correct.

Mr CAMERON — Thank you very much, Chair. You have already said who is with me today. As will be the normal practice in answering questions, some of those people will be able to provide some assistance to you in your deliberations. We have a little slide show, as is always the way just to kick off with the PAEC, so I ask you to look at the slide show and we will go from there.

Overheads shown.

Mr CAMERON — First, we have the justice budget. This really just shows the budget breakdown in the justice portfolio. The total budget of the department is $3.58 billion for the coming financial year, and that is up from $3.15 billion in the current financial year. In my portfolio we have police & emergency services and corrections, and that accounts for 72 per cent of the department's budget. The Police 7 Emergency services budget for 08–09 is $2.01 billion, which is an increase of 8.6 per cent on the current financial year. The total corrections budget for 08–09 has increased from 500.7 million to 570 million, or a 13.9 per cent increase, and no doubt we will deal with those issues later on in the morning. The police & emergency services portfolio budget consists of Victoria Police, the Office of Police Integrity and a component of the infringement management system. There is also the emergency services that obviously make up part of that total budget as well.

The next graph looks at the police budget, and you can see the increase that we have seen since 2000–01, and that represents a 73 per cent increase. If you have a look as it goes through, you will see that 73 per cent increase. Certainly a part of that has been the strong emphasis that the current government has placed on police, and also on

the effectiveness of the chief commissioner in advocating the needs of police to bring about that large increase since the time of her appointment.

The next one is about police numbers. Really it is just a slide that you are all pretty well aware of. During the 90s there was a decrease in police numbers, and the increase you see going through with the target at the end of this term of Parliament of 11 250.

If we go to the next slide, just to look at 07–08 and police flexibility. Certainly in "The Way Ahead", which was launched earlier in the year by the chief commissioner and the Premier, it is really the next five-year plan for Victoria Police, with the resources that police have and what the focus is going to be. During that five years there is the target of a 12 per cent reduction in the crime rate and a 30 per cent reduction in road toll and trauma. Obviously there is a focus on crime, public safety and road safety, connecting the community and organisation wellbeing. No doubt during the course of the next couple of hours we will have a discussion about some of those matters.

If we go to the next slide, obviously flexibility is very important and something that the chief commissioner was very, very keen to see as part of the EBA between the police union and herself. That EBA settled last year. As part of those discussions and arrangements it was agreed that with the existing resources and the committed resources that there would be a 10 per cent reduction in crime in the next four years. It was good to see the police union and the chief commissioner coming to that agreement. Also a key part about the flexibility — and the chief commissioner will be able to expand on this later — was having the right people at the right place at the right time, and obviously some of the flexibilities that have to come about to bring about an even better police force is something that obviously we all have a vested interest in. Some of that of course is flexible rostering, new career structure, and also fixed part-time officers as well, to bring about flexible deployment.

If we go to the next slide, have a look at the crime rate there since 91–92. What we have is a situation where we have had decreasing crime during the time the chief commissioner has been in that post — a 23.5 per cent reduction since 2000–01. Crime statistics were computerised in the early 90s, and we have the lowest level that we have seen since that time. I know I only have a couple more minutes.

The CHAIR — That is correct.

Mr CAMERON — I will hurry along before getting prompted.

We go to the next slide. You see the areas of assaults and you can see what has happened with assaults in time. What we have done is we have categorised assaults around family violence and non-family violence. That is very important. As you will know, in 2004 there was a new code of practice introduced for the way police deal with family violence — that is, they will treat family violence just like other crime. Obviously that has made a difference to the numbers. But what you will see in relation to general assaults, as in non-family violence assaults, is that increase a couple of years ago. That has been of concern, and that is what there is a fair bit of emphasis on at the present time. Part of those initiatives has been the banning notices introduced around public order in entertainment precincts, of which two are in place; the statewide licensing task force; the safe city task force; the safe streets public safety research project; and what you have seen more recently announced in relation to the trial of the 2.00 a.m. lockout.

On the issue of road safety — no doubt there will be a discussion about that — there are always considerable challenges. We have seen the challenges with hoons and the way that is working, and drug testing, where Victoria is a leader in the world. The metro and country road tolls do vary, but they do present also different challenges. But what has to be said about the road toll is that Victoria has been a pacesetter and we do want to continue to see the road toll come down. This year, as in where we are at this time this year, is above last year, and obviously that is a great concern to police. Part of that also is the way overrepresentation of motorcycles.

In terms of the 08–09 budget initiatives, what we want to make sure is that by June 2009 there are 11 100 police; supporting forensic capability; the ongoing maritime security commitments; and also around audiovisual recording equipment — the upgrading of that and the benefits that that will bring to police. There is also the police stations priority upgrade program, additional funding for the OPI and the SIM, and also for specialist equipment.

In emergency services we have seen since 1999 large increases in the commitment to emergency services. They do a fantastic job. We believe that has been a very important initiative of the government. In terms of volunteer

numbers in emergency services, the graph there shows you the number of volunteers. Obviously sustaining volunteers is very important. All of the organisations are committed to that, and they are doing a great job.

We have seen big events in the last year: floods, in particular in Gippsland; the storms of more recent times; and wildfires. We have seen the CFA turn out to a lot of wildfires. It is a great credit to it that it has been able to get on top of them very, very quickly before they have been able to get out of control.

In terms of budget initiatives, the CFA radio replacement program is very important for the future; technical rescue vehicles and fire trucks for the CFA; replace and upgrade essential emergency response equipment for the SES; and also a CFA volunteer fund.

We can just conclude that the emphasis for police is around *The Way Ahead* — the strategic plan. In emergency services it is integration and cooperation and sustaining the volunteer base. Can I just say we are very fortunate as a state to have a great police force and great emergency services.

The CHAIR — Thank you, Minister. Just to start off in terms of questions, a question I am asking all ministers and departments is one of the areas we are looking at this year, and if you looked at the outcomes report we produced recently, is we are interested in revenue forgone, subsidies, concessions and this sort of area that many departments are involved with. I wonder if you could outline if there are any concessions or subsidies within your portfolio, and any changes in this year's budget.

Mr CAMERON — There are a number of areas in police and emergency services that provide concessions or subsidies. They range from Victoria Police, where Victoria Police provides waivers in relation to police attendance at charitable and community events. There are waivers of certain fees under the Firearms Act, and there are police record checks that are provided at a reduced fee. Also, with traffic infringements there are circumstances where police issue an official warning as opposed to a fine. If someone gets a fine and they immediately write to police, they have had a good driving record of recent times, they have not been going too far over, police instead will convert that to an official warning. Obviously there is revenue forgone as a consequence of that.

In the emergency services, both the CFA and the Metropolitan Fire Brigade acts provide for agencies to recover reasonable costs and expenses from uninsured property owners. It is at the discretion of agencies as to whether they waive those costs or not. In relation to corrections, they do not provide any subsidies or forgo revenue — —

Mr WELLS — Thank goodness.

Mr CAMERON — Which you would probably expect.

Just going to Victoria Police, the main thing is around events. When police attend large events where the organisers want police to go, and this is a long-term arrangement, there is a fee charged. Obviously if police are going to a fete or a charity, there are generally arrangements entered into as a consequence of that and my understanding is that $0.347 million was waived as a consequence of that in the last year.

The CHAIR — Thank you, Minister. Indeed there is an event on this weekend in my electorate with the police soccer team. We very much appreciate — —

Mr CAMERON — We will take that as idle commentary.

Mr WELLS — Minister, given the fact that it was part of Labor's election commitment in the lead-up to the 2006 state election to provide $10 million funds to Victoria police command to enable them to equip all police with appropriate weapons for the job that they are undertaking, and further in the 06–07 Victoria budget overview for community safety and justice, a $14 million commitment to provide police on the beat with improved weapons and equipment, can I ask you without the spin and excuses and bull dust when are members of Victoria police actually going to receive these new weapons?

Mr CAMERON — As you pointed out, part of our election commitment was $10 million, but what you said was that it was actually $14 million and that was a commitment in relation to weapons, of which $10 million was to go into a weapon fund. We did that. As you did not mention at the outset, part of our election commitment was that for a strong society what we had to have was independent operational decisions, and one of those operational decisions would be that police themselves would determine what they wanted to do in relation to

weapons. To that end the chief commissioner and police command have been doing work around that matter. Do you want to add to that matter?

Chief Comm. NIXON — I do. I am quite happy to. Obviously the government did provide the initial funding and we then looked to establishing an external advisory committee which was made up of people from the community, from defence, from a range of other locations to actually consider the issue of the best firearms for the way forward. I understood from the government that I had the discretion to determine what was the most appropriate way to go forward and whether or not in fact it was a new firearm or whether the money was used on increased tasers or a range of other options. A week or two ago we received the report from the independent committee and they have made a recommendation. What I have now asked my finance and business management people to do is to look at the implications of that recommendation and determine a way forward: what kind of cost would be involved; what kind of firearm if we did move to a semiautomatic as the most suitable. I have also asked them to look at tasers — taser is actually a brand name — and these kinds of weapons and determine the best way to go forward. I very cautiously manage the money that the Victorian government has given me and did not want to go forward without having given due diligence to thinking through the issues and also the implications for the state in terms of changing to a different firearm.

Mr WELLS — To clarify that, Chief Commissioner, you are saying that it is an issue of finance in regard to selecting a new weapon moving forward?

Chief Comm. NIXON — No, it is not an issue of finance. There are varying views, as you would know, about the current firearm, which is a very stable, very successful model .38 Smith & Wesson firearm. It has been a good support to Victoria Police and many, many other police organisations and so it is also often described as police-proof. That means that when you fire it at someone it works and that has not been the history of semiautomatics. In fact when I have watched semiautomatics introduced in New South Wales, I have also watched a number of police officers shot during the training program. They can fire on occasion when you drop them so part of the point was to make sure what kind of firearm was available and then to determine how it would be implemented, whether it is personal issue, and then if there were additional costs to be extended we would obviously come back to the government and discuss that with them.

Mr WELLS — Just finally, to clarify: is it true that firearms training for recruits out at the academy has been reduced from two days to one day?

The CHAIR — I think that is a separate question and you can ask that next time.

Mr WELLS — What is wrong with answering it now?

The CHAIR — It is not a clarification. We are following normal procedures.

Mr WELLS — It is to do with firearms.

The CHAIR — You can ask it next time. Ms Munt?

Ms MUNT — Thank you, Chair.

Mr WELLS — I think you should give the chief commissioner a chance to answer that.

The CHAIR — You can, next time you ask the question.

Ms MUNT — Like most people in the community I have a deep concern with family violence, and I would like to commend Victoria Police for the zero tolerance strategy that has been in place. Are there any other measures or initiatives included in this budget in relation to family violence?

Mr CAMERON — Thank you very much, Ms Munt. As you set out in your preamble, family violence is obviously of great concern. Traditionally going back over the years we have seen a change in approach to family violence. Police now have an approach that family violence is violence, let us not try to talk about it in different terms. It is an issue that we need to tackle. Tackling violence in the home is also important because if children are brought up in a culture of violence then you obviously have the situation where violence begets violence. You do see that intergenerational violence which is obviously something we do not want to see, so being firm about family violence is very important. That is why the chief commissioner has really made this a substantial issue for Victoria

Police, and is why the code of practice was introduced in 2004. If you go back to that graph I showed you at the very outset you will see a large increase in the way police tackle assaults and do treat them as assaults. The chief commissioner might want to outline some of the initiatives and some of the things that are happening around family violence because it is such a serious issue.

Chief Comm. NIXON — I think what we have seen is a gradual change in the way the community recognises family violence. I think since 2004 with the support from government in a range of ways a whole-of-government approach was adopted, which meant that we were able to work with both the community and other government departments in trying to raise the significance of this issue and then in fact ways to deal with it. We have seen an increase in reporting rates. We have also seen 183 per cent increase in charging rates for when police attend, and 169 per cent increase in family intervention orders being taken out by police. It is a gradual process of progression and change. Obviously courts have now been put into place as family violence courts, but it is a continuous process of reform and change and much of it is cultural. I think it has been very successful and there are other states that are following our model.

Mr RICH-PHILLIPS — I would like to ask the minister about stress claims in Victoria Police. Before I do, I am just wondering if Ms Nixon wants to clarify the matter Mr Wells raised about the reduction in firearm training at the academy?

The CHAIR — As I have said before we are meant to be concentrating on the estimates, and the procedures follow the Legislative Assembly.

Mr RICH-PHILLIPS — You are happy for this to hang in the air, Chair, and not be addressed.

The CHAIR — If you wish to ask that question, that is fine. We all get to ask one question; we just keep going around. You can make your decision as to which one you want to ask.

Mr RICH-PHILLIPS — Minister, can you confirm that firearm training for recruits has been reduced at the academy?

Mr CAMERON — I do not know that — chief commissioner?

Chief Comm. NIXON — No, it has not been reduced for recruits at the academy at all. Recruits are still given the same length of training in firearms they always had. I think what you might be referring to is that we made a decision recently that officer safety training, which is conducted at the academy for experienced police officers, be reduced for one particular period of time from two days to a day. We have four days training a year, and we decided to reduce it. But it was not actually the weapons training that was reduced; it was the lectures and other parts of that training — but certainly not for recruits.

Mr RICH-PHILLIPS — Why was it reduced?

Chief Comm. NIXON — We made the decision that that was a reasonable thing to do. Our officers had told us that they thought it was unnecessary — the additional training in other material. Some of that material is delivered in stations at readouts, and they believed that it was not necessary.

Mr SCOTT — Minister, I would like to refer you to both your presentation where you talked about a target of 30 per cent reduction in the road toll and trauma to 2017 and also to budget paper 3, pages 163 and 164 on transport and road safety matters and I ask: what are the police doing in this budget to assist in reducing death on our roads and assisting the government's Arrive Alive 2 strategy?

Mr CAMERON — Thank you, Mr Scott, for your question around the road toll and tackling the road toll. I have a couple of slides in relation to the road toll which I will get you to have a look at.

Overheads shown.

Mr CAMERON — This is a little graph where you see what has happened to the road toll in Victoria over time and the big changes that have occurred that have brought about the drops. If you go back to 1970 you can see that we had 1061 people killed on the roads; that was a terrible number. If you have a look at last year, it was 332; that is about one third. But you have got to think that during that time there are I do not know how many more cars on the road, but there it is probably three times as many cars on the road. That has been a great achievement

and a great change in the attitudes of people, and obviously the government has played a large role in helping to bring about the change in attitude. You can see that seat belts made a big difference; alcohol breath testing made a big difference; the introduction of speed cameras and random breath testing have made a difference; increased camera hours has also made a difference.

I will go to another graph that shows you road deaths per 10 000 vehicles, and you can see what has happened in more recent years. If you go back to 2001, there were 1.34 deaths per 10 000 vehicles. If you go to last year, there were 0.87, the lowest that we have ever seen. You are seeing a very large drop just over six years. That is obviously something we are all very pleased about, but of course it is not something that you can take lightly; it is something that you have to continue to work on.

Unfortunately, if we compare where we are now to this time last year, we have seen 128 deaths. That compares to 110 last year. Obviously that is of great concern to the community and of great concern to police. Dr Sykes will be interested to know, as he was last year, about deaths in the country and metropolitan areas. While these things statistically vary, this year the number of deaths in the country was 29, compared to 38 last year. But in the city there were 24 this time last year, and now it is 33 — that is when it comes to drivers; there are other numbers. If you look at overall drivers, passengers, pedestrians and motorcyclists you have got 61 in the country so far this year in 2008, compared to 50 last year. We have seen a lot more motorcycle deaths in the country this year so far. In the city there have been 67 deaths so far this year, compared to 60.

We are concerned about motorcyclists because there have been 20 deaths of motorcyclists compared with 14 this time last year. They are always way overrepresented compared to cars. Overall we have seen 20, compared to 14, and that is something that continues to be a challenge. What we do see is police out there enforcing. Obviously there is the issue of visibility, and you would have read about blitzes in more recent times. The issue of the road toll is very much a concern to us. The chief commissioner might want to add to that.

Chief Comm. NIXON — Can I just add that there are two groups of people we are most concerned about. One is motorcyclists and the other is pedestrians. The minister made the point about motorcyclists. What we are seeing is an interesting trend of primarily males over the age of 35; and this morning I have to say we had another male who was 35 years old killed on a motorcycle in Sale.

We intend to work with the motorcycle associations to understand what this problem is about, but we are seeing a significant rise in that category, and again with pedestrians. So we are funding additional operations to try to deal with pedestrians who obviously in some cases are under the influence of alcohol and others not, where they are injured on the road or killed. We have got a new plan that we released on road safety, and we are working very strongly to try to keep the road toll down. We have, I think, one of the best road tolls in the world, but we are at a point where we have to focus more on the issue to try to push it down, because we should not just settle for the 330 or so where we have been; we should not settle for anything less than zero.

Mr CAMERON — Just on pedestrians, there have been 19 killed this year compared to 12 at the same time last year.

Mr DALLA-RIVA — Is there an increase in the road toll over the holiday breaks?

Chief Comm. NIXON — No.

Mr DALLA-RIVA — Do you notice a trend in that?

Chief Comm. NIXON — Sometimes when you see more traffic on the road you would expect that it might, but in fact we are not seeing that. Principally we are getting one or two every day, which comes to the 330 or so, and I guess that is the point. This year we have just been surprised to see how many, because we are 15 over, compared to 2007 but our traffic experts are actually telling us that there are previous years when this has been the case and when you really do put a heightened effort in you can bring it back down, and the community starts to see the problem. What we think about this issue is that they are often older. They may not have been riding motorcycles for some time and then decide to buy a motorcycle because they can afford one.

Mr DALLA-RIVA — A mid-life crisis, is it?

Chief Comm. NIXON — I was not going to say that.

The CHAIR — It might be the high price of petrol, because it is cheaper to ride a motorcycle.

Chief Comm. NIXON — There is some evidence of that.

Mr CAMERON — There is a serious issue of, you know, middle-aged blokes who have got a bit of coin — —

Mr DALLA-RIVA — That's money, for the record.

Mr CAMERON — They have had a licence for 20 years. They had a 250 or 350 the last time they hopped on a bike, and they go out and they buy a 900. They are not young and agile and as strong and fast as they were.

Mr DALLA-RIVA — How many police motorcycle officers do you have, and do you think there should be an increase in the funding because of that increase? I just digress, but I am interested in clarity in the funding; that is all.

Chief Comm. NIXON — There is a real decision we have to make about motorcycles. I cannot tell you the exact number, but part of the decision our assistant commissioners make is about whether they can be ridden at night, because, again, it becomes far more dangerous for our own members to be riding them at night, and so we will often take them off a bike at night and put them into cars, and have two of them working in a TMU car. We have some — we use them for ceremonial purposes; we use them for traffic tasking. We are actually buying some more bikes, which will be undercover bikes so that we can actually work on this in a different way, particularly on the coast roads and up the mountains and down the Mornington Peninsula way as well.

Mr CAMERON — And specific operations around that.

Dr SYKES — Finishing off the bikes, there is a levy on motorbikes. Is that being allocated directly to improving motorcycle safety, or is it being dissipated into other use?

Mr CAMERON — That is a TAC levy, and it is administered by the TAC, but that levy is used around safety-type things for motorcyclists.

The CHAIR — All right. We will ask Minister Holding that.

Dr SYKES — My question relates to police numbers. Based on the graph that you presented earlier, there is an election commitment in November 2006 to increase police numbers by 350 by 2010. There is some pre-budget publicity about an extra 100 this year. Is that within that?

Mr CAMERON — Yes. In terms of where things were funded last year, this year there is funding for another 100 so that by the end of this year we will be at 11 100. At the moment there are just a bit over 11 000. Police are carrying a bit more above their budget. Obviously you would appreciate that in a large budget some of these things are a little bit cyclical, but that is where we are at.

Dr SYKES — Okay. The ongoing issue, which I am sure you are well aware of, is this debate about total numbers on the books versus numbers on the beat. I think it was at the budget estimates hearing last year that there was a question asked about auditing of the numbers on the beat to address the issues that we hear from stations such as Wangaratta and Wodonga where — I think it was Senior Sergeant Shane Downie who has been quite outspoken — the numbers are not stacking up where a lot of people are on stress leave and other forms of leave. Has an audit been done to address this issue that is out there in the public arena and quite damaging to the police? If so, is that information going to be available?

Mr CAMERON — I will pass to the chief commissioner in a moment. Let us just say the chief commissioner knows how many police there are because she has to pay them, so in terms of an audit that is pretty simple. Every second Thursday that is evident.

Dr SYKES — But they get paid whether they are on stress leave or on the beat.

Mr CAMERON — If you want to ask about WorkCover and stress and the like, I am happy to deal with that.

The CHAIR — Minister, we will just take one question at a time.

Mr CAMERON — Okay. You might want to ask about that, but in terms of how many there are, the chief commissioner knows how many there are because she pays them.

Dr SYKES — That is the number on the books. My question is the difference between the number on the books and the number on the beat and whether that can be answered by an audit.

Mr CAMERON — In terms of the numbers on the beat and on the books and the audit, as you say, in relation to last year, as part of the EBA there were discussions between the chief commissioner and TPA around this matter, and that matter — to my memory — was reconciled. Chief commissioner?

Chief Comm. NIXON — Just taking one step back, we have in fact added 1702 additional members to Victoria Police since 1999. What we have done with the vast majority of those members is they have gone out into operational areas on the street.

The definition is the problem, and perhaps my answer might be a little different to some others. When we look at police officers who are out there, we are talking about crime scene officers, we are talking about detectives, we are talking about traffic management unit, we are talking about people responding to calls for assistance. The vast majority of those police officers are out there dealing with the community on a daily basis, and I see those people as being what I call front line or out there directly delivering services to the community. So we do know where our officers are. We have had an audit conducted as part of the police allocation model, which requires us to know — obviously in detail — where our officers are. It was externally audited as well by an accounting company who came in and looked to see that we were being accurate about where our members are.

I think the argument, to cut to the chase, is really around people saying, 'Yes, we have got members off sick'. We are always going to have a proportion of our members off sick, but I have to say we have far less than we used to have, so that is also adding to it. Perhaps in other ways we are now looking to be far more flexible in the way our members take leave so we have the right police at the right time in the right place. I have heard the argument, but we are not short of police in the sense of numbers. We are up to strength. We have in fact an additional 149 who are paid for by the federal government and deployed at the airport and in international deployment. We use our members well, I think, and in some places you are going to have incidents occur in local stations where they might believe they are short, but they are given the appropriate numbers of officers to operate.

Dr SYKES — But the matter in Wangaratta has been ongoing. There has not just been a blip there, and I think Senior Sergeant Downie has been quite vocal about it, so you might be comfortable, but your troops in two key stations are not comfortable.

Chief Comm. NIXON — Yesterday I was in Wodonga. I also spoke to a number of the officers from Wodonga and Wangaratta yesterday and the day before, so I understand the circumstances. It would be a great shame, too, about Senior Sergeant Downie. After that particular article was published in the police news he wrote to me and said he was absolutely offended by the way the Police Association had used that material. In fact he is now determined to retire.

He wrote to me and said that he understood; he thought the way Victoria Police was heading was a fine way to go forward, but he was offended that that material was published. Yes, he is very concerned about his members. He understands that sometimes they will be under pressure, but we are trying to meet the numbers that are required at the right time and the right place, and I think we are doing that.

Mr NOONAN — Minister, I want to ask a question about assaults generally. I think there has been a focus, particularly in recent times, on alcohol-related assaults and of course concentration in the CBD area. Specifically my question is in terms of this budget what are the government and Victoria Police doing to address that trend?

Mr CAMERON — Thank you very much. Can we go back to the slide about assaults that we had in the presentation? I will just expand on that a little bit more than what I said earlier. You see in relation to the bottom

line, which is around family violence and the change in practice which occurred with police in the way they would treat family violence in 2004, you saw a large jump there in the way the police deal with the matter. You will see that with the non-family violence assaults the green line jumps around, but going back to during the 2006–07 period you will see that there was that increase there, and obviously that increase is of concern to us — there is no doubt about that. In particular what has been of concern is assaults around entertainment areas, around licensed premises, and people who are fuelled with too much grog. I suppose from the police's perspective I think it is something like half the number of people that are taken into custody for assaults are alcohol fuelled.

Mr BARBER — Is that what this chart is? There is nothing on your axis there. Is this people arrested for assault? Is this assaults reported to police?

Mr CAMERON — That is reported assaults.

The CHAIR — It is the number of assaults.

Mr BARBER — There is nothing on the axis to that point.

The CHAIR — It is down the bottom — see the little box down the bottom?

Mr CAMERON — See the green line 'Assaults not arising from family violence incidents'.

Mr BARBER — I see the assaults. I am just saying which assaults?

Mr CAMERON — Non-family violence — —

Mr BARBER — Reported to police?

Mr CAMERON — Reported. So that could either be reported by someone or it could be that police are out and they see it. The issues around licensed premises are obviously a critical issue. You will see the — —

Mr WELLS — Minister, is that per 100 000 or is that actual numbers?

Mr CAMERON — I will get some advice and I will let you know that, Mr Wells. It is numbers.

Mr WELLS — Hang on. You are saying that total assaults in Victoria — —

Mr CAMERON — No, it is numbers.

Chief Comm. NIXON — It is numbers.

Mr CAMERON — It is numbers, the number of assaults.

The CHAIR — They are monthly numbers.

Mr CAMERON — The number per month — see down the bottom.

Mr WELLS — Okay, that is all right.

Mr CAMERON — You will see that lift back in that 06–07 period, tackling the issues of assaults. The chief commissioner, for example, in the city, where we saw a large increase in assaults in the last financial years, has established a specific task force, and there is a lot of emphasis now occurring around enforcing liquor licensing far more. You will see the effect last year when banning notices were put in place with entertainment precincts where we had legislation — an entertainment precinct in Chapel Street and also in the CBD about 120 banning notices have been issued. That is another tool.

You will appreciate the announcement made by the Premier and the liquor licensing director a few weeks ago of a proposed lockout — or a three-month trial of a lockout. I know, for example, in Bendigo Inspector Paul Newman introduced that, or he got the liquor licensing director to agree to that last year. That has made a large difference in relation to assaults there. We have also seen other regional centres where that has been introduced and also on the Gold Coast a few years ago. That is something that police are very keen on, to see how that works. I think there is

some confusion about the lockout. People think that at 2 o'clock you are going to get thrown out on the street. That is not the case. It is just that you have to be in the venue by 2 o'clock.

What it will prevent is people going from club to club. It may very well be that they have been thrown out of a club and are now going around looking for somewhere else to get in. Now that will be time for them to decide to up stumps and go home. So it will bring about less people on the streets, because on Friday and Saturday nights we have got huge numbers of people coming into the city, and when they are alcohol-fuelled, large numbers of people bump into each other and what could be perfectly pleasant people 8 hours earlier — 'Sorry about that' — you end up with violence.

Chief Comm. NIXON — I think that out of the 06–07 crime figures we released we particularly made the point about the Melbourne CBD, and that was a 17 per cent increase, so in fact it was higher than the average across the whole of the state, which was 6 per cent. That was the point when we obviously had discussions with the government. In our own case we put into place a safe city task force of 50 and also looked to improve the training that members themselves had within the city about how to deal with this level of violence that they were seeing, far different than they had before. So now what we have seen rolled out is a set of responses. The banning notices are a part of it — that ban about keeping people out of the CBD area as well as, obviously, now the 2.00 a.m. closing — in a sense, people being either in or out, which we think will make a difference as well. But we have also put in our own 30-person licensing area along with the new group that will come into place with the licensing commissioner as well.

We think these will have significant effects. They have in other places. But we are not the only place in the country watching this. Commissioners from across Australia have recently called research together to look at Sydney, Newcastle, up on the Gold Coast, Western Australia, South Australia — the same sorts of issues. But we will be very hard on licensees particularly because they are the ones who are providing liquor to people who are already intoxicated, and we think we can make a difference that brings the city's balance back to a much safer location than it was before.

Mr BARBER — Just some questions about the use of force register. In 2003 we had the report by Brouwer as a follow-up to Project Beacon, I suppose, eight years later, but particularly in relation to the 01–02 shootings. He made a number of recommendations particularly about improvements to the register and the way its functionality operates, how to use that information to feed back into training programs and obviously to make changes to training programs. But in his 06–07 annual report he said 15 of those recommendations had not been addressed. Can you outline which ones they are, and say why they have not been addressed?

The CHAIR — How are you relating this to the estimates, Mr Barber?

Mr BARBER — Can you tell us a bit more about better potential use of that register? And do you have any estimates on under-reporting of the use of force?

The CHAIR — Can you relate the question to the estimates. It is the estimates committee, in terms of outcomes — —

Mr BARBER — It relates to the operations of Victoria Police.

The CHAIR — We are looking at the estimates.

Mr BARBER — We are talking about guns, we are talking about tasers, we are talking about the use of force register.

The CHAIR — The estimates are going forward, and that is why we are here today: to ask about the money that has been spent and the accounting of it. If you want to just add something to make it within the estimates context?

Mr BARBER — That is my question, Chair. It is on the operations — —

The CHAIR — To the minister, insofar as it relates to the estimates.

Mr CAMERON — Very well, I might ask the chief commissioner.

Chief Comm. NIXON — I would have to come back in terms of the particular recommendations that you are referring to. It would be acceptable to in detail give a response to those. But in terms of the actual use of the register, we have been encouraging members to make sure that they do in fact advise when they have used capsicum spray or other force. We watch an increase in the reports, and of course we also watch an increase in the use. One of the lessons we have learnt from members because of the register is the move to use more capsicum foam than spray. That certainly came out of advice members gave, because not only do they tell us their use of force but they give us the circumstances in which they have. So we have in fact seen an increase since capsicum spray was first given to police officers, but I think there is some very significant success in that in the sense that it also reduces harm to the community because the capsicum spray is fairly quickly washed away and also harm to our members because they are not being exposed as they were previously. We certainly take account of the recommendations and, when we can, put them into place, but we have a great deal of focus on use of force within Victoria Police and learning from the lessons. Beacon was a particular program which still we have; in a sense the basic fundamentals of Beacon are still within the way police officers are trained and the way they escalate the use of force. So we very much pay attention to making sure we do not use excessive force.

Mr BARBER — Have you got an estimate of the under-reporting to the register?

Chief Comm. NIXON — No.

Mr PAKULA — Minister, on the EBA between force command and the Police Association, I know it was signed off last year, but the costs attended to it will form part of the budget estimates for the out years. So in that light I would like you to provide the committee with some information about what flexibilities exist within the agreement and what those flexibilities will do to allow police to increase productivity and the impact on crime figures.

Mr CAMERON — In relation to the EBA the chief commissioner was very, very keen to bring about greater flexibility within the force as part of the EBA, which was ultimately agreed to. The chief commissioner and the police union also agreed that during the four-year EBA period, within the current and committed resources for the coming period, there would be a reduction in crime by 10 per cent. So obviously flexibility is part of the tools which the chief commissioner can now use to bring about that reduction.

In terms of the flexibilities and why you would have the flexibilities, it is what the chief said at the time. It is about having the right people at the right place at the right time to make sure you have got, like on Friday and Saturday nights you have got more people at that particular time given that that is obviously a higher activity time, to make sure you have got more people out on the beat during that time. I might hand over to the chief commissioner, because she was so keen on getting these flexibilities, and she will explain the reason why she wants the flexibilities and what she wants to do.

Chief Comm. NIXON — I think the first part of the enterprise bargaining was a good outcome for Victoria Police members and certainly recognises the members' skill and knowledge and ability in the way they go about their job. I think that is an important part which we should not forget in this process. But what we were able also to negotiate with the association — I would have to say it is the first time I have ever seen a commitment to the association being involved in reducing crime and agreeing that part of this enterprise bargain would do that. Any reduction in crime in this state is a productivity gain in the broad sense and a great saving in funds within our community when crime is reduced. So the association agreed to that.

Some of the flexibility was a capacity for our members to cash in part of their leave, which is in a sense accrued time off. Perhaps I can explain accrued time off. We work a 40-hour week, and people can, they are only required to work 38 hours, so that adds up to two weeks. We are at this stage asking our members who want to sell that leave back to us, and that is certainly occurring now; members are doing that. What that allows us to do is we have planned a significant number of operations, principally on Thursday, Friday and Saturday nights for our busy time, but some other occasions, where we will use the additional capacity available. We also can bring back members of Victoria Police who left us. I recently hosted a dinner for retired members, and a number of them made the point — very experienced members — that they would like to come back and work in busy times for Victoria Police. So this enterprise bargain allows us to do that.

It also is a new career structure, which allows us to retain the knowledge and skill of our members and to reward them for the job they do and for the skill they apply in doing that particular job. It has salary sacrifice options,

which is an issue for the members as well. That had been denied this previously. It allows us to also build on a campaign we have had to look at our rostering structures, to be able to work with our members to make sure that we do have the right numbers of members on at the right time. I think the minister in his own hometown has an example of that, where we have certainly seen great success.It builds on continuously using the PAM model to make sure we have got police officers in the right numbers according to the demands. It them builds on having better rostering flexibilities and systems so that we make sure we have got members in the right numbers doing the work. Then this is really allowing us to buy some additional capacity, as teachers have had for years and as other occupations I think have had, to be able to be there. And we are also paying for what is called 'unsociable hours' as part of this flexibility, because we know police officers who are going to have work Thursday, Friday and Saturday need to be given appropriate rewards for that, and that is what this enterprise bargain does as well.

Mr CAMERON — Certainly the chief commissioner mentioned Bendigo. I just know locally we had quite a number of 12-hour shifts moving to 8-hour shifts. What that meant was that at peak times you could end up with having more people at the peak times without having to have additional numbers at non-peak times. Ultimately that meant there was an extra 79 shifts a fortnight, so you can help build up that peak capacity, and it has made a large difference to what Superintendent Peter Bull and Inspector Paul Newman have been able to do.

Mr DALLA-RIVA — Minister, can you just bring up the chart, as you did before, on assaults?

Mr CAMERON — Yes.

Mr DALLA-RIVA — I reference that chart against budget paper 3 on page 163.

Mr CAMERON — Yes.

Mr DALLA-RIVA — I refer you to quantity. The government puts much spin on the reduction in crime overall. However, if you look at those — —

Mr CAMERON — Which is a good thing.

Mr DALLA-RIVA — It is not a good thing when you look at it. Now I will direct you to the particular line: 'Reduction in crimes against the person'. If you at the actual in 2006–07, there is a negative 3.7. From my old maths days, a negative on a negative is a positive, so you have actually had a 3.7 per cent increase in crimes against the person. The anticipated target for this financial year was a reduction of 2 per cent, and it has been readjusted to the expected outcome of zero, so there is no reduction in crime. You have got the wish list up for the next year in the forward estimates of 2 per cent.

I also refer you to the quality, 'Proportion of community satisfied with policing services'. The 07–08 target is 76 per cent. In fact the expected outcome is a 4 per cent reduction in satisfaction down to 72. You have been that successful that you have readjusted it to 72 for the forward estimates.

My question really relates to how you justify making the statement that there has been a reduction in crime when you look at the trend lines on those, and the argument in the footnote is that there is an increase due to the Victorian police code of practice for the investigation of family violence. If you were to do a basic trend line of that bottom line, you would see it has flatlined. The ones not involving family violence incidents, if you trend that, that is actually increasing, which corresponds with your budget paper 3 on page 163. Overall, you have failed in that area. Assaults against people of Victoria have increased, and it appears that there is no strategy whatsoever to deal with this problem. What are you doing about solving it? We have heard the spin.

Mr CAMERON — I will tell you.

Mr DALLA-RIVA — I have just given you the evidence there, and I think you have been found guilty of not telling the truth in respect of the assaults.

Mr CAMERON — I will tell you what is happening. As I mentioned previously, in particular during 06–07 we saw the change. As a consequence of those changes in the community, particularly around licensing premises, there has been a response — for example, we introduced entertainment precincts and banning notices — something you voted against but ultimately voted for. We did that in response to this problem. That is why there is going to be the trial of the lockout. That is something that we wanted to see. It is not something that you wanted to see. We have recognised this problem across the nation.

Mr DALLA-RIVA — Sorry, is that our problem? Are you putting it on to us? Sorry, I was lost.

Mr WELLS — It was actually our policy in 2006 about lockouts. You did not want to be part of it.

Mr CAMERON — We put it in place. I know when we put it in place in Bendigo, the only comment we had from a coalition MP was to oppose it, around the 2.00 a.m.

Mr WELLS — We supported it

Mr CAMERON — That was not the case from a coalition MP, but I was a keen supporter of it, as were police. That is why these things are being trialled. That is why the chief commissioner has responded with the safe city task force. That is why there is the emphasis around licensed premises. We have made no secret about this problem. When we put out the crime figures last year, we said, 'This is a problem. We see this across Australia, but we have to tackle it', and these are the ways that we are tackling it.

Mr DALLA-RIVA — You are saying to the community that the crime rate has dropped, but the crime rate against assaults against the person on the street has actually increased under your watch.

Mr CAMERON — That is what we have said. Across Australia we have seen this increase.

Mr DALLA-RIVA — No, in Victoria.

Mr CAMERON — And in Victoria we have seen this increase. When we put the crime figures out last year, we said, 'That is why we see this trend up, particularly around licensed premises, and that is why there is going to be this response'. We have not sat back and done nothing. Victoria Police has not sat back and done nothing. What Victoria Police has said is, 'Yes, we have this change. It is a change that we have to address'. Victoria Police is doing its part. What you are also seeing — like, for example, with the lockout — is police and the liquor licensing director and the government come together to tackle it. You have got a problem, you face the problem, you dissect the problem and you address it. And that is what we are doing.

Mr DALLA-RIVA — Your footnote argued that it related to the increase in family violence incidents. I put it to you, Minister, that that is not the reason for the increase in the assaults, as noted in the footnote in the budget paper.

Mr CAMERON — Which page are we on?

Mr DALLA-RIVA — Page 163 and the footnote is on page 164. It said:

> The overall expected decrease in crimes against the person has been offset by an increase in the number of assaults recorded attributable to the impact of the Victoria Police Code — —

Mr PAKULA — And ' an increase in alcohol-related violence'. So what you are saying is the footnote is saying what the minister said.

Mr WELLS — No. That line — —

Mr PAKULA — The footnote says exactly what the minister said. Richard, you are trying to verbal people. The footnote says exactly what the minister said.

Mr WELLS — Martin, settle down. Look at the graph.

Mr CAMERON — Can I say, having read the footnote, it is clear about the increase. I should have had a look at your reference before addressing your question, not that it would have changed the answer, but you have tried to misrepresent things in your question. The fact of the matter is the footnote is very clear about an increase in alcohol-related violence. That is something that we have to confront as a nation. It is something we have to confront as a state. It is something that we have been prepared to do. I know that when we have had one legislation initiative around this, around banning notices and declaring entertainment precincts, and you voted against it. We had to come back and have a second crack at it.

Mr DALLA-RIVA — You are pulling the wool over people's eyes.

Mr PAKULA — You asked a dishonest question.

Mr CAMERON — We believe there is a problem. That is why we want to address it.

The CHAIR — Can all the members of the committee just calm down? We will move down to the next question.

Mr WELLS — It is unbelievable.

The CHAIR — Thank you, Deputy Chair. Minister, we have had a number of discussions about the allocation of police and where they are actually put around the state. There has been some mention of the methodology for the allocation of these police, of course, but there are more police in this particular budget, and you showed a graph on that. Can you tell us in a little bit more detail what this model is all about?

Mr CAMERON — Yes. Obviously where police are allocated are operational decisions made by the chief commissioner and by police command, but they need a methodology to determine why there should be so many here compared to here, there or somewhere else, and that is why police do have in place a methodology. Certainly what you would have to say is if politicians allocated police, you would have a whole lot of police in areas where — —

Dr SYKES — Speak for yourself.

Mr CAMERON — You would end up with a whole lot of police in marginal electorates and less in non-marginal electorates. Let us face it; that is what would happen. That is why we are very, very strong on the fact that police command allocates where police should go, and that is why the chief commissioner has in place a methodology.

Mr WELLS — Without any influence?

Mr CAMERON — Without any influence.

Mr WELLS — With not a skerrick of influence?

The CHAIR — The minister to continue, please, without any help.

Mr CAMERON — Without any influence at all. TPA and the chief commissioner agreed on the principles of the methodology during the EBA last year. The chief commissioner might want to expand on that and also on how that happens so that people can see and understand what are some of the key drivers in where police go.

Chief Comm. NIXON — What we have been looking for in policing for many, many years is a model to determine how many police you should have in particular communities, and that has been across policing across the world. What we were able to do in 2006 was work with an academic — his name was John Walker, and he comes from a private company — to look at what were the most significant drivers of crime within communities and how we would then be able to use that information to determine how many police we should have within a particular police service area.

Victoria is divided into 56 police service areas, and what we were looking for was an equitable distribution of our members. It is a model that is called the distributive model; that means you start with a particular number and you distribute that number. It is not a predictive model. It does not say, 'We could have 10 000 more police'; it uses the number you have available and then determines what is the best distribution. The factors that it takes into account are 12 in number, and you would imagine what they are. Population is a key issue, and the age of the population. We came to understand that the more males you have in the category 15 to 25 years old in a community, the more police officers you need to deal with those issues. Other factors are the number of households and the number of retail employees. One of the ways we determine, using this model, how many police there should be in the CBD is actually based on the number of retail employees who work there. Other factors are the number of licensed premises, nightclubs, black spot intersections and family violence reports; the number of police station and the hours they are open; court requirements; major events; and the custody requirements of police stations.

What John Walker did was then use all that data. It is a moving kind of model, which means that they keep running the data and moving each time around as we make a decision to determine where our members work. He did in fact determine where the locations were. We found that some locations, for various reasons, had more members than his model determined, and we worked through with the local members and the local management about where some of those might have moved to locations where more are needed.

One of those examples is Casey, which is the fastest growing police service area. It is actually also one of our best managed police service areas, and we have recently put about 20 extra police officers there, as you know, because of the growth. It is a model that finally took it out of saying, 'We think this is a good way to do things', and used an algorithm. My media people tell me I am not supposed to say that, but it is a technical term.

The CHAIR — That is all right. The budget uses modelling as well.

Chief Comm. NIXON — It does. So it uses a similar sort of modelling. They looked to see what were the most reasonable criteria to underpin it with, and that is the way we make the decisions to distribute our members. Some people say to me, 'How many members do you need?', and that is really a matter of a policy decision. It could be like New York City, where I was recently; New York City has 40 000 police officers. Or you could be in Hong Kong, where they have 28 000 police officers. That is a different question. What we do is we distribute the members we have according to a very good formula. Again, we have just done that with the additional 100 members coming on board. Yesterday in our management meetings we made the decision. We asked, 'What did the PAM tell us? Where should we put those members?', and when they are ready they will go into those locations.

The CHAIR — You anticipated my request for clarification: what is going to happen to the next 100?

Chief Comm. NIXON — The distribution of the next 100; there are two pieces to that. One is according to the PAM model, and that is because they go out into operational stations; but we also have some other investments we make with our officers as well, and that can be in preventive terms. In this case we have also made some decisions for crime scene officers. Crime scene officers we have put into place out in stations have attended somewhere in the vicinity of 60 000 offences. What we used to do when we attended a burglary was the local police would go, the local detectives would go and sometimes the scientific people would go — the forensic people. Now what happens is a very well trained, qualified crime scene officer will go; one person goes, so it is a far more effective model. Again, we have made some investments in that with this last allocation.

The CHAIR — I have seen it in our area.

Mr WELLS — Chief Commissioner, it was John Walker, was it not?

Chief Comm. NIXON — That is right.

Mr WELLS — Not Kit?

Chief Comm. NIXON — No.

Mr WELLS — I refer to the extra 1700 police. Can the minister confirm, using the current population estimates developed by Treasury, that Victoria's population will increase to 6.2 million by 2020, that Victoria's number of officers per capita will not decrease over the coming financial year or over the forward estimates? And maybe you would you like to compare our number of police per capita with other states.

Mr CAMERON — You know what our policy is about the additional 350 this term. We promised 800, we promised 600 and 350 this term to get to 11 250 by November 2010. That is what we said we were going to do, and that is what we are on the path of doing.

Mr WELLS — Minister, the question relates to the number of officers per capita — —

Mr CAMERON — Yes.

Mr WELLS — And we are just wondering whether that will continue to increase per capita, or whether it will actually decrease over the forward estimates on a per capita basis?

Mr CAMERON — What is going to happen is that it is going to increase to the raw number we said, and that is going to be 11 250. That was our promise, and that is what we will do. I will tell you what we do with our promises on police; when we say we are going to deliver police numbers we actually do it. If you go back to the 90s we saw crime going up — —

Mr WELLS — Minister, is there a chance that they will actually decrease per capita?

Mr CAMERON — We saw the promises of 1000 police by the Kennett government and we saw a decrease of 800.

Mr WELLS — Minister, you will in fact rule out that they will actually decrease per capita — per 100 000 — over the next four years?

Mr CAMERON — I have told you. I have not got the population figures or done any maths. The fact of the matter — —

Mr WELLS — I have just given you the population figures.

Mr CAMERON — The fact of the matter is that you have seen the graph of where we started when we came to government, and you have seen where we intend to be in November 2010.

Mr WELLS — They could actually fall per capita — —

Mr CAMERON — What you have seen is a very large increase in police.

Ms MUNT — I think it is good if the police force broadly represents the community they are policing. I wonder if you could advise the committee what Victoria Police is doing to attract new police from diverse backgrounds, and of course women, who make up a large and important part of the police force?

Mr CAMERON — Obviously police recruitment is very important, and I think the Auditor-General made some comments a couple of years ago about the importance of having women in particular. We have a low percentage of women in Victoria, and we still do have a low percentage compared to other states, although the chief commissioner has been addressing that. One thing I would just say about police recruitment is that the number of people wanting to join Victoria Police is very large, and obviously that is a sign that people regard Victoria Police as a good place to work. The fact that it is a good place to work is also reflected in the attrition figures. When we came to government Victoria Police had the highest attrition rate of any police force in Australia; it is now the lowest. It is around 3 per cent a year, so it is very, very low. I will get the chief commissioner now to address what she is doing with recruitment. She might also outline how many people at the present time — do you know how many people at the present time are on the — —

Chief Comm. NIXON — Recruitment list?

Mr CAMERON — Yes.

Chief Comm. NIXON — Sure. It is actually 1228 on the list of people who want to join Victoria Police at the moment. About 800 of those are ready to go in at the moment, so we are actually very lucky. That is not the case for the rest of Australia. Part of the reason I think we are attracting a lot of people is that people are seeing us as being more welcoming as an organisation, coming from diverse backgrounds and looking to attract people who come from different, new and emerging communities as well as older people. The average age of those people joining Victoria Police is now 30, so that means you are actually drawing on a different age range of people than perhaps previously.

Obviously we have been looking to encourage more women. We have been doing that by career days, by attendance at universities, and with a whole range of different advertising, focusing on increasing the number of women. Victoria Police has moved one position, and we are now the third lowest state in terms of the number of women police. But we have managed to stop the women leaving, which is a start, and we are now attracting far more women to join. Contrary to rumour and speculation there has been no reduction in the standards for women to enter the organisation. Originally we had what I believed to be an inappropriate physical barrier. That was in fact taken out, and that has changed everybody in that sense. There was no relevance at all why we should have had that barrier for people to climb over — —

Mr PAKULA — Was that the height barrier?

Chief Comm. NIXON — We had a height and a fence, and the fence was inappropriate. Other than that, which was taken out actually quite some time ago, no standards have been lowered to get in more women. What we have found is a lot more women applying, and they are very talented women. These women are in fact going into our merit list, as they should, and being drawn into policing. At the moment we are at 23 per cent. We had a stretch target of 25 per cent. It was about a target. In a sense it was not in a quota or anything else; it was a matter of looking to attract talented people to come to Victoria Police and to stay, and we are seeing that in a whole range of people's backgrounds. At any graduation I go to I see a broad range of people in the community who never would have thought about joining policing otherwise, and more importantly, as the minister said, they are staying. Three per cent is very low. We are talking about 350 people maybe in a year retiring and leaving us, and I think that says something about the organisation.

Mr DALLA-RIVA — I am glad you got rid of the fence, because — —

Chief Comm. NIXON — Thank you.

Mr DALLA-RIVA — Because years ago when I used to — what was it; the gate, the height?

Chief Comm. NIXON — Yes.

Mr DALLA-RIVA — When I used to chase crooks after a car chase or something they would jump over a fence. Now what do I do?

Mr WELLS — Go through the gate!

The CHAIR — It is probably open. Thank you for recounting your past, Detective! If we look at the forward estimates, Mr Rich-Phillips has a question.

Mr RICH-PHILLIPS — Minister, I would like to ask you about police integrity. The budget provides $25 million for the police integrity output through the Office of Police Integrity. Currently the government is looking to make changes to the way in which the police integrity framework operates through the Police Integrity Bill which is before Parliament. Can you tell the committee whether it is the government's view that that legislation will have any impact on pending prosecutions such as the Noel Ashby and Paul Mullett prosecutions?

The CHAIR — Insofar as it relates to the estimates.

Mr CAMERON — These are matters before the DPP, and the DPP will make up his mind what happens.

Mr RICH-PHILLIPS — Is it the government's view that the legislation will impact on any pending prosecutions? Is that how it is — —

Mr CAMERON — No, not that I am aware of. Essentially what you have got is legislation which puts the OPI as part of a stand-alone bill. At the moment you have the Police Regulation Act, and as you know it is our ultimate aim to have a Victoria Police piece of legislation. We want to take the OPI component out, and we propose to make some changes to the Police Regulation Act this year, but ultimately to have a new Victoria Police act, which the Premier set out in the statement of government intentions.

Mr RICH-PHILLIPS — Is it the government's position that the comments made by the Parliamentary Secretary for Justice, Mr Tee, that the Liberal Party and the other minor parties are endorsing police corruption through referring this bill to SARC are endorsed by the government?

The CHAIR — I do not think that has anything to do with our estimates. Minister, insofar as it relates to the estimates.

Mr RICH-PHILLIPS — Let him answer it. It entirely relates to the estimates because it will be funded through the estimates.

Mr CAMERON — I do not know what he did or did not say. But certainly you voted for this legislation a couple of weeks earlier in the Legislative Assembly and something seemed to change, but I do note that you voted for it. I do note that the debate started in the Legislative Council a couple of weeks ago.

Mr RICH-PHILLIPS — Are you saying this will impact on pending prosecutions, or will it not?

Mr CAMERON — You were all for it. I do not know what happened in the fortnight between when the Legislative Council started debating it and the Legislative Council's ultimate position, but you might be able to tell…

Mr RICH-PHILLIPS — Does it or does it not impact upon pending prosecutions?

Will it affect prosecutions or not, Minister?

Mr CAMERON — …….me.

The CHAIR — I think you have made your comments, and we will move on to the estimates questions.

Mr SCOTT — In this year's budget papers there is a reference to a government initiative to provide new digital audio recording equipment within the justice area. Could you advise this committee how this will assist police?

Mr CAMERON — Audio is very important for police to be able to get good records of interview. I will just take you back. When I first started practising law, police used to do records of interview on a typewriter — they would type a question and someone would have the answer and they would type the answer. This would be a very long and involved process.

Sometimes there would be arguments that would then happen in court about what was or was not said and a whole lot of police time was taken up. What happened was that audio was introduced — tape decks were introduced. There was a great deal of apprehension from police at the time, but police now look back and say that that was a very good innovation. It is quicker and does not involve a whole lot of arguments later on. It is also very useful because you can hear the defendant on the tape and you can get an impression of him. Sometimes you can also see him, when the visual is used as well, and again you can get an impression. It has become a very important tool.

What this initiative is about is putting in place a new digital regime, and it is going to be common throughout the justice system — for the DPP, for police and for the courts. This new technology is obviously going to be a whole lot better in terms of streamlining. The old tape decks, which are at the end of their useful life, will be able to be replaced; police are reporting some difficulties with them. Police are going to have a better system and it is going to be a streamlined system throughout the justice system.

Chief Comm. NIXON — I think it is a great step forward. When we first introduced the statement taking by this particular technology, it was revolutionary in policing, but it certainly overcome a whole lot of problems around corruption and a whole lot of issues and allegations that used to be made against the police. This new technology will allow us to digitally record matters. It will also in some cases allow video and audio taping. We will probably have over 600 of these machines available in stations. It actually makes our work so much more effective and easier. The system we have at the moment is starting to break down, and the new system will allow us to replace that.

Mr SCOTT — Seeking slight clarification, when you say 'taping' you mean recording, because you move to a digital process, not necessarily on to a tape.

Chief Comm. NIXON — Yes, sorry, it is digital. We are moving from an analogue process that used to have tape decks that you put in. A young 25-year-old technician was looking at this the other day and he did not even know what a tape deck was — it is a bit sad, really. We had to explain to him the technology we had. It is now digital and much more advanced.

The CHAIR — There are probably no spare parts left.

Chief Comm. NIXON — Hardly any.

Dr SYKES — This is a relatively parochial question, I guess. It relates to police station upgrades, which you covered in your slide presentation and is in the overview pages at page 26. My question relates to the program for continuation of upgrades, particularly in north-east Victoria. I acknowledge that there have been a number of police station upgrades over the last number of years, but in the words of the government there is more to be done. There is disappointment in north-east Victoria in relation to the substandard arrangements that exist at Mount Buller, where many Melbourne people go and enjoy the wonderful snowfields, but equally at Benalla and Euroa — the police stations there are substandard. Are they by chance in this year's budget but not flagged? Or are they still to come? If so, when?

Mr CAMERON — If they have not been flagged for this financial year, they are obviously not going to happen this financial year.

Dr SYKES — I just have to relate it to this year's budget.

Mr CAMERON — I see, it is a technical question.

The CHAIR — Dr Sykes is putting in a plea.

Mr CAMERON — As you know, we have had a very large capital building program — 149 or 150 stations have been refurbished or upgraded, so we have had a very large program. As you say, there have been many stations in the north-east that have benefited.

The CHAIR — Obviously you want to put them on the list, Dr Sykes. Is that what you are saying?

Dr SYKES — I am looking for guidance as to when they might be on the upgrade list.

The CHAIR — Not this year.

Mr CAMERON — During the budget process police come to us with suggestions of what they see as their priorities, but there have been no announcements made on those to date.

Dr SYKES — Has the chief commissioner got any comment from an operational point of view?

Mr CAMERON — No.

Dr SYKES — 'Chief commissioner gagged by minister'.

Mr CAMERON — No, these things are done in the budget process, but good try!

Mr NOONAN — I want to ask a question about hoon driving. I think you talked about it being a challenge, particularly in the context of road safety. I can certainly indicate that, coming off the summer months, in the local Williamstown area it has been a challenge. But I must say that working with the local police, they are absolutely committed when it comes to this issue. The question is: how will this budget better provide to tackle the problem of hoon driving?

Mr CAMERON — I have got a couple of slides to show you.

Overheads shown.

Mr CAMERON — This is since we have seen the hoon driving come into place with the amendments. The number of first offences since 1 July 2006 — this is as of recent times — you see the number of second offences is under 4 per cent.

Mr DALLA-RIVA — Congratulations, Kim Wells — a great policy.

The CHAIR — Okay, thank you.

Mr CAMERON — You see the number of third offences. Two or three of those have been dealt with, and the rest are pending. I have to say it has been very successful. Police have been able to use it in terms of breaking up hooning activity, and the taking away of the car has had quite a dramatic effect; and the fact that we do not see that many people come around for a second visit certainly demonstrates that.

Also, you may have seen some advertisements which the TAC has promoted with Crime Stoppers. That is for a hoon hotline, for people to ring Crime Stoppers so that police can have information, particularly if people are able to report who or a number plate around hooning activity. Obviously being able to break it up like, as you say, down in Williamstown is certainly very important; or if people do have information as to where there some hooning activity may occur in the future, that is something that is also very important.

We also have another little graph you might just be interested in. This is really on the main offences. I will let the committee take that in, but obviously you can see the people hooning by excessive speed, but also by improper use — that is, spinning the wheels, the classic-type hooning, dominate. The classic hoon comes as no surprise, he is a young male and — I do not want to say anything about Holden drivers, but — generally his modus operandi is in a Commodore.

Mr BARBER — Is there anything about voting intention there?

Mr CAMERON — No, nothing about voting intention, but obviously if you are a hoon, you might not like these laws, but I am sure they will realise it is for their good in the long run.

The CHAIR — There is a large blue slice and a large green slice on the slide — I am not too sure what that means, but, Minister, do you wish to add anything?

Mr CAMERON — No, I do not.

Mr BARBER — I have just some questions about the introduction of tasers, which I think the chief commissioner mentioned as part of that $10 million allocation, that they may have considered spending the money in that way. Has your review of the impacts of those tasers progressed beyond the Alfred hospital review?

Mr CAMERON — Sorry, what was the Alfred hospital review?

Mr BARBER — It was the one you conducted into the safety — —

Chief Comm. NIXON — Into the use of them before we introduced them.

Mr CAMERON — This is the police review, yes.

Chief Comm. NIXON — Yes.

Mr BARBER — Do you agree that tasers are less likely to leave physical marks than other forms of force? It comes back to my earlier question about under-reporting. Are you prepared to release the operational guidelines you are currently using for those groups that are allowed to use tasers; and, I suppose, is the implementation of tasers an alternative to lethal force, an alternative to capsicum spray, or is it just a less physical way of subduing somebody? The reason I ask that latter question is that your department, like all others, now needs to work within the Charter of Human Rights framework that has been implemented.

Chief Comm. NIXON — Yes, we do.

Mr BARBER — The UN Human Rights Commission is actually saying that tasers could be used where a greater or lethal force would otherwise have been justified.

Chief Comm. NIXON — All of those issues are really ones for us to take into account as we thought about first of all introducing the tasers, so after having got the information from the Alfred hospital, we had a concern about the level of force applied with tasers and in some cases harm that can be done to those people who may be tasered.

We introduced it with the Special Operations Group in a particularly highly structured way. We then moved into allowing the critical incident response people to use it, and that is where the current deployment rests. We have now been using them with those people for some time and been able evaluate its use. Part of the decision-making in the future will be about the way we may be able to use them, about the best circumstances they may be used in. Some of the tasers in terms of their use have videos in them, so that it videos the use of the taser, so we could also learn more from that particular use.

In terms of our escalation of force, it sits above the use of capsicum spray — so it is an escalation — and before the use of a firearm. That is the training model we use. But there are only limited circumstances where tasers are actually effective. They are most effective where you have two police officers, one with a firearm and one with a taser, so you can actually deal with that level of risk that is involved. At this stage we are assessing how and if we will expand and what type of taser would be most appropriate. We certainly are taking into account the human rights charter and the use of tasers, but there are significant risks to individual police officers who might use a taser on their own, and particularly if the taser does not have an effect, which in some cases it does not. But we think there might be another type of device, which might be kind of a stopping device, even better than the current tasers we are using, and that is what we are investigating.

Mr PAKULA — I want to ask you about the extraordinary success of the Purana task force. Have we got Mr Mokbel on the plane yet, or is he about to get on a plane?

The CHAIR — I think that is an operational matter, quite frankly.

Mr PAKULA — Don't answer it, then.

Mr CAMERON — I don't think police are saying anything about that at the moment.

Mr PAKULA — Putting that aside, over the forward estimates period is Purana going to continue to be the chief vehicle for dealing with organised crime; if so, what initiatives in the budget are there to assist in that endeavour?

Mr CAMERON — Just at the outset, I have just had some numbers about the population. Just to go back to the population growth, during the term of the government up to 2010, the population growth will be around 10 per cent or so, and the increase in police during that time will be getting on towards 20 per cent — just so you know, Mr Wells.

In relation to the success of Purana, obviously that is to continue the fight around organised crime. That has been extremely successful, and obviously some of the cases we have seen of recent times, like that of Carl Williams, have highlighted that. But I will ask the chief commissioner to outline that and for the future.

Chief Comm. NIXON — I think what the Purana Task Force did for us was show us a more effective way of managing organised crime, and in fact it was the lead into what was then the reform of major crime investigation. It is the management of major crime model, and that is the way forward for us. In terms of the success of Purana: 181 offenders have been charged with 549 offences, 15 offenders have been charged with 27 counts of murder, 14 offenders have been charged with incitement, conspiracy or attempted murder, there have been 231 serious drug charges and $23 million so far of restrained assets.

The model of Purana is in fact the way we go forward, and we expect more success. Part of the success of dealing with major crime was the introduction of the chief examiner and the coercive questioning powers that allow us to bring people involved in organised crime before our chief examiner. That has turned out to be a very effective tool as well. We expect more. We are continuously managing our crime investigation assets to make sure we have them at the right place at the right time, working on these offences to make sure we never get back to the point where the underworld murders occured. Purana has been successful. Since Purana we have seen that dramatically decline, and we hope and know that we will never get back to that point again.

Mr DALLA-RIVA — Going back to budget paper 3, page 162 in relation to the amount of money that is provided, and also referencing your first slide in respect of the Justice budget of which police and emergency services has $2 billion. Part of those funds used are for the maintenance of equipment and as we are aware the 1899 model Smith & Wesson .38 handgun is currently in operation in Victoria Police. There has been some suggestion that there is a significant amount of funds that are used for the maintenance, upgrade and ongoing maintenance of those particular firearms given that they are an ageing weapon.

There has also been a suggestion — and I just want some clarity maybe from you, Minister, or from the chief commissioner — that a lot of those parts are now obsolete. What happens in particular with those firearms where the parts are obsolete? Are those firearms taken offline? How does the police department manage? Do they have a craftsman actually carving the wood handles because they do not make them any more? What is the process involved in terms of the financial impact, moving forward?

Mr CAMERON — You do not want to know the financial but what you want to know is how the maintenance is kept up, I gather?

Mr DALLA-RIVA — Yes, and the cost and how the — —

Mr CAMERON — Yes.

Chief Comm. NIXON — I know how the maintenance is kept up certainly.

Mr CAMERON — I think that is the question, isn't it?

The CHAIR — You can take the maintenance cost on notice and provide it later.

Mr CAMERON — Yes, we will take it.

Chief Comm. NIXON — One of the reasons why the .38 Smith & Wesson might have had a long history but is still an extremely solid firearm and is still in place, is that it is still being made by Smith & Wesson. The manufacturers came to see me not long ago because they were concerned at the rumours that had been spread that you could not get new .38s or that you could not get the replacement equipment. Both of those things are not true.

We do in fact buy new guns, and we are also able to buy the equipment to refurbish them, and we have a 12 month maintenance program for those firearms. They are very simple firearms, they are not complicated. They are easily fixed because they have very few moving parts. That is the point of why policing chose those back in the 1960s. Policing used to have semiautomatics — —

Mr DALLA-RIVA — That was a .32, wasn't it?

Chief Comm. NIXON — They were, and they were appalling firearms.

Mr DALLA-RIVA — They were soft windows, the rumour was, back then.

Chief Comm. NIXON — You were probably better off throwing them at someone, I would have thought.

Mr DALLA-RIVA — Throwing them — that's right.

Chief Comm. NIXON — What they determined was that semiautomatics were not the most appropriate firearm for policing, and then they moved to the model we currently have. We also have speed loaders, which means in some cases you can put additional shots in as well. They are maintained. We do buy new ones, and they are available. In fact there are many police organisations across the world that still use them, and we make sure they are in good condition for our members to use.

Mr DALLA-RIVA — Whilst we are dispelling the rumour file and people are going to lose out on that Lexus, I am just curious about one other rumour and maybe you might want to clarify it for the record. There was a suggestion that you are philosophically opposed to the new type of firearm proposed. Is that true or not?

Chief Comm. NIXON — It is not a philosophy. It is an opinion based on evidence, and the reason is the way that these firearms behave in some instances where they can actually discharge when they are dropped, and I have seen that happen in the New South Wales police when they were introduced. During the training you have to undergo intensive training because it is an entirely new system of firearms for members, and again during the training, police officers have been shot.

Part of what I have to weigh up is the risk to the members in terms of the implementation. We would have to move from a station-based issue to an individual-based issue, and that is a very substantial change. At the end of each shift you have to come back and you have to check the gun in the station and therefore you have to have appropriate conditions in place for that.

I suppose for all of that and the fact that I have not been shown the evidence that there is a police officer who would not have been harmed if we had had that model is really what has underpinned my decision. As I said to start with, we now have a committee externally which has said from its experience and its evidence and its research, it believes this would be an appropriate way to go forward because we are advised by the manufacturers that some of

the flaws that were previously in some of the other types of firearms may well have been overcome in firearms that have been available over the last 12 months.

The CHAIR — We will now break for 5 minutes.

Minister, there is an issue which I know both you and I have a strong and abiding interest in, namely WorkCover. You are a former minister for WorkCover, and I have also done a lot of work on WorkCover. Of course WorkCover is a big issue with the police, and there are premiums to be paid, so I was wondering how the WorkCover premiums were going for Victoria Police and whether any savings are being achieved? I know we are cutting the premiums.

Mr CAMERON — Yes.

The CHAIR — The government is cutting it, but where are we at in terms of savings?

Mr CAMERON — The thing you have to remember about the cut in the average premium is because of the reduction in the cost of injury as distinct from a cut in the premium because the entitlements are less — in fact the entitlements are better but nevertheless injuries are managed better. For a large organisation, for Victoria Police, its own experience will essentially ultimately drive what its premium rate is. As you know, the bigger the organisation, the bigger your own experiences factor in; and the smaller the organisation, the other way around. Victoria Police is a large organisation.

My advice from police is that WorkCover claims reduced by 3.6 per cent from 2005–06 to 2006–07, and from 2005–06 to 2007-08 — based on the 30 March data — there has been a reduction of 16 per cent in standard claims and also a reduction of 41 per cent in the number of days lost for standard claims, and that is the forecast as at 30 March. We will have to wait and see how that ultimately comes in. Obviously compensation payments, medical and like expenses and the days lost associated with standard WorkCover claims are factors in calculating the premium, and those factors will be obviously factors in the future.

The Victoria Police WorkCover premium has reduced from $73.8 million in 2003–04 to an estimated $45 million in 2007–08. The reason why it is estimated is, as you know, because there can be a variation at the end of the financial year. In part that has been because of government policy, as you have highlighted, but a significant proportion of that comes from internal improvements in the organisation around health and wellbeing and in organisational health.

What they tell me is that since July 2006, Victoria Police has reduced total injuries by 25 per cent, they have reduced the days lost by 30 per cent, they have improved organisational wellbeing by 3 per cent, and the number of stress-related claims has reduced by 24 per cent.

With injury, we have had a discussion today about capsicum spray, for example. If you go back to 1998, capsicum aerosol was used 164 times, whereas in 2007 it was used over 2600 times — 2623 times — so a very large increase in the use of capsicum spray. What that has meant is that, instead of having to use a baton or be involved in conflict, that has actually been avoided.

If you go back to 1998 the number of police injuries in that type of situation was 929. That reduced to 362 last year, so you can see what capsicum spray, for example, has been able to do in an occupational health and safety sense. I know some people might be a bit sensitive about this issue, but we want police to be able to have the tool — to use capsicum spray — if it can bring about their personal safety. I know there has been a lot of discussion about this over the year, but I think there is a broad consensus across the community that that is appropriate.

They are the reductions that we have seen. Chief commissioner, do you want to add anything about occupational health and safety and wellbeing?

Chief Comm. NIXON — Simply that this has been one of our major focuses. Certainly for me, it has taken much longer than it should have to be able to start to see the premium reduce as well. More importantly than the premium, though, is actually about the harm to our members, and then the recovery phase for those members as well. We have had a very substantial focus on this issue, and certainly very much a focus over the last three years particularly, and I think we are finally seeing some of the evidence that there are things changing. People are not

being left without support when they are injured. They are being brought back in and being rehabilitated much more quickly.

That has a consequence of more money, but the more important part is it does not have long-term vacancies. It means members are able and capable to get back on their job again, so the evidence the minister has given says we are finally making a difference.

There are other strategies around this. We have been able to backfill. Where there have been some vacancies we put aside 50 positions to backfill with long-term vacancies, but it has taken a while and we are just gradually now moving , I think, to far more success. Members are taking less leave — less personal sick leave; that sort of leave — as well as part of this process.

The CHAIR — Getting people back to work after injury, and doing it the right way, is very important indeed.

Mr WELLS — Minister, I refer you again to budget paper 3, page 163 — we might have referred to it a few times today, I think — where you forecast a reduction in crimes against the person. There has actually been an increase. As minister you have mentioned on a number of occasions that Victoria is the safest state. What information do you rely on to make that claim?

Mr CAMERON — If you go back to the start of the year, the Productivity Commission put out its report on government services, and the opposition got on to that a few months later and was out trying to spruik it. I have to say, 'Good on the opposition for spruiking it', because what the report on government services showed was in actual fact Victoria had the lowest victimisation rates of any of the states, and that was based on ABS figures. So that forms the basis of that commentary.

Mr WELLS — Thanks, Minister. So you are relying on ABS, and I think you are actually relying on ABS category no. 4510.0 which states categorically:

> As a consequence of the lack of data comparability for assault and sexual assault, national data for these offence types are not available and the data provided in this publication for individual states and territories should not be used for cross-jurisdiction …

So why are you using these figures?

Mr CAMERON — No, you are wrong. In fact what we are using is ABS category 4509.0, which is the victimisation survey. The victimisation survey — —

Mr WELLS — We are talking about the 'Recorded crime — Victims' report; I see.

Mr CAMERON — The victimisation survey is not done on information that police record, but it is done on a large sample. But again — —

Mr WELLS — So are you using a sample, not actual figures; can I confirm that?

Mr CAMERON — But again I thank the opposition for highlighting the report.

Mr WELLS — Minister, can I just clarify that point you just made?

Mr CAMERON — Yes.

Mr WELLS — So you are actually relying on a sample, not actual figures?

The CHAIR — I think — —

Mr WELLS — No, this is an important point.

Mr CAMERON — I will just — —

Mr WELLS — No, tell us now.

The CHAIR — We can find out the information from the ABS. Do you have the information on the ABS methodology?

Mr CAMERON — The chief commissioner will do it.

Chief Comm. NIXON — There are two major sources of data. One is the study conducted across Australia by the Australian Bureau of Statistics, and it is a victimisation study. It is a sample, but it is a statistically significant sample. It is done on a range of households across Australia, and it is called the victimisation study. They actually asked people, whether or not they reported to police, what their victimisation rates were, and that is the study the minister is referring to. What you are referring to is really reported crime — —

Mr WELLS — Yes, the real crime.

Chief Comm. NIXON — And that is a different issue. But the one that we argue says Victoria is the safest state in Australia is both the overall crime rate — it is not about assaults — but the overall crime rate is one of the figures we use, and the other is victimisation. They actually reinforce each other, suggesting we are the safest state.

Mr WELLS — That is an extraordinary claim.

Mr PAKULA — Using both figures.

Mr SCOTT — You were asking questions about numeracy yesterday.

Mr CAMERON — No, let us get this right. We are relying on the ABS, and the ABS puts in place methodological arrangements. We are relying on the ABS, right? This survey was part of the report on government services at the start of the year.

Mr WELLS — It is a survey.

Mr CAMERON — This is the report that you picked up and were running with and waving about, and we thank you again for highlighting it.

Ms MUNT — Minister, you referred a little bit earlier to the marginal seats methodology of police allocation, which I personally would support.

The CHAIR — So would I, actually.

Dr SYKES — Where you approach the minister in relation to marginal seats; his door is open today.

Ms MUNT — I was wondering if you could let me know what is the actual methodology for allocating the extra police numbers.

Mr CAMERON — Before we go more broadly, in relation to the additional police numbers, that is something that the chief commissioner will do, and the chief commissioner will outline that.

Chief Comm. NIXON — Principally the major decision is done on the basis of our police allocation model. It then determines where we are looking in growth — and we are looking at all those issues — and as the additional members become available through the financial year they are allocated on the basis of that need within those communities, by the PAM model itself, but also by some organisational priorities. It is a process that has worked well for us for the last two years or so. It takes into account changes in communities and allows us to keep up with the demands of our communities. If we are seeing additional problems, sometimes we will put additional staff for a task force or the region itself might put additional capacity.

If you took Wyndham, for example, which has been a problem for us, what we did was put in some additional resources above and beyond the PAM allocation, but we also put a crime scene desk there, and now what we have been able to see is very successful reductions in crime. We looked to change the hours of work of some members in Wyndham as well. You obviously are always paying attention to where the problems are, but the underlying methodology of deployment is the PAM. But we do make decisions ourselves when we are seeing problems arise for other reasons, and then we need to deal with them quickly, and we do.

Mr RICH-PHILLIPS — Minister, I would like to take you back to the issue of WorkCover claims, that you addressed with the chairman a minute ago. The VWA released data earlier this year on claims by Victoria

Police in 06–07 reporting 26 000 days lost, of which two-thirds were stress-related claims and the average stress-related claim was 31 days, with about 8800 in compensation payable. Those figures noted that where the claim was under 10 days length it was not compensable by the VWA, it was compensable by Victoria Police. Can you give the committee details on the number and cost of the short claims, the under 10 days that are the responsibility of Victoria Police, for that period, please?

Mr CAMERON — My advice is that since July 2006 the number of stress-related claims has reduced by 24 per cent. I assume that the claim will pick up the under-10 and the over-10 days, but we will have to get back to you about that.

Mr RICH-PHILLIPS — Sure, no worries.

Mr CAMERON — But I assume that it will pick up both.

Mr RICH-PHILLIPS — If we could get that in the short term; thank you.

The CHAIR — We might complete the police and emergency services. We do have a further question on notice. We have not had much on emergency services, but we would like you to take on notice the issue of concessions and access of emergency services volunteers to Victorian national parks.

I understand there was a promise to provide them with access, and I am just wondering where that is at and indeed if it is going to implemented and what might be the cost of such an implementation. I am not too sure whether it is yours or whether it is the minister for conservation.

Mr CAMERON — The revenue foregone will be in DSE.

Dr SYKES — We need your strong support, Minister, to have that commitment honoured.

Mr CAMERON — That is our promise, and that is what we will do.

Dr SYKES — You are a bit slow on delivering on that.

Mr CAMERON — We said we would do it this term, and we will do it this term.

Witnesses withdrew.

Transcript of Evidence

7.5 Racing portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 8: DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

Transcript of Evidence

8.1 Aboriginal Affairs portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

8.2 Community Development portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

8.3 Local Government portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

8.4 Planning portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

8.5 Multicultural Affairs and Veterans portfolios

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 12 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Brumby, Minister for Multicultural Affairs and Minister for Veterans' Affairs,

Mr Y. Blacher, Secretary,

Mr S. Gregory, Chief Financial Officer;

Mr G. Lekakis, Chairperson, Victorian Multicultural Commission;

Mr J. MacIsaac, Executive Director, People and Communities; and

Mr A Robinson, Minister Assisting the Premier on Veterans' Affairs.

The CHAIR — I welcome the Premier as Minister for Multicultural Affairs and Minister for Veterans Affairs; Mr Yehudi Blacher, Secretary of the Department of Planning and Community Development; Stephen Gregory, chief financial officer; George Lekakis, chairperson of the Victorian Multicultural Commission and James MacIsaac, executive director, and departmental officers. I call on the Premier to make a presentation of about 5 minutes.

Mr BRUMBY — With me I have the chair of the Victorian Multicultural Commission, George Lekakis, and the Secretary of the Department of Planning and Community Development, Yehudi Blacher. I will just quickly run through the slides. I am obviously aware we are running out of time. If there is anything that Mr Lekakis would like to add to what is in the slides on the VMC, I am sure he will.

The CHAIR — We will take both portfolios together — multicultural affairs and veterans affairs together.

Overheads shown.

Mr BRUMBY — I refer firstly to multicultural affairs. Obviously diversity is one of our greatest strengths, and I made the point in my Australia Day speech actually, that there are three defining elements of our character as a state; I thought multiculturalism and diversity was one of those. I have always believed that, and I think it is such an extraordinary strength for us. On Australia Day we launched the book *All Of Us* and that was, I think, a great way to tell that story about diversity.

We have consolidated Victorian Office of Multicultural Affairs into the Victorian Multicultural Commission, and that has freed up, George, I think around $1 million per annum through streamlining and operations?

Mr LEKAKIS — Yes.

Mr BRUMBY — This money has been returned to the community as additional grants. The VMC community grants program in 2007-08 — there was approximately 4.5 million. Again, I just stress that, if I might, in answer to a previous question from Mr Gordon Rich-Phillips, I am told that is a sixfold increase. Sorry, it might have been Richard's question on the budget. That is a sixfold increase. So, again, it is another example of where we are spending — —

Mr DALLA-RIVA — It is still not 90 per cent.

Mr BRUMBY — Well over 90 per cent; it is 500 per cent. By the way the figure on health I did get for you — —

The CHAIR — We are also interested in what is happening in the future, too.

Mr BRUMBY — The figure on health is 112 per cent. That has gone to something like 2500 grants to around 1600 community organisations. I know as a local member just how well these grants are received and how much they help build a stronger community.

There are also multifaith and multicultural harmony issues — 2.1 million over the four years, and in the 2007–08 budget we added $2 million over two years to this commitment. These are important. Again, if you compare our state — I will not name any other states, but if you compare our state to some of the others in this area of multiculturalism, of migration, of diversity, I think we have a far more harmonious community than many others, particularly others around the world, and that is the case because we work on it to get it right, and there is a lot of goodwill and good faith right across communities, and these grants help in those regards.

In terms of other achievements, the refugee brokerage program has been very successful. It develops community capacity, leadership, youth activity, and there have been nine partnership projects in Melbourne and regional Victoria that we have funded across country Victoria and across metropolitan Melbourne. The language services strategy: in the 2006 budget we committed 3.1 million over four years to language services, and in the last year 11 new projects were targeted.

The cultural precincts enhancement fund: in the 2007-08 budget we committed 8 million over three years to enhance Melbourne's three key cultural precincts — as you know, Little Bourke, Lygon and Lonsdale streets. There is a huge amount of work which has been done to engage those three communities, and we are working

closely with the City of Melbourne, and funding announcements I think are anticipated in the not-too-distant future. I think it is true to say that our $8 million investment there will leverage additional funding.

The Ethnic Communities' Council of Victoria core funding has been increased from $180 000 to $250 000 per annum for four years. It provides a range of advocacy advice and services to government in areas such as multicultural aged care, equal opportunity policy, housing and employment discrimination. In Geelong: I think we have mentioned the DW Hope Centre — $1 million has been committed to that, and the commonwealth has also committed 1.5 million.

Finally, if I can, just go to the third slide — interpreting and translating. Last week's budget committed 2 million over two years towards further improvements and 800 000 to enhance the skills of the interpreter workforce, 200 000 for technology improvements in interpreting services, and a further 1 million for government agencies to increase their purchase of interpreting and translating services.

Finally, if I can just say, we have a whole-of-government focus, a strong focus on CALD populations access to government services. If you look in the health area for example — justice, education and health — there is 17.7 million which will benefit emerging refugee communities. That will pay for additional nurses for the refugee health nurse program, liaison officers for refugee communities to navigate the justice system and specialised tutoring and additional support for refugee school children. It shows our commitment in this area. Victoria is playing its role in the world, I think, but it is also making sure that we get the best settlement arrangements possible in our state and build strong communities off the back of a very diverse populations.

The CHAIR — Okay. If you could refer quickly to veterans affairs.

Mr BRUMBY — Yes, quickly on veterans affairs. The minister, Tony Robinson, is of course here as well. I am honoured to be both the Minister for Multicultural Affairs and the Minister for Veterans' Affairs. We have got a few slides on veterans.

One point I will make is, as we get closer to the centenary of Anzac Day in 2015, that I wrote to the former Prime Minister about this issue, that it would be great to have obviously major national celebrations leading up to Anzac Day in 2015, and that Victoria could play a special role in this regard. I suggested we might be the location for the first meeting of a new centenary of Anzac national committee.

Mr BARBER — You said celebration; did you mean commemoration?

Mr BRUMBY — No, I think both actually, because you commemorate Anzac Day but you celebrate the values that Anzac Day epitomises. They are the traditional values of mateship, comradeship, sacrifice, bravery and courage. So I think it is correct to say both. I think that is what veterans would say as well. So we are moving towards that. During that period, of course, the national government was here in Melbourne. So the federal Parliament was located here in Melbourne, so I think we can play a special role to mark that centenary in 2015.

Just in terms of some of the challenges going forward — and the graph behind you there — the key issue is obviously the ageing of our veterans population. There is significant demographic change. From a state government point of view, it is about how we maintain the services, how we support groups like the RSL and others. The average age of World War II veterans is currently 85.7 years. My father is one of those; Dad is 83. As you saw in the media, I walked with him this year on Anzac Day. He was on the *Quiberon* There is only eight of them now that walk on Anzac Day.

So maintaining services and support for the veterans community is going to be important. At the same time, too, maintaining the services going forward on Anzac Day will also be important. I think you are going to see this continuing growth in the number of people who attend the dawn service. This year we saw something like 35 000 people attend the dawn service. We have certainly seen that resurgence in community interest.

Just very quickly, in terms of the commemoration in education, the spirit of Anzac prize; this is a fantastic program. The 2008 study tour this year went through Singapore and Greece I think. That is right. There is ongoing support to the shrine. I also visited Tidal River earlier this year for the unveiling of the commando memorial there.

On key priorities, as I said, encouraging early planning for the centenary of Anzac in 2015; responding to the recommendations from the Victorian Veterans Council's Victorian veterans sector study; the new budget measures;

we are helping with digitising military unit histories; and working with the Australian Centre for the Moving Image to develop a series of oral histories — that has been obviously well received.

The repat hospital — the 15.5 million there — is a major investment. There is 14.5 million there for the centre for trauma-related mental health to support veteran and non-veterans mental health and wellbeing needs. Of course there is the continuing activity, the study tour and the restoring community war memorials grants program. From my movements around the state, I know that is a very popular program. I have been to little country towns where I have seen two or three members of the same family up there on the honour roll who lost their lives in the First World War. So to restore those memorials is a very positive thing for the local community so that we remember, for all time, the extraordinary contribution that those towns and communities made.

The CHAIR — Are there questions on either of those portfolios?

Mr SCOTT — I noted in your presentation you touched upon the trauma-related mental health services. Can you outline in more detail the initiatives that are in the current budget to address the mental health of veterans? I know it is a particular issue for a number of veterans in the community.

Mr BRUMBY — In terms of veterans mental health, I am advised that 59 per cent of Victorians veterans are aged between 80 and 90 years, and as I indicated a moment ago, the average age is now 85.7. Because of their ages and their service histories, their community has specific needs relating to health and wellbeing. I think that is reflected in the commitment that we made to the Heidelberg repat hospital.

In particular the government's policy Respecting Victoria's Veterans committed to committed to developing a new mental health facility that incorporates the veterans psychiatry unit at the Heidelberg repat hospital. As I mentioned in the slide presentation, this is called the centre for trauma-related mental health. That facility will also support other trauma survivors, and it includes a 20-bed unit for inpatient treatment; 1.5 million was allocated in the 2007–08 budget for design and site preparation; and 15.5 million was allocated in the 2008–09 budget. I think that is very positive, and those projects are being coordinated by the Department of Human Services.

Mr BARBER — Premier, totally or permanently incapacitated veterans are likely to have a lot of medical appointments, obviously, but some of those same disabilities make it very difficult for them to access public transport. Is there anything in the forward estimates to provide state concessions on CityLink e-tags and/or has that been considered by the state government?

Mr BRUMBY — To my knowledge it has not been considered. It is unlikely, although obviously not impossible, if a veteran is not physically able to use public transport then they probably do not have a drivers licence either, if their physical condition is such that they cannot use public transport. I am not aware that that matter has been raised. There are, obviously, a range of programs through the taxi service, I understand — I do not have the details of those; I am happy to get them to you — where, particularly for medical appointments and others, support is provided.

The CHAIR — We can ask the Minister for Roads and Ports.

Mr BRUMBY — I will get that information.

The CHAIR — The DVA provides a lot of support, too.

Mr NOONAN — Can I go to the multicultural affairs area? You talked briefly about a refugee support strategy. I wonder if you could elaborate on that and also advise how the initiatives announced in the 08–09 budget will strengthen the government's reputation as a leader in the area of multicultural affairs?

Mr BRUMBY — As I mentioned before, on the refugee brokerage program, we have committed 3.1 million for this over the four-year period — that is, 2005–06 through to 08–09. That is to support local communities and particularly partnership-based approaches, to improve the use of existing services by refugee communities. In 2007–08, the program fully met its budget output measure. It funded nine partnership projects. They were in Warrnambool, Colac, Shepparton, Hume, Brimbank, Greater Dandenong, Casey, Maribyrnong, Hobsons Bay, Melbourne, Moreland, Yarra, Moonee Valley, Darebin, Banyule, Whittlesea, Wyndham and Melton. Some of those, of course, were grouped geographically. In this financial year the program has worked with in excess of 40 refugee communities across 16 locations. One example of a strategic program outcome was the initial

stages of developing a small number of community enterprises — businesses, for example, that provide refugee women with the opportunity to learn how to run a business.

We think these programs are extremely important. I repeat what I said before: in this area I think we have the right programs in place to support these communities. As you know, many of these families come from areas where they have been exposed to civil war, poverty and death for years and years. They come here, and it is a big adjustment. They need support. They get some of that support from the federal government, but it is not always enough. We are providing additional support, and I believe it is making a difference. Certainly the partnership approach is the key to its success, I think.

Dr SYKES — I would like to ask a question in relation to the Spirit of Anzac schools competition, which is in budget paper 3, page 193, but before I do I would like to preface my question by saying that I certainly share the view of the Premier about the growing importance of Anzac Day and also taking the opportunity to publicly put on the record my gratitude to the minister responsible, Mr Tony Robinson, and David Roberts for involving me in the commemorative services in France, where I participated in the commemorative services at Villers-Bretonneux and nearby communities.

We agree that it is important to continue to grow the spirit of Anzac and, as has been indicated, the veterans ages are increasing, and therefore there is a need to recruit young people to take over the reins. I note in relation to the spirit of Anzac schools competition that the number of participants has decreased — they were at 241 in 06–07 and they have dropped to 183 in 07–08. I am wondering, is there is an explanation for that? Is it related to funding? Is it related to toughening of the criteria? If so, what is being done to address that issue and get the numbers back up so that we can have more and more young people involved?

Mr BRUMBY — We certainly want to see more young people involved. Thank you, too, for your comments thanking the minister assisting the Minister for Veterans' Affairs — I am the minister, as you know — and thank you for your comments supporting the minister assisting in terms of your travel. I should say in terms of the Western Front and Villers-Bretonneux, as I indicated in my speech at the Anzac Day lunch this year, my great-uncle, Ernest Brumby, lost his life at Pozieres. Like many of them there, he lasted two days. If you read the history of that area — and you are lucky, you have seen it firsthand; I have not seen it, I have only read the history of that area — you realise the extraordinary and unbelievable loss of life. In terms of the Spirit of Anzac competition numbers, I will get advice on that. The funding has not changed, so I guess it is just the numbers who are applying?

When it goes to Gallipoli, the numbers go up. Can I just say more generally, that since 2004–05 more than 750 Victorian students from across the state have participated and as a result, ~39 year-9 students have been selected to participate in the 2005–06–07 and 2008 tours. So the participation is very strong indeed; 10 students were involved in the 2008 tour and 7 adults accompanied them on that trip. Perhaps the minister assisting me — —

The CHAIR — Yes, we welcome the Minister Assisting the Premier on Veterans' Affairs, Tony Robinson, to join the hearing.

Mr BRUMBY — Do you have any comments to add?

Mr ROBINSON — Thanks, Premier. Just two comments to Dr Sykes. Firstly, the numbers do tend to ebb and flow a little depending on whether the trip goes to Gallipoli. I think we have done four trips and one has included Gallipoli. This year it was Greece and Crete so we have experienced a little bit of a fall-off but we do appreciate the fact. I think next year we may go back to Gallipoli so we expect that there will be a pick up there.

Secondly, whilst overseas — and you have alluded to the recent visit — I spoke to the Western Australian school group; their competition, unlike ours, runs for all secondary students from year 7 through to year 11 and ours only runs for year 9 students. I think proportionately they get far fewer applications than you would think compared to us. They have five times as many applicants but I think they have less than twice the number of submissions.

The other point is the number of submissions does not always reflect the interest. Sometimes schools just do not get to the deadline in time. These numbers will go up and down a little bit year to year.

The CHAIR — Thank you, Premier and Minister. We always welcome ministers to appear before us; we actually like and encourage it.

Mr PAKULA — Premier, my question is on the multicultural affairs portfolio. I note on page 279 of budget paper 3 there is an amount over the forward estimates period of $8 million — —

Mr BRUMBY — Sorry, what page?

Mr PAKULA — Page 279 of budget paper 3. There is an amount of 8 million set aside over the forward estimates for the development of the cultural precincts or the ethnic precincts, and my query is about the community consultation that will go along with it. What arrangements have been put in place to consult with those communities about the development of those precincts over that period?

Mr BRUMBY — My understanding is that there has been a very large amount of consultation which has taken place. The initiative is administered by the Victorian Multicultural Commission in partnership with the City of Melbourne and the Italian, Greek and Chinese communities. The consultation is being led through the commission and by the Minister Assisting the Premier on Multicultural Affairs, James Merlino. There has been a huge amount of interest in these cultural precincts and the enhancement fund. As I said before, it is anticipated that the first projects to be funded will be announced in the not-too-distant future.

It is anticipated that the total expenditure in these three precincts will significantly exceed the $8 million, and that is because there will be third party leveraging, there will be other groups that want to contribute, and I think this will be a great initiative in terms of ensuring that we have the enhancements in these areas, that we want to recognise the extraordinary contribution of these communities and the role of these precincts.

I might ask whether the VMC chairman also wants to say a couple of words about the consultation process?

Mr LEKAKIS — Yes. In June–July we commenced a major information strategy to inform all stakeholders in the precincts. We then hosted specific stakeholder meetings of each precinct with nominated people from the local chambers of commerce, community representatives and a whole host of other interested parties. All three precinct stakeholder meetings have met. They have agreed on some of the key priorities for the physical and other community enhancements in the three precincts. We have thus received all applications regarding those improvements, and we are on the verge of negotiating with the City of Melbourne.

When you are dealing with footpaths, extensions and enhancements, glass screens, lighting, gateway markers, arches and a myriad of other issues that communities and local businesses want in those precincts, we have to have extensive negotiations with the City of Melbourne to realise those. The budget is there from the state government point of view, and we are looking at what the community can add to the individual projects and of course what the City of Melbourne will add as well.

It has earmarked specific initiatives within its budget cycle over the next three years for major project improvements in those precincts, and we are currently negotiating the details of where they will spend their dollars and where the state government can make improvements as well.

But let me assure you that the stakeholders have met, they have prioritised and everybody is clear within those communities exactly what improvements they seek from those precincts and the money that we are going to invest.

Mr DALLA-RIVA — Premier, I refer you to budget paper 3 on page 193 in respect of multicultural affairs, and I note that the total output costs running into the 08–09 year is going from about 10.4 million to 14.1 million. In that component I gather that the Victorian Multicultural Commission receives an amount for the publication it sends out to various stakeholders. You are probably aware of the publication — I can't think of it offhand.

Mr LEKAKIS — *Multicultural Victoria*.

Mr DALLA-RIVA — It knew it was something like that — *Multicultural Victoria*. Are you aware of the recent one that I must say had quite a substantial number of ministers, ministers assisting the Premier, lots of Labor MPs peppered throughout the document, and do you think that is a fair representation when you are meant to be in a portfolio that really should be non-partisan?

The CHAIR — Premier, we are really dealing with the estimates, but I am sure we can organise a few photos for Richard in the next one.

Mr DALLA-RIVA — Is that a reasonable expenditure of money in a portfolio — —

Mr BRUMBY — I have not seen the publication, but I do know about the multicultural dinner which I attended a month ago. It was the first I had attended as Premier, and it was a fantastic night. I know on that night there was every group there. The Leader of the Opposition and his wife sat on the main table with me and my wife that night. I spoke; the Leader of the Opposition spoke after me, and he had the same time. It was a completely even-handed event. I might say that it has not always been that way, when I think back to the 1990s.

I have not seen the publication. I can only assume the reason ministers are there is because we make a lot of announcements. I do not know if my photo is in there but I do know — —

Mr DALLA-RIVA — A few times.

Mr BRUMBY — I do know in terms of multicultural affairs — —

Mr DALLA-RIVA — Fair enough. That is not the issue. If you had seen the publication, Premier, you would see that in a portfolio that should be fairly balanced — it just appeared significantly one way.

Mr BRUMBY — I will certainly have a look at it. I know that in my area there are a huge number of events I have done in this area. Again I am just trying to think — there was the event we had at Parliament House with the Vietnamese welfare group. Ministers make a lot of grants, and presumably because they make grants, that is why they are in it.

Mr DALLA-RIVA — You give me some money to make a grant and I'm sure I will be in the publication.

Mr BRUMBY — You know how that works.

The CHAIR — Thank you, Premier. I note that Mr Barber has a couple of questions he wishes to put on notice, namely: is there any provision in the budget for the creation of the culturally linguistic and diverse older persons action plan, which is in the ALP 2006 election platform, and what is that provision; and will funding for the new workforce partnership program continue at least until any federal funding takes it place? He has put those on notice.

There are a number of others which are put on notice too, Premier. We would like you, if you can, to provide written responses to those within 30 days so we can end up doing our reports in a timely fashion.

That concludes the consideration of the budget estimates for the portfolios of Premier and Cabinet, Multicultural Affairs' and Veterans Affairs. I thank the Premier and the Minister assisting the Premier on Veterans' Affairs, Mr Robinson, Multicultural Affairs and Veterans' Affairs staff. It has been a very good session. Where questions were taken on notice, as I mentioned, the answers are to be provided, and the Hansard transcript will be distributed in the next day or two.

Committee adjourned.

Transcript of Evidence

8.6 Senior Victorian portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

8.8 Sport, Recreation, and Youth Affairs portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

8.9 Women's Affairs portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne— 16 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	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 T. Healy, Deputy Secretary,

Ms R. Cumberland, Director, Office of Women's Policy, and

Ms K. Kelly, Manager, Policy Development, Office of Women's Policy, Department of Planning and Community Development.

The CHAIR — On behalf of the committee I welcome Terry Healy, deputy secretary; Rhonda Cumberland, director, Office of Women's Affairs; and Kath Kelly, manager, policy development, Office of Women's Affairs. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance implications of the budget estimates for the women's affairs portfolio.

Ms MORAND — Thank you for the opportunity of presenting on my women's affairs portfolio, particularly in this very significant year of the centenary of women's suffrage.

The CHAIR — Absolutely.

Overheads shown.

Ms MORAND — It is the 100th anniversary of women being able to be in this place and participate in democracy. In terms of our achievements in the portfolio over the last 12 months we have launched the celebrations and are undertaking celebrations of the centenary of suffrage. We have met the target that we set ourselves for getting 40 per cent of women on government-appointed boards. We have continued the honour roll. I think you, Janice, were there at this year's lunch where we inducted another 30 women onto the honour roll.

Ms MUNT — Absolutely.

Ms MORAND — And we have decided to continue that important program of recognising women's achievements, particularly the achievements of those women who do not seek that sort of recognition. We have also developed material for the Women's Financial Literacy workshops, which was a budget initiative from last year. We held the annual Premier's women's summit. It was the eighth summit held, and the theme was 'Women into work'. It was a very successful summit. We are evaluating the women's safety strategy, and we have completed the annual report on Leading with Victoria's Women.

I am putting up this slide because I wanted to remind members that I am the lead minister for family violence but it really is the other ministers who have the spending programs, and it is a whole-of-government approach to tackling this difficult problem. As you can see, we have the housing minister, the Attorney-General, the police minister, the Minister for Community Services and myself. Family violence is one of the key areas in terms of the Minister for Women's Affairs portfolio and one of the key areas of reform for the government. I wanted to remind members that we have had some significant success in terms of responding to family violence since the new code of conduct came in in 2004. We have seen intervention orders sought by police increase by 169 per cent, and police charges have increased by 183 per cent; they are very successful numbers. We have developed a very successful partnership with over 70 providers across Victoria supporting women and children in family violence. We have also improved access and responses in terms of the court system. We have established a Family Court division in Ballarat and Heidelberg, and 200 men were directed in 2006–07 to attend a mandated behavioural change program through the Family Court violence division in Ballarat or through Heidelberg. We have also assisted 1300 women every year with outreach and intensive case management, and approximately 1200 men are accessing men's behavioural change programs each year. Something I may be able to report on at the next hearing is the benchmarking data that we are doing. We are doing a benchmark process over the next two years in terms of looking at the number of police call-outs, court information and family violence service providers, so we will have more information on that in the future.

In this budget we have announced a $24.7 million additional investment to address family violence, and this adds on to the spending that we have already committed to family violence over the last few years. This time we are really focusing on prevention. As I say, I think we have had a good response in terms of how we are responding to family violence, but this is a new way of looking at family violence in terms of prevention, and we have tried to look at the critical system gaps and provide more intensive case management for women and children. We have used $4.3 million to provide extended crisis response, to expand the intensive case management for women and children and to target those at highest risk. We have also allocated $4.2 million to help connect agencies, such as family violence service counselling and refuges, with police and with courts to better support victims of family violence. In addition we have allocated another $6.1 million over four years to increase the accountability of the perpetrators of family violence and to increase access to men's behavioural change programs, to increase intensive case management and also to expand the existing phone line for men who use violence.

Also in the budget there are funds to support a communication strategy, and that is very much underpinning the introduction of the new family violence act which will be introduced later this year. That strategy will be developed

by the department over the next few months in terms of what will be specifically used; whether it be radio ads, print media or TV is still to be determined, but we have a budget of $1.5 million which we will develop and spend in the best way possible to promote people's understanding of the new act when it comes into effect. Also, we are increasing our focus on indigenous family violence, with $8 million focused on specific investment for indigenous family violence, which really supports our 10-year plan on indigenous family violence. So the priorities for this year are to continue supporting the celebrations of the centenary and making sure as many as possible know what we are celebrating and involve people in that celebration. We will be rolling out the financial literacy program. In fact one of the first ones has already been held, and there is the development of a new policy framework and a new safety strategy will be developed over this year. I will leave it at that.

The CHAIR — Thank you, Minister. You mentioned Ms Munt in your presentation, so I will hand over to her.

Ms MUNT — I would like to say that I am very proud to be a woman MP asking the minister for women a question about the centenary of suffrage in the centenary year. I think they would have been very pleased to have been a fly on the wall in this room today. It is worthwhile reminding all young women how far we have come in the last 100 years.

The CHAIR — I think we need a photo of a woman in this room as well. It might be a good idea.

Ms MORAND — That is a very good point, Chair.

The CHAIR — Perhaps it should be recommended to the President and the Clerk of the upper house.

Ms MUNT — Absolutely! I have had a ride on the purple tram, which was very good. What else is happening to celebrate the centenary of suffrage so the whole community can be part of this very special year?

Ms MORAND — It is a special year, and I am very lucky to be the minister in this centenary year. I think you are right. There might be still a few ghosts around this place of people who did not support women being provided with the vote. There may even still be a few members in the current Parliament who are not completely supportive of women's rights in all aspects. It took 20 years and 17 bills for the Suffrage Bill to finally pass in November 1908. As I have been talking to a whole lot of different people across Victoria about celebrating the centenary, it is also worth considering how far we have come in that 100 years and then how far there still is to go. One statistic which always is of interest to members — I do not know if it will interest members here today; maybe they already know — is that Pauline Toner was made the first minister in 1982. When she was elected in 1979 there had only been five women in Parliament before Pauline Toner came into Parliament in 1979, so it is really only in the last 20 or 30 years that women have really had a critical mass in participation in Parliament.

Ms MUNT — Joan Kirner once told me a story that, when she was first elected, there was no women's toilet. They said, 'It is too hard to get a women's toilet', so she said, 'That is fine. I will just use the men's toilet until you find me one', and it took two weeks. So there was not even a women's toilet!

Ms MORAND — As you said, the launch happened in February, and I hope members have seen the colourful tram that is going around the city circle. We are very happy to get some support from Yarra Trams to support that. It has some of the original suffragists on the side of the tram, like Vida Goldstein. In addition we have launched a grants program. The grants program has been distributed. There are grants totalling $354 000 to 51 community groups across metro Melbourne and also many groups in rural and regional Victoria as well. There is a range of different activities, a great diversity of activities and a great program, which I invite members to have a look at on the women's Victoria website.

We also want to encourage women to sign calico banners that are circulating Victoria in memory of the monster petition that was signed in 1891 by 30 000 people supporting women's right to gain the vote. That petition was tabled in Parliament in 1891, and it was 200 metres long — in fact I have seen the petition. This petition is not a replica, but it is in memory of the suffragists' petition, and we are circulating it as much as possible and hoping to get 30 000 signatures on it supporting ongoing support for women's equal rights.

As well, curriculum materials are going to be introduced for all upper primary and secondary students in Victorian schools, and we are going to schedule the launch in July to ensure that children at school know more about the history of the centennial of suffrage. Finally, the public sculpture will be unveiled in November. It depicts the

original monster petition, and that is going to be unveiled as part of the open day, which will coincide with the celebration of the centenary in November this year.

Ms MUNT — Thank you. Sounds good to me.

Mr WELLS — Minister, can I just clarify one point before I ask my question. Does the new family violence act include the interim intervention orders? Is that the main part behind it — the new interim intervention orders?

Ms MORAND — Yes. It reforms the system of family violence intervention orders.

Mr WELLS — Fine. Minister, I refer you to budget paper 3, page 191, and the measures on 'Women's Safety Strategy delivered against performance target'. Last year in PAEC Minister Allan said that one of her priorities for 07–08 would be the evaluation of the Women's Safety Strategy which ran from 2002 to 2007. I am wondering if that evaluation has been carried out. If so, what are the results and are they going to be made public?

The CHAIR — That is probably more an outcomes question.

Mr WELLS — I am happy to put in on notice.

The CHAIR — Maybe put that one on notice, if you like. It is more an outcomes question.

Ms MORAND — Yes. It has been evaluated, but did you want more information on the evaluation?

Mr WELLS — Yes. We wanted to know what the results were and when the results are going to be made public.

Ms MORAND — It was completed in December of last year, and it is going to be published on the website in the next few months.

Mr NOONAN — Minister, I am interested in the intervention programs for men and men's behavioural change — an allocation of 6.1 million. It might be worth, if you can, talking about what those programs involve and whether there are any measurables in terms of the value of those programs minister speaking? They are provided by a range of different service providers, and I will ask the head of the department to assist me with this, but we know that there is a lot of repeat offending in terms of family violence, so it is about trying to target men who repeatedly use violence in the home, and assist them in changing their behaviour. But in terms of outcomes I might ask Rhonda if she can assist me with that.

Ms CUMBERLAND — It is probably important to realise that there are two kinds of intervention — some are mandated and some are voluntary — and essentially most of the new investment is going into voluntary programs. The emphasis on a voluntary program is important because someone who volunteers to participate is always thought to be someone who will be a more successful candidate. At this stage the way these programs are evaluated is by virtue of completion of the project; but essentially part of Victoria's response in this area is to talk to the partner of the person involved and take into account the qualitative information that she will provide to see if there have been any changes in the behaviour at all. So it is a quantitative and a qualitative evaluation strategy. It is new science, if you like, not just in Victoria but around the world, and they are essentially the key indicators and measures.

Mr NOONAN — So the modelling comes from where, for this new measure?

Ms CUMBERLAND — Most of the work on men's behaviour change comes from America and Canada.

Mr BARBER — Minister, I was just wondering when you and your group of ministers might eventually get around to doing a review of the Prostitution Control Act as was promised so many years ago?

Ms MORAND — I am not able to answer that because it is not in my portfolio.

The CHAIR — I am not sure you can ask — —

Mr BARBER — I am coming at it from the angle of family violence and the women's safety strategy.

Ms MORAND — I am happy to take it on notice in terms of timing and whether that review is under way.

The CHAIR — Maybe you can ask the Attorney-General when he comes.

Ms MORAND — I think it is also under the Minister for Consumer Affairs as well.

The CHAIR — If you are talking about brothels it tends to fall into about three different areas. Prostitution control is more the Attorney General's area.

Mr BARBER — I am asking from the point of view of a women's safety strategy of course, which you are the leader on.

Ms MORAND — It is a fair question, and I am happy to give you some feedback on that.

Mr SCOTT — I would like to refer you to budget paper 3, page 279, and the line item 'Financial literacy'. Can you explain how the financial literacy program will roll out, and who will benefit from the program?

Ms MORAND — Thankyou for that question. We know it is a real problem in terms of women planning for their financial security in the future, and that their superannuation savings are generally much less than men's and the obvious reasons for that are lower participation rates in the workforce and the greater number of women who are in casual or part-time work, or who have lower wages generally. So generally they are poorly providing for their future.

In terms of the $1 million from last year, we will have a Financial Literacy Month in September, and we will develop train the trainer programs through face-to-face workshops across the state, and the programs will be developed for specific target groups, understanding that different age demographic groups will have different needs and different ways of thinking about their economic futures. So they will be very much targeted to those age-specific groups and also indigenous groups and ethnic-specific training work shops.

We are really pleased with the progress we have been making in terms of the development of the material. The Women's Information Referral Exchange has a grant to train the facilitators across Victoria on the workshop materials, and the Queen Victoria Women's Centre is also to receive funding to assist the delivery of the workshop program, and that will include the Queen Victoria Women's Centre undertaking registration process, marketing and promoting the workshop program. It fulfils an election promise to deliver this over the next year.

The CHAIR — Are other organisations able to be involved? Is it basically just through the Queen Victoria centre?

Ms MORAND — Yes, other providers are involved too.

Mr WELLS — Minister, I want to bring you to the issue of the family violence bill 2008. I am wondering when that will be brought into Parliament. My understanding is that the law reform commission made recommendations to the Auditor-General in December 2005, which is two-and-a-half years ago; then on 13 August last year the Auditor-General promised the bill would be introduced in 2007. I am just wondering where we are up to with it.

Ms MORAND — The final draft of the bill was circulated last month. You have probably seen the draft of the family violence bill?

Mr HEALY — There has been a consultation draft which has been circulated widely to stakeholder groups. There has been a very extensive process of consultation for quite some time. It is not for me to say when the government will introduce it, but I would have thought later this year is a safe bet.

Ms MORAND — My best estimation would be later this year.

The CHAIR — It is included in the forward program for the beginning of the year. There is a page on it there.

Ms MORAND — Yes.

The CHAIR — Minister, how is the Queen Victoria Women's Centre going? We have talked here about the occupancy rate. Can you give us a progress report? It says 85 per cent occupancy rate, or greater than 85 per cent. Has it got some vacancies?

Ms MORAND — It is fully tenanted now, so we are really happy with it. I was there yesterday, launching the new Shilling Wall in commemoration of the shilling fund that established the hospital at the turn of the previous century, and there is a new program to establish a shilling wall for people who want to put women of significance in their lives — loved ones or other people who want a memory of specific women on the Shilling Wall. The first two panels were unveiled by myself and some other key women yesterday. So it is going very well.

The CHAIR — Having been born at the Queen Vic, I can relate to this. Who else has gone into the Queen Vic recently?

Ms MORAND — The most recent tenants?

The CHAIR — Do you have the tenants who fill it up?

Ms MORAND — I can tell you who they are: Aboriginal Family Violence Prevention Legal Service, BreaCan, Centre Against Sexual Assault, Domestic Violence Victoria, Emily's List, Urcot, Victorian Immigrant and Refugee Women's Coalition, Vita Natural Health, WIRE and the YWCA.

Mr WELLS — I remember last year we asked for the rental costs for Emily's List. For some reason we were not able to get that from the previous minister. Will that change under your guidance?

Ms MORAND — Obviously the rental is not something that is negotiated with my office. It is done by the Queen Victoria trust with the various tenants.

The CHAIR — The trust is independent; it is not a state body, is it? What is the arrangement?

Ms MORAND — There is a committee and a chair of the committee. They are responsible — —

The CHAIR — Do they do an annual report to Parliament? Is that part of the — —

Ms MORAND — Yes.

Mr HEALY — It was established by statute.

The CHAIR — Theoretically the request can be passed on to them through your portfolio.

Ms MORAND — I think there is probably financial information in the annual report.

The CHAIR — If there are no other questions, I thank you, Minister, and officers for your presentation today. I thank you for your earlier presentation and for the one on women's affairs. There are a number of issues to be followed up, and requests for information will be provided in writing at a later date. We would appreciate it if they could be provided within 30 days.

Committee adjourned.

CHAPTER 9: DEPARTMENT OF PREMIER AND CABINET

Transcript of Evidence

9.1 Arts portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 15 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms L. Kosky, Minister for the Arts,

Ms P. Hutchinson, Director,

Mr G. Andrews, Deputy Director, Policy and Programs, and

Mr D. Carmody, Deputy Director, Agencies and Infrastructure, Arts Victoria, Department of Premier and Cabinet.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolio of arts. On behalf of the committee I welcome Lynne Kosky, the Minister for the Arts; Penny Hutchinson, Director, Arts Victoria; Greg Andrews, Deputy Director, Policy and Programs, Arts Victoria; and Dennis Carmody, Deputy Director, Agencies and Infrastructure, Arts Victoria 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 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 committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn; however, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript, and the committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. 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. The procedure will be that followed generally in the Legislative Assembly. I ask that all mobile telephones be turned off, which is important because it interferes with the Hansard recording — let alone with me!

I invite the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information related to the budget estimates for the portfolio of arts.

Overheads shown.

Ms KOSKY — Thank you, Chair. What I wanted to do was go through very quickly the achievements that we have seen in the arts over 2007–08. We have had *The Mediaeval Imagination*, which is at the State Library of Victoria. More than 50 000 visitors have been to that since its opening. It is a free, international and very significant exhibition. The NGV today welcomed its 10-millionth visitor since the opening of NGV Australia at Federation Square and the redevelopment at St Kilda Road.

Nick Cave was the third in the arts centre successful icons series that followed popular exhibitions on Kylie and Dame Edna. The MTC theatre and the MRC (Melbourne Recital Centre) are progressing very well. We have had the Local Partnerships Program delivering additional funding and new and expanded programs to regional communities. Through *Victoria Rocks* we have provided grants to contemporary musicians and many young people and bands as well.

To give you a bit of a sense of where we sit in the arts across the world — and I think we should be very proud of this — Victorian artists and arts organisations have a fantastic reputation right around the world, not only here in Australia. Earlier this week I announced the latest package of funding to help quite a number of our artists to travel internationally. It was $200 000 to help Victorian artists take their work to the world, so we are exporting our culture.

Some of the recent highlights include Geelong's Back to Back theatre winning a major award at the Zurich Theatre Festival. Back to Back is probably the only company in Australia of intellectually disabled people; they do a fantastic job. Melbourne's TinAlley String Quartet came top amongst nine of the world's most accomplished young string quartets at the Banff International String Quartet competition in Canada, and Victorian artists were selected to represent Australia at the Venice Biennale for the sixth consecutive event. They were not only there as Australians, they were also there as Victorians.

Our success has been recognised right across Australia and indeed, overseas. These are some of the statements of that recognition, and we should all be very proud of what we are doing in the arts here in Victoria and how that is very much recognised around the world.

Turning to the new initiatives in the 08–09 budget, for output initiatives we have provided $7.1 million for the Centre for Books, Writing and Ideas; for ACMI (Australian Centre for the Moving Image), $4.9 million; for Arts

Centre maintenance, $12.1 million; Arts Centre programming, $3.5 million; Late Night Thursdays@Fed Square, $0.5 million. Asset initiatives include $3.2 million for the Centre for Books, Writing and Ideas as well as $8 million for exhibition renewal at Museum Victoria. That is a total of $39.3 million.

The CHAIR — I noticed that the Public Record Office and the archivists are having a function downstairs. Are you handing out the awards for the archivists?

Ms KOSKY — I would have had I not been here.

The CHAIR — It's good to see. Having been in charge of records management in the department myself at one stage, I think it is a very important area.

Minister, I ask you about specific subsidies, concessions — or even implicit subsidies — and any revenue forgone within the arts portfolio, perhaps free tickets to the opera or something. Are there any subsidies or concessions?

Mr BARBER — What — are you after some?

Ms KOSKY — I thought I could come and hand some out here, but I thought you might take it the wrong way. There are actually no direct concessions to any of the arts agencies, but I think it is worth mentioning that the NGV is free for general exhibitions. That includes both sites of the NGV. Entry to the State Library is free, as is entry to ACMI for general exhibitions. For particular events, people pay. The museum is free for children and students. In a sense there are subsidies provided by them not paying, but there are no direct concessions.

The CHAIR — Maybe you could have a go at quantifying those insofar as its is reasonable?

Ms KOSKY — For some it would be easier than others, but we can probably quantify. Certainly the commitment to making entry at the NGV free changed. We introduced that in — —

The CHAIR — We had a price on it, I think, for a number of years.

Ms KOSKY — We would be going back some time, but we could look at what some of the charges are interstate.

The CHAIR — We are just trying to have a bit of comprehensive picture on this. I just think it is a useful thing to do.

Mr DALLA-RIVA — Minister, referring to budget paper 3, on page 215, under 'Arts Portfolio Agencies', I note in terms of attendances — and you raised it in your presentation about various events and presentations where there were recorded numbers — I understand the Australian Centre for the Moving Image did have a performance measure of 'attendance'. Given that you have attendances there, obviously maybe you could take it on notice to provide that to the committee, because it seems to be that you have had some attendances there but it is taken out now? Are there any projected losses in terms of moving forward in the forward estimates of ACMI over the next period? If there are, how does the government prop that up?

Ms KOSKY — As I understand it, we have put all of the agencies together, but we should be able, for attendances to provide that information separately for each of the organisations.

Mr CARMODY — We can still provide discrete figures for ACMI. It is just that it was unusual. It was the only agency that had its own number so that in the future they would all be wrapped up into the one. We can provide the committee with that number, though.

Mr DALLA-RIVA — If you look at the budget paper it has got the actual at 2006–07 at 9 million-odd — or in terms of hundreds of thousands — and then the 07–08 budget or target and expected outcome has dropped by 2 million, from my figures here, and then the revised target moving forward is 7.6 million. What has occurred in the reporting, or what has occurred in terms of previously to your forward estimates that would have a reduction in the user attendances of all agencies? Has there been a — —

The CHAIR — Blockbuster? Some blockbuster exhibitions?

Ms MUNT — It might have been the Commonwealth Games.

Mr DALLA-RIVA — I do not think the Commonwealth Games are in that, are they?

Ms HUTCHINSON — It is not the Commonwealth Games.

Ms KOSKY — I might need to get back to the committee on that, because there is no obvious reason. We certainly have got blockbusters going forward. We will get back to the committee, because the attendances are very good at all of our agencies and at most, have been growing. We will get back to you on that.

Mr DALLA-RIVA — The second part of my question was in relation to projected losses in terms of some of those.

Ms KOSKY — In terms of ACMI?

Mr DALLA-RIVA — ACMI is just one, but there may be others. How does the government react and deal with some of those in a financial sense in terms of the budget and the impact on the budget? I think there was a notation on the following page, under footnote (h), about the expected outcomes. It was 260 targeted, but the expected outcome is something like $18 million less. There is a footnote that explains that, but I need to clarify in my mind exactly what it meant. It says it:

… reflects the re-classification of appropriation from operating to capital.

Ms KOSKY — We will provide the information on what that actually applies to. It has obviously been a reclassification. I should say that, out of the seven arts agencies — including the Melbourne Recital Centre, which is being reported for the very first time — the Melbourne Recital Centre, NGV and the State Library of Victoria have recorded a surplus, and the remaining four agencies have reported a deficit for the financial year June 2007, but that deficit relates to depreciation of the expense component, which is not fully funded.

The CHAIR — That could be it.

Ms KOSKY — I will get back to you in terms of the detail. We are not able to provide that at this stage, but depreciation is the key component that relates to losses.

Mr DALLA-RIVA — Are you getting the free tickets for the Chair as well?

The CHAIR — No, I was just trying to ensure that we have a full record of any sort of concessions or subsidies.

Ms KOSKY — I should say that I know that quite a few MPs did enjoy recently the event at the Potter gallery and also the earlier event for Australian Impressionism. They were free events for MPs. We will be doing more in the future, and I encourage you to come along.

Mr DALLA-RIVA — You think we need it, do you?

Ms KOSKY — A bit of culture never hurt anyone.

Mr DALLA-RIVA — Some more than others.

The CHAIR — I can reassure Mr Dalla-Riva that he is able to use his gold pass to visit special exhibitions even though the general public actually pay a fee for them.

Mr DALLA-RIVA — I didn't know that.

Ms MUNT — Page 16 budget paper no. 3 details 3.2 million TEI and 7.1 million over four years to fit out and operate the Centre For Books, Writing And Ideas at the State Library of Victoria, which sounds fascinating to me. Could you please detail what that is all about?

Ms KOSKY — The Centre For Books, Writing And Ideas is very exciting. It will be the first in Australia and has developed to provide a home for many of our literature organisations. We have a very successful Writers Festival here in Melbourne, which has attracted record audiences of 45 000. We have also got the Premier's literary awards, which is one of the best literary awards and provides a significant amount of money within Australia. The Centre For Books, Writing And Ideas is part of our bid to UNESCO to become a City of Literature. The Centre for

Books, Writing and Ideas will be based at the State Library of Victoria, but it brings together quite a number of the different literature organisations around Victoria so we provide a home for them — a hub for the writers' organisations and for the poetry organisations. It includes the writers centre, the Melbourne Writers Festival, Emerging Writers Festival, Express Media and the Australian Poetry Centre, but also it will provide spaces for a lot of the regionally based writers groups as well.

It will also provide spaces for a lot of the regionally-based writers groups as well but also spaces for groups to come together for discussions. If you consider that Victoria and Melbourne are incredibly well known for ideas and for literature, it will provide a home and a hub for that, and it is really well located at the State Library and also very close to RMIT and Melbourne uni. We provided $8 million in the 07–08 budget to repair and renovate the halls, and this budget provides 3.2 million for the fit-out of the Barry and Verdon halls at the State Library of Victoria. It is worth having a look. It is a fantastic space and will really become very much a home for those organisations and provide that critical focus for us becoming a city of literature.

We have got the bid in with UNESCO at the moment. We have been supported by the Australian UNESCO committee, and hopefully within the next month we will actually get word on whether we have been accepted. We are home to, I think, the most publishing organisations in Australia, and we have many writers who live here, so it provides a real focus and has been very much endorsed and embraced by a lot of the writers, the publishing houses and media organisations. It will just give it that extra impetus to grow even further.

The CHAIR — We are trying to get an award up for annual reports, but I am not sure whether that necessarily — —

Ms KOSKY — I do not think we actually have an award for that at the moment, but I am sure it would be a very significant price tag, if you could get one.

Dr SYKES — Working within the spirit of the meeting today I would like to talk with the minister about the support of Arts Victoria for art in regional Victoria, which is certainly not a cultural black hole. As the minister would be aware, there are several tiers. You have regional art galleries at Benalla, Sale, Bendigo, Hamilton and smaller art galleries at places like Bright.

We are also blessed with some performing arts centres such as at Benalla and Mansfield, and each community has its theatre group. I should indicate, Minister, that Mansfield theatre put on a very good production last year called *Oliver,* and that fellow Bill Sykes, he has got a dubious — —

The CHAIR — At this stage I would not go there in the political spectrum.

Dr SYKES — Then you get down to very small communities like Ruffy which runs the Ruffartz group. Can you just indicate the level of support that comes from your portfolio and what we can look forward to in the future?

Ms KOSKY — As you would know, we have got fantastic regional galleries around Victoria, really of a standard that you do not see anywhere else around Australia. Public art galleries and performing arts centres can now be found in almost every large regional city or town in Victoria, and as I mentioned this is actually unique to Victoria. It does not occur in any other Australian state.

They have some sensational artworks — permanent collections but also fantastic exhibitions as well, and performances — local performances but also the touring program that we put funding into is very much to ensure that not only do people who can come to Melbourne to see a range of performances, but they tour. You would have seen that the comedy festival very recently toured a whole range of different areas around Victoria and then Australia. Likewise when we do the international festival it has touring components as well, which is very much part of the funding we provide.

What we have also done is doubled the funding that is available to deliver arts programs throughout regional Victoria and supported that with investment in new arts infrastructure. What we are now doing is developing what are called Victoria's Local Partnerships Program, which provides $3 million each year to councils to support the arts and cultural programs that operate in the galleries and the performing arts centres.

But as part of those local partnerships programs we are developing MOUs with local government, and they are multi-year MOUs, so rather than having to put in for funding for every different program, we have developed the MOUs and then they get a certain amount of funding over a period of time, which really works for them. So they have certainty not only in terms of their funding but in terms of programming as well.

In the first two terms of this government we also provided more than $23 million for arts infrastructure in regional Victoria. Certainly you would be aware under the Moving Forward initiative there was $20 million also made available for regional infrastructure through the RIDF for arts facilities, and in February 2007 John Brumby announced the first of those grants, which went to the Rural City of Wangaratta; it was $4.5 million for their new performing arts centre, and we will be continuing to roll that program out.

You will have noticed too in the budget there was funding for GPAC (Geelong Performing Arts Centre) for development there, which included the youth arts precinct, and there is funding to really help develop some of the performance spaces there. Certainly it is in terms of capital but very much in terms of the programming for local works and for local exhibitions and also ensuring that in the programs that are attracted to Melbourne there is a touring component as part of those.

What it also means is that the organisations can get certainty and sell tickets for different events. Rather than on an ad hoc basis they can sell them over a period of time, and people actually subscribe rather than just paying for one-offs, which actually gives much greater viability and sustainability to the organisations. I think it is working incredibly well, and it does mean too that there are a lot of artists who will live in rural communities knowing that they can actually connect to that program and travel around Victoria through the program as well. And your art gallery at Benalla is a very good one.

Dr SYKES — Just make sure that is written down: 'Benalla Art Gallery is excellent'.

Ms KOSKY — It is an excellent art gallery.

Dr SYKES — With a very good director.

Ms KOSKY — Yes.

Mr SCOTT — Minister, I refer you to budget paper 3, 'Arts Portfolio Agencies' at page 215 and the 'attendance at all agencies', which I think was touched on in a discussion with Mr Dalla-Riva earlier. Melbourne is famous for the quality of its blockbuster exhibitions. Can the minister advise the committee of the economic impact such exhibitions have for Victoria?

Ms KOSKY — When we embarked upon the blockbuster exhibitions or the Melbourne Winter Masterpieces it was done to really focus on the quieter time during winter, to ensure that football was not the only place that people went to.

Dr SYKES — There is nothing wrong with that, especially if you are a St Kilda supporter.

Ms KOSKY — You could actually combine both — you could go to the club that is playing and deal with both at the same time. The Melbourne Winter Masterpieces has actually been in place now since 2004 and has been incredibly successful both in terms of the economic impact but also providing us with a lot of international exposure and a lot of Australian exposure. They are exclusive to Melbourne. Every one of the exhibitions that we get is exclusive to Melbourne.

There have been five blockbuster exhibitions to date. The first was 'The Impressionists: masterpieces from the Musee d'Orsay' in 2004. That had an extraordinary attendance, probably being the first off and being also from the Musee d'Orsay. The direct economic impact was valued at $14.1 million, and the total value-added economic impact was $25.7 million. Since — and I will mention the most recent ones — we have had 'The Guggenheim Collection: 1940s to Now' in 2007. That had attendances of 180 173 people. The direct economic impact was $8.8 million, and the total value-added economic impact was $16 million.

And 'Pixar: 20 Years of Animation', which was also held in 2007 — the first time we actually did two in one year — had a direct economic impact of $1.9 million, and the total value-added economic of $3.5 million.

I think what has been great about the exhibitions is we are now known for having the Melbourne Winter Masterpieces, so people actually combine doing a range of other activities and come to Melbourne for those. They have really placed us on the map in Australia, and lots and lots of the commentators talk about how we have really developed up the Melbourne Winter Masterpieces; that they are exclusive to Melbourne.

There are a number of other states looking at how they can copy what we do, but my view is they will not be able to do it as well as us. But obviously we will looking at continuing to refresh the program. We have got also a number of exhibitions — I am just looking for the ones that we have got a commitment to going forward. We have got a commitment to the — —

Ms HUTCHINSON — Art Deco exhibition.

Ms KOSKY — We have a commitment to the Art Deco, which is just about to start, and then for next year we have got the — —

Ms HUTCHINSON — Pompeii —

Ms KOSKY — We have got the Pompeii exhibition, and there is another one which has not yet been announced.

The CHAIR — You are not going to use this forum to make an announcement, Minister?

Ms KOSKY — What has been interesting too with the Melbourne Winter Masterpieces is we have tried to focus on a range of different audiences. So for some it is actually the first time that they have come to different exhibitions. Obviously when we started with the Impressionists, many people were familiar with that. But if you look at the Guggenheim Collection — that was actually a much younger audience that came along to that. And if you look at Pixar — it was an even younger audience. There were a lot of families that came to that. For many it was the first time they had come to ACMI, but they are actually coming back.

They have got the Game On exhibition at the moment, and lots of those people who went to that, including my son, who has been to the Game On one three times now! It generates continuing audiences as well because they actually get a sense of the other things that are on as well as the Melbourne Winter Masterpieces. It is a chance for us to see sensational pieces of work without having to travel out of the state.

Mr BARBER — Minister, just in relation to the live music scene, the traditional sort of pub scene, I suppose — do you monitor the health of that sector, which is obviously very hard to monitor? I am sure you have got a number of programs assisting in that area, but what is the department's view on the key aspects of the health of that sector and the ones that the government assist with?

Ms KOSKY — We, at the last election, made a commitment to Victoria Rocks, and we have announced that program, which supports contemporary musicians and bands and also has a focus on indigenous music as well. That has been incredibly successful because it gives funding for the artist to tour as well as to develop new pieces of work. That is a four-year program — —

Mr ANDREWS — 750 per year.

Ms KOSKY — 750 per year, and it is four-year program. So that has been very much endorsed by the sector and really helps some of those emerging artists to get started, because obviously they have often got other day jobs that they are trying to work at. This provides them with that extra funding or financing to develop up some of the materials and then to develop from that. And we had — I have not got the names of the bands in front of me, but some of the bands that have been recipients of that and the previous program that we had have actually gone on to do incredibly well and to do some international touring as well.

The CHAIR — It is part of that map you had of everyone going everywhere. Are they included in that?

Ms KOSKY — They are included in that. It has been very good. I am trying to think of the artist who at the — —

Ms HUTCHINSON — Claire Bowditch — —

Ms KOSKY — It is Claire Bowditch, who we all recall at the last election made the comment about the previous program we had in place, and then a few weeks later as part of our election commitments we did announce the Victoria Rocks program. I was talking to her recently, and it really made a difference to her. It gave her the financial start she needed.

Mr NOONAN — Minister, the funding that has been provided to renew the permanent exhibitions at Museum Victoria — I am just interested in what that funding will go to assist and whether or not it will expended into the Immigration Museum and perhaps Scienceworks, which forms part of my electorate?

Ms KOSKY — The funding that is provided in the budget, which is $4 million each year, is focused on exhibition renewal. Museum Victoria obviously gets funding from us, as a government, for the running of the program, but in terms of exhibition renewal, they had had one-offs but had not previously had exhibition renewal funding.

What they have found in terms of audiences is that they do need to renew their audiences. People will come in once or twice but then they actually expect to see a renewal of what is on show. So the $8 million is for the museum. It will apply that across the three locations, so it includes Scienceworks and the Immigration Museum.

Just to give a sense of the exhibitions, it has had two new permanent exhibitions: 'The Mind: Enter the Labyrinth' and 'Melbourne Story', which only recently opened. It is a fantastic new exhibition which looks at Melbourne from the early 1800s right through. What the funding allows it to do is to develop a fantastic exhibition. It actually does it in-house now. It has got the expertise and the skills in-house. It does not have to pay for an outside company to do the work, and it has developed up these skills. That is what the funding is for. It is in order that it can actually renew its exhibitions and keep the same people coming back as well as obviously encouraging new audiences.

The CHAIR — Thank you, Minister. That concludes the consideration of the budget estimates for the portfolio of arts. I thank the minister and departmental officers for their attendance today. The committee has one of two issues which need to be followed up. We would appreciate if you could provide those written responses to us within 30 days.

Committee adjourned.

Transcript of Evidence

9.2 Premier's portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 12 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Brumby, Premier,

Ms H. Silver, Secretary,

Mr M. Duckworth, acting Deputy Secretary,

Mr M. Kane, acting Deputy Secretary, and

Mr A. Fennessy, Executive Director, Department of Premier and Cabinet.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearings on the budget estimates for 2008–09. On behalf of the committee I welcome the Premier, John Brumby; the Secretary, Helen Silver; Mark Duckworth; Michael Kane and Adam Fennessy. There are a number of other people behind the chairs. This one here we will put on the delegation, too, but I do not know your name.

Ms REICHSTEIN — I am Simone Reichstein and I am doing the PowerPoint presentation.

The CHAIR — Other officers need to be up there with the audience or else you can have them at the table, if you wish, Premier.

Mr BRUMBY — No, I think that is all I need.

The CHAIR — They are unable to approach the table. They can sit there, but they are unable to approach the table.

Mr BRUMBY — What does that mean?

The CHAIR — It means if they have contact with you, they will have to go through the secretariat.

Mr BRUMBY — So they go through Mark or through Helen?

The CHAIR — No, through Valerie Cheong. Normally we do not have people behind witnesses.

Mr BRUMBY — That is fine. You do not want them to sit there?

The CHAIR — No.

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 they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach the PAEC members at the table. Departmental officers, as requested by the minister, can approach the table during the hearing, if they wish to do so.

Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room. I might add for the benefit of the media that in respect of cameras, they should focus on the person who is speaking. I note that last year I think the *Stateline* program did not follow those procedures, and I would like them to be followed this year.

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 that are 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 are to 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, transcripts and the PowerPoint presentation will be placed on the committees' website, plus any other documents that witnesses might wish to tender.

Following a presentation by the Premier on the budget — I am not really looking for an extended presentation of the past; we are looking to the future — members will ask questions related to the budget estimates. Generally the procedure follows that relating to questions in the Legislative Assembly. In other words, we do not normally have supplementary questions, and we expect that replies will be confined to around about 4 or 5 minutes.

I ask that all mobile telephones be turned off, and I now call on the Premier to give a presentation of no more than 10 minutes on the more complex financial and performance information that is the responsibility of the Premier as the Premier.

Overheads shown.

Mr BRUMBY — Thank you, Chair, for the opportunity to present today. I just have a few brief slides, and I know the Secretary of the department, Helen Silver, also has some additional slides on which to present. If I could I will just talk briefly about the department and highlight the key priority areas of the government and also emphasise the critical role the Department of Premier and Cabinet has in overseeing and implementing the government's broader agenda.

In terms of the role of the department, I think you are pretty conscious of that, but obviously it has a key role in supporting the Premier. 'Strategic policy leadership': I think we have seen great examples of that in recent years. Probably the best example is the development of the national reform agenda, which was a product I think of the former Premier and me, then as Treasurer, and the Department of Premier and Cabinet coming together to work out what it is we could do to drive productivity growth. Obviously we have listed whole-of-government initiatives and developing whole-of-government services as well.

In terms of the outputs, you are aware of those — strategic policy, public sector management, and arts and cultural development. I would emphasise arts and cultural development too amongst those. I know you will have the Minister for Arts presenting to you, but this is an increasingly important aspect of what we do as a government. The whole innovation agenda, the whole creative economy — all of these things are important to the livability of our state: not just to livability but also to driving a stronger economic performance.

I just want to put that slide up as well. When I became Premier last year, I identified a number of key priority areas. These are not things, obviously, that are exclusively the priorities of government, but the things which I emphasised at the time as being areas to which I give a stronger priority. DPC has been working closely with me to do that. You will see that in each of those areas we have in fact announced a number of significant initiatives over the last seven or eight months, designed to accelerate reforms and outcomes in these areas.

The recent budget, as you know, we described as taking action for our suburbs and regions, and I think in every sense of the word that is what the budget did. But if you think of the budget in a broader context, firstly in terms of families, it is a strong budget in terms of families, embracing all of the baby boom considerations: maternal and child health, education; local communities, through improved public transport, better planning and improved community safety; jobs, of course, through good financial management, investment in skills, and key economic infrastructure; and of course water and climate change, where we announced some significant initiatives, particularly in relation to climate change, the clean coal fund going forward — $110 million over the next five years, additional funds, $72 million extra, for renewable energy, and a big program which was recently supported, too, of the highest solar feed-in tariffs anywhere in Australia. When you put all of that together, it is a very strong package on climate change.

On families, as I said, as you heard the Treasurer and me say very frequently last week, in the last year we have had 73 737 births in Victoria, and that was the strongest growth, I think, or the strongest number of births since 1971, and we need to make sure that we are properly planning for that in the future. We are building a new children's hospital. We are building a new women's hospital, due for completion just in the next month or so. But the budget was about doing even more in this area. So it has a big commitment on health capital works; a big commitment on education — as you know, $592 million — the biggest investment in rebuilding our schools infrastructure in the state's history by a long, long way; and $150 million for a cancer action plan.

I should just say on that that yesterday, along with a number of other MPs and particularly government MPs — and the member for Mordialloc was one of those — I walked in the Mothers Day Classic, and said a few words at the start of that. But there was a very positive response to the $150 million cancer action plan that we announced, so we are just doing, I think, more than any other state and setting a further reduction in mortality rates or an improvement in survival rates by a further 10 per cent by 2015. Cancer is an area where we have done a great deal.

There is the alcohol action plan as well, which we announced last week. Minister Lisa Neville chaired that. There has been some public debate about that, particularly about the 2.00 a.m. lockout, but it was the right thing to do in terms of making sure we properly protect the interests of young people.

If I can just go on to the next slide, local communities, it is important to note that one of the great strengths of our state is our livability. I have said that if you look at the three key elements for us going forward — productivity, livability and sustainability — these are really the key to Victoria's future. So there is a big agenda there for local communities; affordable housing; public housing — of course we had the big boost last year; a big infrastructure package for transport, and there have been a lot of improvements there, whether it was the Laverton short starters, Westall or the Craigieburn improvements.

There is also the bicycle and pedestrian network. I think we probably already have the best bicycle and pedestrian network of any capital city in Australia, and with the additional funding in this budget we will go well ahead of the

other cities, and that is so important in terms of livability. There is also funding to modernise the Victorian justice system, including some additional judges, so that cases can be heard more quickly.

Just finally, on jobs and growing our economy, there is a big skills agenda there. Last year we trained more apprentices and trainees than any other state in Australia, but as in all of these areas we need to do even more in the future. So we have a big skills package. There is some support there for marketing internationally. It is a big budget in terms of tax cuts. No doubt this will come up in questions later and in questions to the Treasurer, who is due to appear probably later this week. Is that right?

The CHAIR — Tomorrow morning.

Mr BRUMBY — No doubt he will comment on these things. But needless to say this is a very good budget in terms of reducing business taxes and creating the right environment to grow jobs into the future. Of course we have the farming package, which I announced with the Minister for Agriculture just two weeks ago. It was well received by farmers and by the Victorian Farmers Federation.

On water and climate change, those initiatives — I mentioned some of them before — are the clean coal technology, the renewables and the feed-in tariffs; Victoria's water plan — $600 million going into the food bowl, which is a huge project and is the biggest investment in our irrigation infrastructure that the state has seen in 80 years; channel deepening; and our parks and reserves and better protection for our catchments — which again go to the livability of and the quality of life in our state. It is exactly 10 minutes, Chair.

The CHAIR — It is exactly 10 minutes.

Mr BRUMBY — And I will now pass over, if I can, to the Secretary of DPC, Helen Silver.

The CHAIR — She will have to be very quick, because the 10 minutes is up. You have got about 2 minutes, Helen.

Ms SILVER — I am pleased to be here before the committee to present the budget estimates for the Department of Premier and Cabinet (DPC) for 2008–09.

The Department of Premier and Cabinet supports the Premier as head of the government and Cabinet. Just to highlight, we consist of five groups. Since the last briefing we have established one new team to respond to the changing environment — the national reform group. This group leads the Victorian government's participation in the COAG new reform agenda. By undertaking this work as a dedicated team we are trying to ensure that Victoria has a very strong negotiating position across a wide breadth of areas, delivering a coordinated approach across all the Victorian government but also across the jurisdictions across Australia.

The DPC portfolio agencies are as highlighted on the overheads. These agencies provide independent services that aim to ensure the effective management, governance and support of the public sector. The department's role is to ensure these independent agencies are appropriately supported so that they can perform their functions.

As the Premier highlighted, the DPC portfolio also encompasses the following independent arts agencies funded through Arts Victoria, and they are all listed on the slides. I will not go through them individually.

As outlined in budget paper 3 and stated by the Premier today, the Department of Premier and Cabinet is funded against three outputs and the description of those is highlighted against the outputs.

The table on the next slide is taken from budget paper 3. It shows that the department had a 1.7 per cent funding increase from 2007–08 to 2008–09. This increase represents escalating funding and new arts initiatives. There is also a general efficiency saving of $8.3 million, which has been applied across all three output groups. All arts initiatives funded in 2008–09 contribute to the arts and cultural development output group. I should just point out that 77 per cent of DPC's budget is allocated to the arts and cultural development output group. This output cost has increased by 1.6 per cent overall. As stated, the Minister for the Arts will take you through more detail on that.

The CHAIR — Thanks very much. We might now move to questions to the Premier. You might know from our previous reports that the national reform agenda and productivity is something which is very dear to the heart of this committee, and you have mentioned the role of DPC in terms of lead role intergovernmental issues.

Can you please outline the most recent examples and where we are going in terms of engagement between the Victorian and commonwealth governments?

Mr BRUMBY — There have been a number of examples and historically the national reform agenda is probably the best example of significant reform, which is about driving productivity growth. It is really about two things: it is about investment in human capital; but it is also about regulation reform. I think it is regulation reform that links very much to the last two COAG meetings which we have had in Adelaide and in Melbourne. The Prime Minister is working very closely with the states on regulation reform. We have already made a number of significant announcements about elements of the regulation reform package. The next COAG meeting in June will provide further concrete evidence of harmonisation of regulation areas between the states. That is good in terms of reducing business costs; it is good in terms of reducing unnecessary regulation; and it is good in terms of driving productivity, which is at the core of the agenda.

We have had some other examples of good cooperation — obviously the Murray-Darling Basin agreement recently, and the increased health funding. These are positive things. I think another example, to put it in an even more contemporary framework, is today's submission which our government made to the federal government on the future of the automotive industry. I released our submission this morning out at Futuris in Campbellfield. I note one of the media reports said I had released it in Camberwell. I was actually in Campbellfield.

The CHAIR — I was hoping you were coming to Camberwell!

Mr BRUMBY — I am not sure how much motor vehicle manufacturing is in Camberwell, but there is a lot in Campbellfield. In our submission today we highlighted the importance of this industry: 35 000 direct jobs in our state; two-thirds of the motor vehicle industry across Australia is in Victoria; 74 per cent of the research and development is in our state. One of the areas in which we are a leader, I think, is in the innovation R and D in design area. The submission we released today argues that the tariff level should be maintained at 10 per cent until 2015. It argues that the ACIS — the automotive competitiveness investment scheme — ought to be maintained at its current level also until 2015.

We also argue in our submission that the federal government $500 million green car fund should not just be devoted towards a single new green car but should be disbursed more broadly amongst existing manufacturers to make sure that our cars are cleaner and greener. I stressed this at the press conference this morning, having just returned earlier this year from Nagoya on a meeting with the president of Toyota, Mr Watanabe. I think there is a very strong view amongst the car manufacturers that they want their cars to be cleaner and greener, and if you ask consumers, they want their cars to be cleaner and greener and more fuel efficient. So the submission we made today was about, firstly, maintaining investment and jobs in the industry, maintaining a competitive industry, but also pushing it more strongly towards the environmental technologies.

I just make one final point: we have generally been a government which has supported lower tariff's, but in relation to the automotive industry the reality is that among our competitors, there are very few if any in the world anywhere that have a tariff anywhere near as low as 10 per cent, and over the last few years while we have been busy reducing our tariffs, our competitors have not been busy reducing theirs. In addition we are seeing an increasing level of non-trade tariff barriers. At Futuris this morning I was told they make 130 different seats for the auto industry; they benchmark the very best of any of their plants anywhere in the world, so they are competitive.

But they cannot compete against other countries that have got 30 or 40 per cent tariffs and a whole raft of non-tariff barriers. Our view today was we should maintain that tariff at 10 per cent. I note that not all political parties agree with that position, unfortunately, but we think it is the right position, we think it is the right thing for our state, and we think it is the right thing in terms of investment in jobs in an increasingly competitive international economy.

The CHAIR — Thank you, Premier.

Mr WELLS — Premier, I refer you to table 2.4 on page 85 of budget paper 4, which details the state budget forward estimates in relation to net state debt, which shows that, including non-financial public corporations — —

Mr BRUMBY — Sorry, what page?

Mr WELLS — Page 85 of budget paper 4, at the bottom. We see that debt will rise fourfold from $5.715 to $11 billion in 2009 — —

Mr BRUMBY — What line? Down the bottom.

Mr WELLS — The very bottom line.

Mr BRUMBY — You are on net debt, down the bottom?

Mr WELLS — Net debt, yes. It includes non-financial public corporations — $16 billion in 2010, 19.5 billion in 2011, and 22.87 billion in 2012. Can you provide a guarantee or an assurance to the committee that this state debt will not exceed these estimates?

The CHAIR — Premier, in so far as it relates to the estimates and your portfolio?

Mr BRUMBY — In so far as it relates to the estimates, what I can refer you to, Mr Wells, is firstly, if you look at last year's budget papers in relation to government sector net debt, they in fact forecast that debt would be higher than is forecast for this year's budget paper, and I am talking about budget sector net debt. I cannot recall the figures into the non-financial public sector, but certainly in relation to government sector net debt, the forecast was, I think, $7.9 billion by 2010. In fact, if you look at this year's budget paper, debt is less.

If you want to look at a pattern in relation to this government, every budget we have brought down has produced a budget operating surplus, as you are aware. But more than that, every budget that we have brought down has also produced a cash surplus. I mention that because we have not always promised to deliver a cash surplus. In fact, in the last two budgets, we have not promised to do that, but as it has turned out, in every budget we have also produced a budget cash surplus.

That is why debt today is the lowest level it has ever been in my lifetime. I was born in the early 1950s, I was born during a period of the Bolte government, and debt today is the lowest it has ever been in my lifetime, and by 2012 it will still be the lowest it has ever been in my lifetime in terms of comparative governments. So that is the debt issue.

I also refer you to budget paper 2 so far as it relates, of course, to the estimates, to page 56. If you look at the table there — this is 'General Government sector debt, net financial liabilities and key ratios'— you can see the figures across the top, the net debt figures and the net financial liabilities figures, but I think the key thing, Mr Wells, is the net financial liabilities to GSP. When we were elected it was 11.9 per cent of GSP; today it is somewhere between 6.8 and 7.9 per cent. By 2012 it will be 8.9 per cent.

As a share of the economy it is significantly lower, and I suppose more significant is the net interest and superannuation interest expense to total revenue. If you were running a business, if you were running a company, that is the measure you would be interested in: how much of your current income do you have to devote to service those liabilities.

When we came to government it was 4.6 per cent, and at the moment, it is 1 per cent, and in 2012 it will be 2.1 per cent, and that is why Standard and Poor's rates the budget so strongly, and says that there is no risk to the AAA rating right through to 2012.

Mr WELLS — Premier — —

The CHAIR — Thank you, Premier.

Mr WELLS — No, hang on.

The CHAIR — Only if it is clarifying insofar as he may not have answered your question, and I actually believe he has.

Mr WELLS — It is to clarify. You have got better hearing than me, Chair, because, Premier, the question was very clear: can you give an assurance or a guarantee to the committee that state debt, as outlined on page 85, table 2.4, will not exceed those limits that have already been placed, and that is that $5.7 billion in 2008 will rise up to $22.87 billion. Can you reassure the committee that the debt will not exceed those amounts that are on page 85?

Mr BRUMBY — What I have said to you is if you look at our budget performance over recent years, we have in each successive budget — and have a look at this year's compared with last year's — actually come in below the estimates. We have come in below the estimates.

The CHAIR — Okay. Ms Munt?

Mr WELLS — That is a reassurance that that is what will happen?

Mr BRUMBY — I have answered the question.

The CHAIR — I think the Premier has answered the question twice.

Mr WELLS — Sorry? No, you have not answered it.

The CHAIR — I think the Premier has answered the question.

Mr WELLS — Well, can you clarify the Premier's answer then, Chair?

The CHAIR — The Premier has answered. We move on to the next question.

Mr WELLS — Chair, would you like to clarify what the Premier has said in regards to the debt blowing out further?

The CHAIR — I think we will have Ms Munt's question now, thank you.

Ms MUNT — Thank you, Chair. A big part, of course, of what government does is service delivery, budget paper 3, and a part of that is letting people know what information and services are available. I refer you to page 207 of budget paper 3, under 'Government Information Services and Support'. In your introduction you said that making government more accessible and accountable is your focus. Could you please let us know what actions are being taken to improve the transparency, openness and availability of information on what services are available through government?

Mr BRUMBY — Thank you for the question, and a lot of information is provided on page 207, and indeed on page 206. But when I became Premier last year, I indicated that I wanted to provide more information, more openness, more transparency about what it was that government was doing, and how we make government decisions.

One of the examples of that was the annual statement of government intentions, which has certainly been very well received by the community. We know that from the feedback we have had on the government website, and we know that too from members of Parliament who have been able to go out into their communities and talk about what is on the legislative agenda for the next year and get feedback on that. I think it is a great example of government work, about openness, and about putting the program out there, and that is one initiative.

There has also been a further initiative. We have upgraded the Premier's website. There is an opportunity now for a 'Your say' section, in a sense, for people to feed in their ideas, and they are using that. Transcripts of press conferences and major speeches that I do virtually daily, are now put out on the net, so they are available to the public and they are available to journalists as well. There is a new website which has been launched giving the names of all Victorian public body board members and remuneration bands. We promised to do that and it is out there. Quarterly reports on ministerial travel are now out there. Sometimes they attract comment in the media, but it is a good thing to do to get all that information together and to put it out there so the public can see when ministers travel and what has been achieved through those overseas trips.

As you know, we also introduced legislation to remove fees on FOI applications. Unfortunately that bill was blocked in the upper house, and the government is currently considering its options in relation to reintroducing this measure.

When I became Premier I also promised that we would provide funds to the Parliament to enable the audio and video webcasting of Parliament, and I am able to announce today that audio webcasting will be ready for the August sitting week. If you compare our Parliament to others around Australia, particularly the federal Parliament, we have been miles behind in this regard. In the information age where there is an appetite amongst the public for a

lot more information and copy and content, people want to know what is going on, and I think that to have this webcasting will be a big step forward. As you know, in the budget we provided the additional funding, and the Speaker has advised that that rollout will occur in August this year. I think that will be very positive.

If you put all of those things together I think these are a substantial set of initiatives to further open up government and further provide information. Of course, as you are aware, we gave PAEC a broad reference on government accountability, and we are currently considering the report. It is a very comprehensive report and we will respond in due course. In fact that could be the report sitting — —

The CHAIR — No. I brought the outcomes report, which is the most recent one. In our accountability report, which of course was a unanimous report, we recommended that you move also to video webcasting, so I hope that is on the agenda. I hope that in setting up the audio the IT people will be able to make it easy to bring us on stream some time in the future.

Mr RICH-PHILLIPS — Premier, can I take you to page 46 of budget paper 4, to 'Reconciliation of the fair value of superannuation plan assets', which is the bottom table on that page. The table shows that for 08–09 the opening balance of superannuation plan assets will be $17.5 billion. The budget update last December suggested that for the current year, 07–08, the figure would be $19.5 billion, so it is showing roughly $2 billion decline from the budget update to the actual budget.

Mr BRUMBY — Yes.

Mr RICH-PHILLIPS — Can you tell the committee please what proportion of that represents losses in equity markets versus withdrawals by beneficiaries from super funds? How much of the decline is actually money that has been lost?

The CHAIR — Premier, I think this is probably a question for the Minister for Finance, WorkCover and the Transport Accident Commission. It is a very detailed question. I am happy for the Premier to answer broad policy and strategy issues, but — — —

Mr RICH-PHILLIPS — The Premier has responsibility — —

The CHAIR — He does indeed, but in terms of portfolio responsibilities. The Premier, insofar as it relates to your portfolio.

Mr BRUMBY — I am happy to discuss the matter with the Minister for Finance, WorkCover and the Transport Accident Commission and get the information. I know Mr Rich–Phillips would not expect me to have that information off the top of my head today. We are happy to get that.

Obviously share markets nationally and internationally have declined over the last few months. Share prices do go up and down, so that could account for some of that. This is when you market to market. Indeed, Chair, I was looking through the performance of the VFMC just the other day, and looking through its performance in the 1990s. Of course that was a different time and a different era. I think there was one quarter where the decline in the asset values held by VFMC was 4.9 per cent in it was either 1997 or 1998. Share prices go up and down, and I think, of course, with superannuation and TAC and WorkCover you are essentially looking at long-tail liabilities — I know you are aware of this. What you are interested in is a long-term rate of return. You are not after daily fluctuations, or weekly or even yearly fluctuations. You are after a long-term rate of return measured over 10 or 15 years which will pay for the long-tail liabilities. If you look at the performance this decade, and indeed for most of the last decade, there has been a very strong performance, whether it is the super fund or VFMC. They have done well over that medium and longer-term period. I think that is what you need to stay focused on.

Mr RICH-PHILLIPS — How has VFMC performed to date this financial year given your recent inspection of the books?

Mr BRUMBY — I do not — —

The CHAIR — Deal with the estimates.

Mr BRUMBY — My attention was drawn to some results in the 1990s — 1997 and 1998 — where there were very large quarterly losses.

Mr RICH-PHILLIPS — You do not know what the current financial year is?

Mr BRUMBY — No, I do not have that.

The CHAIR — You can ask the Minister for Finance, WorkCover and the Transport Accident Commission those sorts of things.

Mr SCOTT — I refer the Premier to page 204 of budget paper 3 — and I think this was in the slide presentation — and the Department of Premier and Cabinet's objective to deliver whole-of-government services and programs, and I ask: how is DPC helping to deliver on the Premier's stated priority of education, skills and lifelong learning including early childhood development?

Mr BRUMBY — Thank you for that. As you know, when I became Premier I said that there would be a very high priority under my government on early childhood development and giving every child the very best start in life. One of the first decisions I made was to incorporate children's services within the Department of Education and Early Childhood Development and create a stand-alone minister for early childhood development; that has been, I think, extraordinarily well received.

The budget that was recently brought down provides a number of other tangible measures to really ensure that we give every child the best possible start in life. In this budget that has just been brought down, nearly $55 million is going towards maternal and child health services, to expand those services and to continue our successful partnership with local government in delivering those services. There is $29 million extra to provide further assistance for preschool aged children with learning delays or disabilities, and that is going to provide around 1000 extra early childhood intervention places across Victoria and 150 extra kindergarten inclusion support service packages.

I mention that because last week when Parliament was sitting, on the Thursday, with the Deputy Premier and the Minister for Community Development, Peter Batchelor, we launched A Fairer Victoria, and there was, I think it is fair to say, very enthusiastic support for those additional places in early childhood development for children with learning problems or disabilities. It is so important that we invest in this area, and this budget I think makes quite a difference.

There is 15 million to provide more home learning environments for children and supported playgroups in vulnerable communities; also, $10½ million has been allocated to develop the early learning framework. Based on that, there are going to be new transition statements, so if your child is in preschool and going on to primary school, there will be a number of clear evaluations that are made and a report card, if you like, when the child transfers to that school, so that the teachers in school have a good idea of whether the child needs particular support or help in an area. I am very pleased about the initiatives that were taken there, and I think they build on this agenda we have got to give every child the best start in life.

Dr SYKES — Premier, I have got an interest in the drought, and I have two aspects I would like to explore with you. First of all in formulating this budget are the assumptions you have made in relation to the drought, in particular the duration of the current drought and the impact of it. Following on from that is the implications on funding — —

Mr BRUMBY — Where is that in the budget?

Dr SYKES — I am going to lead to that in terms of page 145 — —

Mr BRUMBY — Sure.

The CHAIR — What page?

Dr SYKES — Pages 145 and 152 are the pages that I am leading to.

Is the implication of the drought on funding, in particular investment in regional development, as in table 3.4 on page 145 and on page 152 — by way of background, last year when the budget was done, when you were Treasurer — —

Mr BRUMBY — This is BP 3 you are referring to?

Dr SYKES — Sorry, BP 3, yes.

Last year when you were Treasurer the assumption was made that the impact of the drought would disappear during the calendar year 2007. That one did not quite come out right — that is, the duration — but on the impact, you estimated there would be a 15 per cent reduction in economic growth, which I think turned out to be a correct prediction. On page 145 you indicate there will be a 40 per cent reduction in regional development spending — —

The CHAIR — This is the Department of Innovation, Industry and Regional Development; it is not the Department of Premier and Cabinet.

Dr SYKES — Okay, let's stick to the broad picture, go back to the base question: in the formulation of the budget, what were the assumptions in relation to the duration and impact of the drought?

The CHAIR — You have to go to budget paper 2 for that.

Mr BRUMBY — If you go to BP 2, page 34, it refers to that. It is the second paragraph there. Perhaps if I just note it for the purposes of the Hansard transcript. It says:

> The latest Australian Bureau of Agricultural and Resource Economics forecast for Victorian winter crop production is 3.8 million tonnes in 2007-08, up 112 per cent on drought-affected 2006-07, but still well below the five-year average. This partial recovery in the rural sector is expected to contribute around 0.3 percentage points to GSP growth in 2007–08…

Dr Sykes, that is 2007-08, the current year. The ABARE forecasts on that are pretty accurate because most of that crop is already in. The next paragraph is the important one I think in terms of your question:

> It is expected that a return to more normal climatic conditions will contribute to a further recovery in the agricultural sector in 2008-09. According to the Bureau … Victoria experienced around average rainfall over summer, and rainfall levels are expected to be around average in coming months.

All we can do obviously in putting the budget together is use the best advice which is available at the time. At the time of putting the budget together, most of the medium-term forecasters were predicting good autumn and winter rainfall. I think it is probably fair to say that in the last three weeks or four weeks, or so, some of those forecasts have become more negative. My attention has certainly been drawn to an article in I think last week's *Weekly Times* which I read, from the Japanese forecasters, who were correct last year in saying that la Niña would fade out and winter rains would be pretty average.

My understanding of the present situation is that the bulk of forecasters are still predicting average or near average rains through winter. But as with all of these things, we just have to wait and see. If you go back to last year, as you would know well, in calendar 2007 there was a fantastic start to the season. We had fantastic April and early May rains, and then it basically stopped for four months.

As you know, a lot of, particularly, grain growers sold on futures markets at high volumes which they were not able to deliver because the rain did not come. So we only use the best estimates that are around. In terms of how governments respond to those things, if you think back over the last two years it has generally been in around September or October of each year that we make a judgement about whether any further ongoing assistance is necessary because it is usually not until that time that you have got a clear and decisive picture of what is happening across the state. At the moment we have a significant number of drought programs in place. As I have said, the economic forecasts which are in the budget are based on the latest advice from the Australian Bureau of Agricultural and Resource Economics (ABARE) and the bureau.

Dr SYKES — Even though you may comment on the commission report there was an article which was reported in the *Border Mail* indicating grave concerns about the future weather this year. It was headlined 'Eternal drought'.

Mr BRUMBY — Yes, I said that if I could wish for one thing at the moment it would be a four-letter word — rain. We all wish for that. I was asked that question just the other day in Ballarat. I think I did refer to the Japanese forecasts as to my concerns about that, because they proved to be right last year. But in all of these things, as you know, it is a fickle business forecasting weather and climate, but if I had one wish at the moment, it would be for great water and winter rains.

The CHAIR — On page 35 the third-last paragraph addresses future risk as well.

Mr NOONAN — You talked about the baby boom, Premier, and over 73 000 babies were born last year — I should say that one of those was mine!

Mr BRUMBY — Did you contribute to that?

Ms MUNT — Well done!

Mr NOONAN — They are very good, thank you.

Mr BRUMBY — Congratulations! I think I saw that baby, didn't I?

Mr NOONAN — You did, a number of times.

Mr BRUMBY — I kissed it.

Mr NOONAN — You probably held it, too. I understand that the staff working under the strategic policy advice and projects referred to on page 205 of budget paper 3 are responsible for implementing machinery of government changes so my question is: what changes are being implemented in relation to your stated priority of education, skills and lifelong learning and, specifically, early childhood development?

Mr BRUMBY — The big thing there was the shift of children's services — early childhood development services — into the new Department of Education and Early Childhood Development. As I indicated in partial answer to Robin Scott's question before, this was a big shift. It has been extraordinarily well received, across the community. I think it is fair to say it has been watched closely by governments elsewhere across Australia and across the world. The reason we did it was, as you know, the evidence in this area is overwhelming. We are seeing this particularly now coming out of the United Kingdom.

Giving every child the best possible start in life is probably the most important thing the government can do in terms of building a strong community, strong society and particularly in creating opportunities for families wherever they live and whatever their income. So we have done that, as I said earlier, in relation to the earlier question; we backed that with significant resources. But this is a very positive shift.

I know that during the 2020 summit in Canberra which I attended — by virtue of my role as the Premier I have the luxury of being able to move around a number of the groups — I spent quite a few hours in the productivity in education and skills group; it is fair to say that a big focus of its discussion was this issue about giving children the best start in life. Participants overwhelmingly looked towards our experience — what we have done in Victoria — to see how it should be done.

Mr BARBER — Nowhere in the budget papers could I find where the government's advertising campaigns — the major public issues advertising campaigns — are described in terms of funding, taking out tourism, which gets a mention. Are you able to tell us what amounts have been allocated for those major campaigns or those which have been authorised in the budget? Part 2 is if you decide to expand or extend one of those campaigns or start off a new one in the middle of the year, which you periodically do, where do you go looking for the money for that?

The CHAIR — Premier, insofar as it relates to your portfolio.

Mr BRUMBY — Yes, so I am just trying to seek that information for Mr Barber.

The CHAIR — I think you will find it on page 207 under 'Government information services and support'. It is the third one down: 'Communication activities/products reviewed by the government communications review group (GCRG)'.

Mr BRUMBY — The official advice I have got is that advertising and communication activities are not independent of program and policy development, their implementation and their evaluation. As such, it is not a stand-alone budget item but, rather, the advertising and communications expenditure is formulated as part of an overall program delivery or output as required by the government output-based management framework. Budgets for communications and advertising are therefore embedded within the overall program budget. So I think that is the formal answer to your question.

More generally, as I have indicated a number of times in the Parliament, the bulk of what government does in terms of advertising is directed towards what I would say are public safety, public health or legitimate public issue campaigns — TAC advertising, all of the WorkCover advertising and, as you mentioned, tourism, which is obviously about jobs and industry development and the environment area, obviously, with things like Sustainability Victoria and the black balloons campaign — which are all things about changing behaviours. Increasingly, the evidence suggests in a whole range of these areas that changing behaviours is crucial to getting good public policy outcomes. I know you have got an interest in the environmental area. The black balloons campaign is a good example where it is changing behaviours; that campaign is being utilised and talked about all around the world. Another great example is smoking.

I still get the occasional email from people who perhaps think our advertising on smoking is too strong and graphic, but the reality is that we have got a responsibility, I think, to get a message out to the community about the dangers of smoking, so we have seen huge reductions in the number of people who smoke in our community.

Ditto, more recently, the issue of alcohol. I said when I became Premier that one of the biggest social issues of our time, if not the biggest, was in fact alcohol abuse and particularly binge drinking amongst young people. The statistics bear that out. If you look at the hospital admissions, they are frightening. At the weekend at the football I was talking to a judge, who just approached me at the football to tell me how much he supported our alcohol task force report, because he sees the impacts of that with young people he is sentencing every day of the week. He says it is tragic what is happening, because kids just drink so much and they are out of control and they ruin the rest of their lives. I mention that because, as part of our response on that alcohol task force — if my memory is correct — I think we are going to spend $2 million or $2.5 million on an advertising campaign warning young people about the dangers of binge drinking. Those things occur because we need to do it and we need to change behaviours.

I know it is a long answer, but one other example is the chronic disease area. As you know, we have gone through this thing called an epidemiological transition, where more people are now dying of non-communicable diseases than communicables. A lot of them are behaviour diseases — not exclusively. What we eat, whether we exercise, how much we smoke, how much we drink — these are the things now fundamentally which are affecting our health. It is not so much getting measles or polio or chicken pox; it is the non-communicables. Again, you have got to change behaviours there and educate and inform people, so we do spend money in those areas.

In the government administration area the largest single item — on the figures that I saw some time last year — was on government recruitment. We spend a lot on government recruitment. Again, that is about trying to get the best people. We are increasingly putting more of that advertising on the internet — and that is a good thing, because more people use the internet — but that is straight up-and-down advertising about how we attract the right people to the public service.

We have been running a campaign at the moment on water, because there is a lot of public debate about water. I think the total cost of that campaign is $2.8 million, excluding GST. That includes around $400 000 in providing free water-saving kits to the public. Again, to put that in context, when you think of the investments we are making in the food bowl and when you think of the desalination plant and you think of the Wimmera–Mallee pipeline, the Gippsland Water Factory and the south-east recycling, in total there is $5 billion-plus of investment, and it is quite appropriate, I think, out of $5 billion that we are spending just under $3 million explaining that to the Victorian people.

The CHAIR — Thank you, Premier.

Mr BARBER — Chair, the Premier has mentioned some amounts for some campaigns, but maybe his department could take it on notice to give us the full list of intentions for this year of spending?

The CHAIR — Yes. We could ask for that, but you would recall from the outcomes report there is a chapter on that, and you will find there are various aspects.

Some are known at the beginning — like the TAC et cetera — and some are developed during the year, so insofar as that is possible. I know the secretary is responsible for the Government Communications Review Group, so insofar as that is available I am sure they will be able to oblige.

Mr PAKULA — Premier, on page 204 of budget paper 3 there is a departmental mission statement, which has two dot points for the mission:

developing coordinating whole of government initiatives; and

delivering whole-of-government services and programs.

In the slide show at the start of the presentation you talked about one of your priorities as being improving urban development and planning, particularly in the outer suburbs, so I am wondering if you could just elaborate for the committee on how your department — particularly given its mission statement — is aiding in the delivery of that?

Mr BRUMBY — I think a good example of this is the budget itself, so the budget was titled *Taking Action for our Suburbs and our Regions*. A good example of how DPC works across government to look at whole-of-government priority issues is the announcements that I made just a couple of months ago with the planning minister, Justin Madden, in relation to urban growth.

As you know, our state population growth has been very strong — it has been growing in fact more rapidly than was predicted under Melbourne 2030 — and that means that we have got to, if you like, pedal faster and work harder to make sure that we maintain livability and we have the services and the infrastructure in the suburbs and in the regions that our communities want.

It also means that we have got to make sure that young homeowners can have the opportunity to buy their first home — that they can get into home ownership. I am pleased in that regard, by the way, to see from the latest figures that Victoria, and Melbourne in particular, are more affordable than Sydney, more affordable than Brisbane and more affordable than Perth. One of the reasons for that is we have had, I think, the balance between our land-release policies and our tax policies in tune and in sync, and we do not have anywhere near the level of infrastructure charges that, say, New South Wales does, but nevertheless we are growing faster than we thought.

The consequence of that was that the number of years of available land supply in the outer suburbs was less than we would have been comfortable with. Our target is 15 years of supply. So the announcement that I made just a couple of months ago — the rezoning of the 90 000 blocks there, so that they are automatically available for development, the creation of the urban growth zones, the new priority development zones — all of these things are about getting more blocks of land onto the market more rapidly than would otherwise be the case. Our estimate, of course, is that those changes will take thousands of dollars off the price of a block of land.

If you link that to what we did in the budget — particularly for first home buyers — what you get, I think, is a package which is the best of any state in Australia. Where there is land coming onto the market, you can still get a house-and-land package that is very competitive.

When I was out in Wyndham last week, $280 000 — land component is 110, depending how it is structured, the stamp duty is often levied only on the land, and of course you are going to get a $12 000 first home bonus. So we are, I think, doing better than the other states in this area, but this is a good example of where DPC worked with the Department of Planning and Community Development to come up with a package to really address this problem of land supply coming onto the market.

Mr DALLA-RIVA — Premier, I refer my question to budget paper 4, page 10. On table 1.1, 'Estimated operating statement for the financial year ending 30 June', I note the total expenditure for 2008–09 is in round figures $37 billion. Given that nine short years ago the expenditure in this state was $20.3 billion, we have increased almost 100 per cent. Do you seriously think there has been a doubling of services in our crowded trains and trams, in our congested roads and in our overstretched health system?

The CHAIR — Okay, insofar as the question relates to the estimates rather than the hypotheticals.

Mr BRUMBY — What is that, 17 on 20, is it? It is about a 90 per cent increase.

Mr DALLA-RIVA — Ninety per cent, whatever.

Mr BRUMBY — It is a good question, because if you look at the increase in spending in hospitals, in our health system, it is more than 90 per cent. That is the point.

Mr DALLA-RIVA — Roads?

Mr BRUMBY — You will find some areas that are more than that amount — significantly more than that amount — and you might find some areas that are under. The average will obviously come out to 90 per cent — that is what a budget is about. I have not got the figures in front of me. I know last time when we did these the increase in the size of the budget was exactly in line with the increase in the growth of the economy. We have had nine years that, probably in nominal GSP terms, have been averaging 6 per cent plus and, if you compound that forward, you will find that the budget as a share of the economy basically has not changed. In fact I am happy to give the committee the figures — —

The CHAIR — I do not think you need to, Premier. You will find them in table A.6 , in the appendix, which has historical figures from 1961–62 — —

Mr BRUMBY — What page are you on?

The CHAIR — Page 256 gives the historical series right through, including the ones going up to 2011–12, which are the out years — page 256 to page 263 — and you will find them under education, health, social security, housing, recreation, transport and communications et cetera. In actual fact in the 1961–62 budget the GSF expenses were only 376 million, and in 2011–12 they are estimated at 41 684 million.

Mr DALLA-RIVA — I only talk about the future for the estimates — —

The CHAIR — Very good.

Mr DALLA-RIVA — As you generally remind us, Chair.

The CHAIR — I know.

Mr DALLA-RIVA — It is good to go back to my year of birth. I am just curious, because it is an issue that people would see the budget doubling in the period that you have been in office as Treasurer and now as Premier. I think it is a real issue in terms of, hand on heart, do you see that we have had a doubling of services over that period, or a 90 per cent increase in services?

Mr BRUMBY — I will just see if I have any advice on health, but the health increase would be at least 90 per cent and probably more. It is an interesting point about government. If you go back, 20 or 30 years ago the biggest single item — actually, it is more interesting to go back, as the Chair has done, to 1961–62 — and what you will find is that by far the single largest item of expenditure was education. In fact education spending was twice health spending. If you go to the budget today, the biggest item of spending is health. That is because we have got an ageing population primarily, and our demands in this area are higher. I think health is now around about 28 per cent of total budget outlay. We have had to invest heavily in that area. We have a lot of young families, we also have an ageing population, and it is appropriate that we do that. I am sure when the Minister for Health is here later this week you will ask him questions about hospital waiting lists. It is appropriate that we invest heavily in those areas. As I said, I think you will find the total budget size is consistent with the growth in the economy.

The other point I make about the budget size is that we have been one of the few state governments that has been actually cutting taxes. I know the Treasurer will go into these things, but you know the story of land tax — 5 per cent down to 2.25 per cent, payroll tax, 5.75 down to 4.95 per cent — —

Mr DALLA-RIVA — I am not a believer. I think there has been an increase, we know, in other areas, so we can move on.

The CHAIR — You have had enough, have you, Richard?

Mr BRUMBY — We have actually been cutting taxes and cutting taxes very significantly.

Mr DALLA-RIVA — Cutting? That is great.

The CHAIR — Let the Premier answer the question, please.

Mr BRUMBY — Of course, unlike other governments — unlike the Howard government — when company tax doubled I did not see the state Liberal Party out calling for the company tax rate to be halved. When

GST revenue doubled, I did not see the Liberal Party out calling for the GST rate to be halved. Where there have been rates, we have actually cut them, so I think our budget has been balanced and appropriately directed.

The CHAIR — Thank you, Premier. Following up on the theme of productivity — and of course skills are a very essential part of productivity — I noticed that one of DPC's roles is to provide strategic policy leadership in regard to, obviously, education, skills and learning. What are you doing in this regard in terms of skills and policy leadership, particularly in this budget?

Mr BRUMBY — There is a lot in this budget in relation to skills. I mentioned before how important skills are to our state — how last year we led Australia in terms of the number of apprentices and trained. I think that is one of the reasons why Access Economics describes our economy as the most impressive of any of the state economies, because whether its infrastructure, skills or investment more generally in human capital, we have taken the right steps to build a strong and competitive economy.

In this budget there are further initiatives to support that. We have extended the apprenticeship traineeship completion bonus for another 12 months; 2.1 million for a new green plumbing training centre in Brunswick. I should just mention that it is just a — —

Mr BARBER — You should have trademarked that word 'green', Premier.

Mr BRUMBY — I appreciate the strong support from Mr Barber for that.

The CHAIR — Green plumbing has been there for a number of years.

Mr BRUMBY — It is just a small initiative but it is a good initiative. If you think of all of the Victorian who are putting in things like water tanks at home; of the numbers in country Victoria who are now going to be putting in solar hot water services because of the new $2000 grant that we have offered from 1 April this year; and of the feed-in tariffs and what that is going to mean in terms of householders putting photovoltaic cells on the roof there is going to be huge demand for plumbers' services in this area. This green plumbing centre has been very well received by plumbers. I think it is a fantastic initiative. I had some plumbers actually approach me in Geelong last week to say what a fantastic initiative it was and I want to thank them, including the plumbers union, for their strong support for this initiative.

There is 5 million, Chair, for the new workforce partnerships; there is 40 million for a range of TAFE upgrade projects including 15.5 million for the Wodonga Institute of TAFE, 10.5 million for stage 1 of the redevelopment of the Northern Melbourne Institute of TAFE and 11 million for Bendigo TAFE which I was able to announce there on Friday morning. In addition to that the Minister for Skills and Workforce Participation, as you are aware, has released a discussion paper — —

The CHAIR — Just the other day.

Mr BRUMBY — On further reforms going forward, reforms that will drive skills deepening and skills broadening and dramatically increase the number of training places in our state. Chair, I just mention this because if we are to maintain our competitive position going forward — we are not a resource economy; our single greatest asset is our people — investing in these skills is going to be absolutely crucial. So this skills discussion paper will create debate. I know it is creating debate in some areas. There are some areas of it that are controversial but it is all about putting us on the front foot to drive new growth, skills deepening, skills broadening, increased choice and a much stronger economy going forward.

The CHAIR — Thank you very much, Premier.

Mr WELLS — Premier, I again refer you to table 2.4, budget paper 4 on page 85 and the increase in debt from 5.7 to 22 — —

Mr BRUMBY — Sorry, what page? 85? Yes.

Mr WELLS — Same table as before. And the anticipated $22.872 billion by 2012. Could you please outline to the committee exactly what major infrastructure projects have been assigned to this growing level of debt over the forward estimates period?

Mr BRUMBY — I can get some of that information for you but obviously you have a combination of things, as I think I explained last year when you raised a similar question. The biggest single area of this would be in water projects where you have two phenomena: one is the investment in new projects, of which the largest, obviously, is desal and water recycling at Carrum. You have that but bear in mind that the water authorities, irrespective of what we are doing in desal and the water recycling, still have a very large increase in their works program going forward, part of which is still catchup from the 1990s and part of which is catering for the strong population growth we have seen this decade.

I will give you one example: Western Water, for example, you will find in these figures they are spending somewhere between 600 million and 1 billion rolling out the new trunk sewerage infrastructure for the northern suburbs of Melbourne. You do not read about that in the papers. It is not something that the government has gone out and trumpeted in the budgets, but it is crucial investment. Ditto, another big area of increased investment is the sewerage backlog right throughout parts of the Yarra Valley. When we were elected I was staggered to see the figures about the level of unsewered properties in the Yarra Valley, all of them feeding in the catchment of the Yarra River. They were just horrendous. They came about because of the lack of capital spending during the Kennett and Stockdale years. We have been busy catching up, and part of that is reflected in the debt that the water authorities carry forward.

Ditto if you look around the state. I will just stay on water for a moment. The Wimmera–Mallee pipeline is being funded by a combination of state and federal funding but also some debt from Wimmera–Mallee Water. If you look at Gippsland Water Factory there is a $200 million investment down there funded part by the state, part by the water authorities. Water would be a significant part of that.

You then come to other projects: channel deepening. So there is around $1 billion there which is being paid for by the users. So you might say it is debt but it is not in a sense debt that taxpayers are meeting. It is debt that the users of the port of Melbourne are servicing and while at the same time, Kim, as you know, keeping the cost of using the port below the comparative costs of Sydney and Brisbane. That is always an appropriate use of debt financing for those instrumentalities. It would be completely unfair to make all of the users of the port in one year — that is the alternative — pay the full $1 billion. All you would do is put hundreds of companies out of business. It is entirely appropriate that over the next 10 or 20 years all of those users over that period of time equally share the burden of a piece of infrastructure which is going to last for the next 25 or 30 years, in exactly the same way as happened with — if you go back to Sir Henry Bolte's days where debt was 62 per cent of gross domestic product — the then new Children's Hospital, which Dame Elisabeth Murdoch opened when she was chair of the board. Henry Bolte borrowed virtually all of his capital works funds but that Children's Hospital lasted 50 years. It is entirely appropriate for that cost to be borne over two generations of Victorians, not just by everybody in one single year. Imagine if one budget had to wear that.

Water, the port of Melbourne — I am just trying to think of other areas; they would be the two largest. In terms of others I will come back to you because you are really talking about the NFPSs. As I said, there will be existing programs plus the new ones that have been added as large announcements.

Mr WELLS — Just to clarify a point, you mentioned the desal plant.

Mr BRUMBY — Yes.

Mr WELLS — How much debt are you anticipating will be allocated to the desal plant if it is a PPP project?

Mr BRUMBY — You know that the desal plant is not out for tender at the moment. Until the tenders come in and we choose a tenderer we do not know how much it is going to cost and we do not know the financing arrangements. Let us assume that it is 3.1 billion. When that comes in and it is 3.1 billion that is the amount that is put on the books for that, so that is the exact amount. What we do when we announce a project is bring to book what it is we estimate the cost to be. When we get the exact amount that is what we actually put on the book. In this case of, with the desal, of course it is not budget sector debt so it will not come under the budget sector; it is on the books of Melbourne Water.

Mr WELLS — I think you indicated that we could get a list of the major projects that are going to be assigned to that debt moving forward.

Mr BRUMBY — Yes, but just understand they are not all — —

Mr WELLS — I know, I understand.

Mr BRUMBY — They are not all — —

Mr WELLS — If we can get a list that will be — —

Mr BRUMBY — It is a really important point because if you look in the water area the bulk of the increase in water borrowings going forward are from existing programs, which is a combination of a backlog from the 90s and population growth in this decade. The best single example of that is the northern sewer trunk, which is crucial for residential and commercial development there, and that is 600 to a billion. You will find that you have got all the retail authorities plus Melbourne Water plus all the country authorities.

Another example might be the super pipes to Bendigo and Ballarat. Although largely funded by taxpayers off the budget, some of that cost is met by water users, as it is appropriate to do that. All of that is built into their programs as well. If you have a look at the ESC's provisional reports on pricing you will see many of those capital programs identified.

The CHAIR — I should note that in budget paper 3 and in appendix 1 you will find full details in the government sector of the asset program. You do not need to provide those to us because they are already in the budget papers.

Mr BRUMBY — Yes, it is the NFPSs.

Ms MUNT — Can I please refer you to budget paper 3, page 204. Listed under Department of Premier and Cabinet is the heading 'Departmental mission statement' which deals with providing strategic policy leadership. You touched on our walk yesterday, the Mother's Day Classic for breast cancer research — —

The CHAIR — It is very unfortunate that our former member previously here last year, Ms Graley, is also a sufferer.

Ms MUNT — Who also walked yesterday.

Mr BRUMBY — She walked, yes.

Ms MUNT — She was a walker, and sprinted in front of me; I had trouble keeping up.

It was gratifying to see 28 000 prior registrations and 3000 on the day. That is 31 000 registrations, which shows a great well of community support for cancer research. Would you please elaborate for me under providing strategic policy leadership what the government is doing to tackle cancer particularly but also other chronic diseases such as diabetes?

Mr BRUMBY — Thank you for the question. When I became Premier I said that tackling preventive disease and cancer would be the top priority of our government. It has been and it will continue to be so in the future. In terms of preventable disease and tackling chronic disease I think the biggest single initiative we have announced over the last eight or nine months has been the new Work Health initiative, which we have been able to support through the accumulated surplus in the WorkCover scheme to create a new agency called Work Health, which will mean that every single Victorian worker will have the opportunity to be screened and tested at work for preventable disease, and then if they need follow-up to have that follow-up occur.

This is something I feel very strongly about. This initiative is attracting a lot of international attention. A lot of good employers of course are already doing programs like that in the workplace. You will see that a lot of the trade unions as well are also very conscious of this issue and have been running programs throughout their members. I know that the Transport Workers Union is one that has had a very strong interest in this regard in the past. Work Health will build on all of those things and be a much more integrated statewide approach to bring all of these things together, particularly focused around diabetes but picking up some of the chronic disease. I think it will pick up a lot of diabetes and a lot of early-stage cancers when they can be cured.

On the cancer side there have been a raft of initiatives — some in the budget and some before it. Prior to the budget I announced with the Minister for Health $5 million for the business plan for a comprehensive cancer centre for Melbourne. Again, this is something I have been very supportive of in my previous role as Minister for Innovation. That business case will come to government later this year and look at all of the options in terms of what we need to do and whether we can get the numbers right in terms of future budget projects. That will come back later in the year. As you know, we have got a potential site in Parkville, but we will wait and see what the business case says.

In addition we put through of course the new solarium regulations — I think we all remember that issue — and we were widely applauded for acting decisively in that area. They came into effect on 1 February 2008, and I think at least one if not two other states have since followed our regulation changes there.

We have announced new tobacco targets. By 2013 we aim to reduce the prevalence of smoking in the adult population by a further 20 per cent, a further fifth, which will be fantastic. We have appointed a clinical adviser for cancer, Professor Bob Thomas, and on top of all of that in the budget of course we announced 25 million towards the Olivia Newton-John centre at the Austin and that will be the cancer centre and the health and wellness centre — that will be a fantastic centre. We announced $73.5 million for the redevelopment at Sunshine Hospital which includes a radiotherapy facility with four bunkers. We also delivered a package of $150 million to deliver the cancer action plan. So 24 million to reduce major cancer risk factors and avoidable cancer deaths, $78.7 million over four years for the Victorian Cancer Agency, 28.8 million to empower patients and carers throughout their cancer journey and treatment and $18.4 million towards boosting the workforce and the skills in this area.

So I think it is a fantastic package of initiatives. I just conclude with this point — that we have probably focused very much in the last 20 years or so in Victoria on the road toll; the deaths coming down from 1034 a year to just over 300 a year. That campaign has really captured public imagination, but of course there are many times more Victorians who die prematurely each year from preventable cancers. If we can further improve our effort in this regard — cut smoking rates, detect cancers earlier, improve treatment and detection, then that will be a great thing for our population. That is what all of these initiatives are about.

Mr RICH-PHILLIPS — Premier, can I ask you about the table on page 10 of budget paper 4, the operating statement — revenue estimates for the next three years in particular, 08–09 through to 10–11. Compared to the budget update the Treasurer released in December, your revenue estimates have all increased for the budget year by roughly $800 million, for the following year by roughly $1 billion and for 10–11 also by roughly $800 million. So you have increased the revenue estimates at the same time as reducing the growth estimates. You have cut growth from 3.5 per cent estimated in the budget update to 3 per cent in the budget. Why have you increased your revenue estimates at the same time as cutting your growth estimates and how realistic are these estimates in view of that changed circumstance?

Mr BRUMBY — As you know, the revenue estimates are all developed by Treasury. They are not developed by the Treasurer or ERC. They are developed by Treasury and the State Revenue Office and they have access to the latest information obviously on which to make those estimates. If you look at our tax base, as you know, the principal elements are, firstly, stamp duty and conveyancing duties. The key drivers there are the health of the property sector and also the commercial building sector. There is actually an article in one of today's papers about the strength of Victoria's commercial sector. There is also an article about how Victoria's auctions are holding up compared with the other states. So those estimates are based on what they believe to be both the volume and price indicators going forward.

In terms of payroll tax, obviously the key factor there is the number of people in jobs and that is the single most important determinant there plus of course wage increases going forward. In terms of things like gaming the key factors there are population growth, economic growth offset of course by the strong approach we have taken to problem gaming and those estimates are based on that. Then you have got a whole lot of other revenue factors as well. In the case of land tax the key factor there is the price of property going forward. We obviously know the valuations in the last year and so we are able to tell with a reasonably high degree of accuracy the receipts in the next year. So all of those things are taken into account by Treasury and the State Revenue Office.

Mr RICH-PHILLIPS — But surely with those underlying factors you cannot be forecasting an increase in them at the same time as you are forecasting slowing economic growth?

Mr BRUMBY — Of course you can.

Mr RICH-PHILLIPS — Slower than you were forecasting six months ago.

Mr BRUMBY — Yes, of course you can.

Mr RICH-PHILLIPS — So employment will rise, wages will rise, property prices will rise at the same time you are saying growth will be less than it was when you did the budget update in December?

Mr BRUMBY — Some years we have had economic growth at 4 per cent and some years we have had economic growth at 2.5 per cent. In both of those circumstances revenue continues to increase and what affects revenue is a whole range of different factors and you should go into some of those with the Treasurer rather than with me, I think. But page 41 of BP 2 talks about these issues and it says:

> Taxation is forecast to provide around 35 per cent of —

general government —

> revenue in 2008–09. Taxation revenue is projected to be $13.4 billion … an increase of $385 million or 3 per cent on the 2007–08 revised estimate. The growth in taxation revenue in 2008–09 principally reflects the positive impact of continuing strength in employment and overall economic growth as well as an increase in land tax revenue due to increases in land values, partially offset by the revenue initiatives announced in this budget …

If you look on page 41, payroll tax revenue has strong growth, 5.9 per cent, reflecting employment and wages growth. So you have got two factors: you have got the number of people in jobs and the growth in them plus pay rises. And you have got stamp duty on land transfer. You will see that that is predicted to increase by just 1.3 per cent per annum. Revenue from gambling taxes and slower growth in land tax revenue. So, as I said, all of those figures are put together by Treasury and the State Revenue Office.

Mr RICH-PHILLIPS — So you are comfortable to forecast an increase in revenue despite forecasting a slowing economy?

Mr BRUMBY — I am comfortable with the estimates that are prepared by Treasury and the State Revenue Office. You would not expect the Premier or the Treasurer to make up their own estimates. That is not our job; our job is to rely on the advice of Treasury and the State Revenue Office.

The CHAIR — We will obviously find some more information on page 23, in chapter 2, which shows the percentages going forward and the various ones you have mentioned.

Mr SCOTT — I refer the Premier to page 206 of budget paper 3. I am cutting into an area of interest of Dr Sykes, but there is a description of strategic policy projects which refers to managing 'the implementation of the *Growing Victoria Together* strategy and other strategic policy initiatives', and I ask: how is the Premier's stated priority of improving services to our farmers being implemented? I know it is a subject close to your heart.

Mr BRUMBY — Thank you for that. When I became Premier, one of the seven priorities I mentioned was improving services to farmers, so I set up a process last year to look at the challenges which face our farming sector and what we could do to provide further support, bearing in mind that over the last couple of years, over and above our responsibilities under the commonwealth-state drought agreements — the exceptional circumstance agreements — we have been providing somewhere between $150 million and $200 million extra each year; that is above what we are required under that agreement to do. The support we have provided is very substantial indeed. Nevertheless, I believed that there was more we needed to do, so two weeks ago the Minister for Agriculture, Joe Helper, and I released the Future Farming strategy.

The biggest part of that is over $100 million to boost productivity through new technology and changes in farming practices. If you look at the big successes Victorian farmers have had in recent years — in the last decade or more — they have really come through improved productivity and they have come through R and D (research and development) and new technologies. So if you look at our grain growers, for example, it is the new varieties of wheat, in particular, that have enabled farmers, with much shorter grow periods, to get through more difficult climatic conditions. If you look at things like fat lambs, it is all of the improvements there, the genetic improvement — —

Dr SYKES — Prime lambs.

Mr BRUMBY — Prime lambs — thank you; I am happy to be corrected — not always, by The Nationals, but on this rare occasion I am happy to be corrected! If you look at that industry — and I know Dr Sykes would agree — it is the investment that has been made, particularly in some of the R and D, and it is the productivity improvements that have kept a lot of our farmers ahead of the game.

I know there is sometimes debate about some of these areas of research and development, but if you think we are going into a period of climate change, where you will get more variability — and I think we are seeing that: hotter, colder, wetter, drier, more windy — then putting the investment into crops, to make sure we have the most versatile and the most adaptable, and looking at things like drought-tolerant and salt-tolerant grasses is going to be very important to us. So there is $105 million there. There is the creation of Farm Services Victoria, putting a better focus through The Department of Primary Industries on providing those services to farmers. Our extension services over the years have generally been very good, but I think they can be even better. Helping farmers with the latest technology, improved follow-up, improved KPIs (key performance indicators) for some of the work that is provided — I think we can do better in this area. So that is Farm Services Victoria.

There is a package of measures and initiatives to build skills and also to attract young people to farming. I must say I am pleased that Rural Finance, which of course used to be my responsibility as Treasurer, has a first farmers package. We have a first home buyers package; Rural Finance has a first farm buyers package and provide some encouragement there to first farm buyers.

There is money to help businesses plan for and adapt to climate change, including helping farmers with some of those issues; extra money to manage weeds and pests — $24 million; $12 million to help rural communities in securing their future and adjusting to change, particularly around health — the new centre for farmer health will be located in Hamilton. I want to stress that, because it is a great partnership between the state government, Deakin University and the trust of Geoff Handbury and the late Helen Handbury. They put $1 million into that, and they have been wonderful contributors particularly to western Victoria but to philanthropy in general. This is going to make a difference, and it is a great example of the sort of partnerships that make our state stronger.

There will be $11 million to help farmers capture new domestic and international market opportunities and $42.7 million to upgrade sections of Victoria's rail freight network. I just mentioned the rail freight network; we had of course what is now known as the Fischer report, looking at what we need to do in this regard. His committee came down and recommended three levels of tracks: the gold, the silver and the bronze. He said we should definitely do the gold, do the silver if we can and do the bronze if we had nothing else to spend our money on, I think! That is the sort of priority he put them in. Minister Kosky advised me during the week that he was kind enough to send a small vase of flowers to Minister Kosky, gold-coloured flowers — I am not sure what type they were — to thank her and the government for the investment in this package on the gold lines as he recommended. So we have made the first start there. In this freight area we have the $42.7 million plus $53 million towards the Mildura line; plus of course we have bought back the below-rail business. All of that is very substantial investment in rail freight infrastructure, but I am very conscious and know that there is more to do.

The CHAIR — Dr Sykes has the next question.

Dr SYKES — Premier, I would like to ask a question in relation to securing Victoria's water supplies, which you have covered on a number of occasions so far during the meeting, but just before we do, in relation to drought I will flag — — on the agreement with you in relation to the comments you made in an earlier answer when you said that you have been allocating, or spending, $150 to $200 million a year extra on drought relief. We have just had the financial performance report tabled in Parliament, and that shows that in 2006–07, whilst $238 million was announced, the actual expenditure on drought assistance during that period was $140 million. A lot of it is forward, so the actual spending is not matching up with the announcements, and a lot of it, as you probably know, is coming from levies on departments — a $50 million levy on departments.

Mr BRUMBY — Yes, but there is nothing wrong with that. I think you are confusing two points. So I am happy to look at the other information for you, but the levy on departments is a good thing. It is essentially savings across all departments to contribute to what you could describe as the greater public good, which is helping our farmers. So farmers have done that and contributed to that. But I will have a look at the expenditure figures and follow them up.

Dr SYKES — My question relates to the securing of water supplies and the food bowl upgrade where, as you have indicated, $600 million has been allocated and there is also additional money coming in from the irrigators, and it is anticipated that you will get — — one of the benefits of this will be that Melbourne will get one-third of the water savings, which are estimated to be at 225 gigalitres per year. Linked with that is the construction of the north–south pipeline, through which an average, or up to a maximum, depending on which time of the day the statement has been made, that about 75 gigalitres would flow a year.

If the savings were substantially less than the 225, as has been contended by a number of people, how would that impact on the cost effectiveness of the pipeline and that water flowing to Melbourne, as distinct from finding alternative sources of water?

Mr BRUMBY — You have got two issues there, I think, in your question. The first is: is it worth, or is it a good thing to spend a billion dollars on food bowl modernisation? And my answer to that is: yes, it is.

Dr SYKES — You will get no debate from me.

Mr BRUMBY — I think what you are saying in your question is, though, if that billion dollars did not produce 225 gigalitres of savings and produced a smaller number, would it in a value-for-money sense, if I have understood your question, still be an appropriate investment for the government? My answer to that is: yes, it would, because I have always believed that in terms of creating new water, water for farmers, water for the environment and in this case one-third of those savings for urban use, for Melbourne, that you have got to invest in infrastructure to do that and that any balanced water policy should not rely just on things like water buybacks, as some in the water industry would suggest, that there needs to be a balance between investment in infrastructure and, as the federal government is doing, some buyback.

That has always been my view. I hold that view for a second reason — that is, if you do not make that investment in the food bowl region, that region will just continue to see large volumes of water traded out of it. If the food bowl did not occur, in 20 years time that region would not be anywhere near as productive as it is today; it would continue to deteriorate.

So I do not have any doubt in my mind — I know there are different views about this — about the level of savings. Indeed, if you look at the last press statement from the Victorian Farmers Federation, the discussions that we had with Richard Anderson and Geoff Akers, there is an agreement we came to with the VFF that looks at what we do with water savings above 225. I am not aware of anybody in the VFF — certainly not in the discussions we had with them — or the Northern Victorian Irrigators, who have ever suggested savings would be less than 225. The discussion has always been, 'What do you do if the savings are 250 or 280? Who gets the water above 225?'. As you know, what we have said in relation to that is that we only want 75 gigs and the savings beyond that would be split fifty-fifty between farmers and the environment. Works, as you know, are going to start in the next month or so on the food bowl project. All of the advice that I have seen, all of the consultants' reports, indicate to me that the savings will be in at least the order of 225 gigalitres, but I know different people have a different view about that. We will start finding out from next year and the year after that and the year after that.

My point to you is that, in a sense irrespective of those savings, the investment in food bowl needs to occur. The water savings will be split — a third, a third, a third — and in the debate to date I have not heard anyone suggest that the water savings would be under 225 gigs. I have had lots of people say, 'What happens if they are above 225 gigs?'. As I said, in those circumstances the Victorian government does not want any more of that water. It will be split fifty-fifty between farmers and the environment.

Dr SYKES — So in the last year, where Goulburn-Murray Water's figures expected total losses of only 450 gigalitres, compared with the 900 gigs annually that was the basis of calculating the 225 gig savings, you anticipate that in a year with 450 gigalitres lost, they will still make 225 gigalitre savings — in other words, you are halving the losses.

Mr BRUMBY — I would need to get some technical advice on that. My understanding of all of the advice we have had is that those savings are there, irrespective of the volume that runs through the system. If you talk particularly to Northern Victorian Irrigators and the chair, whose name just escapes me for a moment — —

Dr SYKES — Dudley Bryant.

Mr BRUMBY — This is a point that Dudley has always been adamant about; whenever the system runs, those savings are there. It is a point that is well accepted. Indeed, in the discussions too with the VFF, it was always its view that it put to me that whenever the system runs, those savings are there. I have conceded that if the system does not run at all, then you would not get those savings, but of course in the 100 year history of the scheme, there has never been a year in which the water has never run.

In the future, if the water never ran at all, Melbourne would not be getting its 75 gigs, the environment would not be getting its 75 gigs and farmers would not be getting their 75 gigs.

The CHAIR — Thanks for that. We can always take it up further with the Minister for Water.

Mr NOONAN — Back to page 204 of budget paper 3, it refers to COAG being a, in the words used, 'significant opportunity' for DPC. I wonder whether you can describe how the new commonwealth government's range of COAG actions will be addressed by the state?

Mr BRUMBY — I think I indicated more generally earlier about how COAG has become a — in the two meetings we have had to date — positive forum for change and for addressing the big national issues of our time. The last meeting in Adelaide — of course there were a number of achievements out of that: more funding to the states for health, the first time since 1998. It is the first time in the best part of decade that the commonwealth has lifted its expenditure on health under the AHCA agreement. So that was very positive. Of course we have got the Murray-Darling Basin agreement. And we got a guaranteed share for Victoria carried forward. We got a right of review in relation to a national water plan. And, of course, we picked up a billion dollar commitment towards the food bowl stage 2. All of that, I think, is an example of just how positive COAG can be.

In addition, there have been a number of other significant actions agreed to by COAG: the introduction of a national registration and accreditation scheme for health professionals; there is the business regulation reform agenda; there is an expanded role for the COAG Reform Council; and there have been a number of housing initiatives, including the joint commonwealth-state investment in 600 houses and units for homeless people.

I think all of that has been fantastic. It is fair to say that under the former federal government — I did not attend any COAG meetings, but I think while we were very pleased that the former Prime Minister and federal government embraced the national reform agenda, I think it is equally fair to say that progress on that was interminably slow. With the change in government I think we have seen a new enthusiasm for that, plus we have seen water reform signed off, plus we have seen health reform signed off, plus we are seeing regulation reform and a new commitment to the national reform agenda. So I think at this point in time there is a very positive environment.

Mr BARBER — Premier, I do not know what the figure for the estimates would be, but last year your department gave the office of the Leader of the Opposition 1.4 million and The Nationals 700 000. Do you think that has been a good investment?

The CHAIR — Insofar as it relates to your portfolio, Premier!

Mr BRUMBY — I am just trying to find — —

Dr SYKES — That is the end of our coalition!

Mr BARBER — I've got a laugh out of everybody, Premier, so I will give you a supplementary.

Mr BRUMBY — Wait on, I thought that was the real question.

Mr BARBER — Is it fair that the Greens are not included in that even though we are a parliamentary party?

Mr BRUMBY — Just bear with me one moment. Could you just repeat the real question?

Mr BARBER — In your response to our estimates committee — it relates to the fact that the Liberal Party and The Nationals are funded I guess just generally for the office that they hold in the Parliament, but the Greens and the other parliamentary party that comes to mind are not receiving such support.

Mr BRUMBY — But you are a third party, aren't you?

The CHAIR — No, they are not a third party; not under the legislation.

Mr BRUMBY — No, you are none of the above. What I can say just from the information that I have got here, and it did catch my attention today in preparing for this, is staff numbers — I have got staff numbers for the opposition. Full-time equivalents up to 30 June 2007 in the opposition — there were 10; the expected full-time equivalent result for June 2008 is 17.5. I am not sure what is driving that increase.

The CHAIR — It is probably something more for the Minister for Finance, who is across these sorts of details.

Mr BARBER — Sorry, it actually comes out of Premier and Cabinet's budget.

The CHAIR — I realise that. I am sure the Premier would be happy to take it on notice.

Mr BARBER — Perhaps that information could also be on notice, as it was in last year's estimates hearings.

The CHAIR — They are happy to take it on notice. There is legislation covering the — —.

Mr BARBER — With respect, Chair, there is no legislation covering who gets money.

Mr PAKULA — I am amazed Dr Sykes has not pointed out the difference between the two.

Mr BARBER — It is literally a decision of the Premier's budget.

Mr BRUMBY — The other figure I have shows that just over the last five years the budget for the office of the Leader of the Opposition in 2003–04 was $1.067 million. Last year, or this year finishing 30 June, it will be 1.420, so it is a 40 per cent increase. I think that will be a bigger increase; that will be one of those examples where spending is going up much faster than the budget as a whole.

The CHAIR — Doubled.

Mr BRUMBY — No, it has more than doubled, and then my understanding is that The Nationals get another $700 000 on top of that, so those two parties combined are at $2.1 million. That is a lot of money. I remember back in the good old days when I was Leader of the Opposition the budget was $700 000, so the budget today for the combined opposition parties, the coalition, is three times the amount it was in the 90s — $2.1 million. So I think the answer to your question is all of that money is going into the Liberal and National parties.

Mr BARBER — So, Premier, the Greens have to form a position on every bill, don't we?

Mr BRUMBY — I think if it was performance based, you would be doing very badly indeed at the moment.

The CHAIR — Premier, I think you will need to take on notice Mr Barber's question.

Mr BARBER — Especially the bit about whether the Greens can be recognised as a parliamentary party.

The CHAIR — That is related to legislation.

Mr BRUMBY — I think the answer to that is extremely unlikely. How many are there?

Mr BARBER — Three.

Mr BRUMBY — There are three of you. I mean, I think the test — —

Mr BARBER — I think we get double the vote The Nationals get.

The CHAIR — All right, I think we will concentrate on the estimates question.

Mr BRUMBY — Talk to us about how you cooperate with the legislative program.

The CHAIR — Thank you, Premier, for taking that on notice.

Mr PAKULA — Premier, in answer to the last question from Mr Noonan you touched on the national reform agenda. I think as last year's estimates hearings we got a fairly detailed exposition on the NRA. Could you just give us a bit more detail, particularly about the planned implementation in the forward estimates period?

Mr BRUMBY — The key thing there in the national reform agenda is, as I said earlier, that it is investment in human capital and it is regulation reform. In the human capital area they are really the two strands. The first is preventive health care, and the second is investment in education and skills. In the preventive health-care space, the federal government is doing a huge amount of work in that area at the moment. Already it has partnered with us on increasing funding for things like diabetes. There has been some modest increase in funding in that area, which we welcome. There has been a significant increase in mental health funding, which we welcome, and we hope to see more which will come out of possibly this week's federal budget in that preventive health space. I know just from the work that the DHS has done on diabetes in Victoria the savings that can be made in the workforce from reducing diabetes. Diabetes is costing the Victorian economy about $1 billion a year, and there are great opportunities under the NRA to reduce that.

In education I think the biggest thing is the commitment the federal government has made to 500 000 new training places over next four years. Again, we look forward to a start to that in the federal budget, and that is consistent with all the work that the productivity working group, as part of COAG, chaired by Deputy Prime Minister Julia Gillard has been doing. So I think there is very positive work occurring, it is pretty detailed work, and it is all consistent with that national reform agenda.

Mr DALLA-RIVA — Premier, I refer you to budget paper 4, page 85, table 2.4, and to the previous questions by Mr Wells in respect of the net financial worth of fiscal aggregates at $20.36 billion in 2008, revised. I am just curious. You mentioned the debt being related to things such as major projects, the desalination plant, water recycling and those types of things. How is it that is considered to be a debt to the state when those projects are PPPs? I draw your attention to the recent announcement of the Royal Children's Hospital, which is a PPP, EastLink, which is another PPP, and so on. I am trying to work out what you are classing as a debt to the state and how you are differentiating that from a debt that is a PPP. While we are on PPPs, as part of that you have the public sector comparators.

Mr BRUMBY — Yes.

Mr DALLA-RIVA — You made reference previously to releasing the PSC in respect of the Royal Children's Hospital, and I will ask you again: are you going to reduce the PSC on EastLink?

Mr BRUMBY — You know about that one on EastLink. It is a Cabinet document and that is how it was dealt with at the time. So you know the answer on that. My understanding is that that position was vindicated in VCAT, wasn't it? That is my recollection as well. But I am sure you are going to ask the Treasurer about that tomorrow. In relation to the broader matters on PPPs, if we are paying the servicing costs then it is on our book; if we are not, it is not.

If you have got, obviously, the EastLink, yesterday, which is a private company — it is not a government-owned instrumentality, it is not a statutory authority or a PNFC — it is off budget, so it does not go on our budget because it is paid for by people who drive along it so it is a private concern. The children's hospital is on the books. The children's hospital came on to the books; in the budget we announced it. That is how we do it.

I am sure the Treasurer would be happy for the Treasury to brief you and go through this if you requested it through the Treasurer — and certainly I used to do that when I was Treasurer — just to take you through the steps with a PPP. But when it is announced in the budget, it is put on the book straightaway as a traditional capital works, so it is on the book there. When it becomes a PPP — in other words, when the payment is made — the exact amount is then also placed on the book so the original amount is taken off and replaced with the new amount.

The reason water would be on is because it is through a government-owned company; while users are paying for that through their water charges, it is a government-owned company. In answer to one of the other questions before, one of the other areas of PNFCs is VicTrack, so the new trains that we will be purchasing in 2009. That is actually a VicTrack purchase, so it is a PNFC. That is another example of where they pay for that so that is part of that increase in debt to which you refer.

The CHAIR — There is a good example of how PPPs are handled on page 93 in terms of the skills project. There was capital up-front and then there is possible service.

Mr DALLA-RIVA — In terms of the PPPs and the PSCs — the public sector comparatives — how do you as the Premier ensure that there is value for money if PSCs are not publicly released?

Mr BRUMBY — They are publicly released now.

Mr DALLA-RIVA — They were not on the EastLink, so how do we know that we have value for money on that?

Mr BRUMBY — You are going over old ground.

Mr DALLA-RIVA — No.

Mr BRUMBY — You are. When I was Treasurer — —

Mr DALLA-RIVA — You fought me tooth and nail that they were restricted. What a change!

Mr BRUMBY — Hang on. Consistent with the election commitment we made in 2006 when we promised to provide more information about PPPs, we did that. It was when I was Treasurer, so presumably in the first half of last year. That information now goes up on the website. There is more information, by the way, about PPPs than you get about traditional public sector procured projects. There is massive information there.

In relation to the public sector comparator, those figures are determined by Treasury. They have a clear formula. It is set out in all of the information, it is there on the net. They take into account what it would cost to deliver that project if it was a traditional public sector procured project, including of course an allocation for risk and an appropriate discount rate. We now use a different discount rate, again, as you are probably aware, for low-risk projects — like a school, for example, which is a very low-risk project — and there are some much higher risk projects. We vary the discount rate accordingly. We then get a PSC. If the bid that comes in from the private sector is better value for money than the PSC, then we go with it.

I just have to say that on PPPs, if you look at the history of this issue, you can probably go back to the Wran government in New South Wales, who probably first introduced a novel form of PPPs to get around loan council restrictions. The Thatcher government in Britain did the same things. Probably towards the end of the Cain and Kirner governments PPPs were used, but more to just try to get things off the book. During the Kennett and Stockdale era a number of the PPPs there were more about ideology and privatisation and not always value for money. What we have tried to do is have it driven by value for money. The way you determine that is a public sector comparator.

Mr DALLA-RIVA — Which you do not release.

Mr BRUMBY — You are wrong on that; we have.

Mr DALLA-RIVA — You never released it. You make the statement. You never did it.

The CHAIR — Thank you, Premier. I would like to come back on the national reform agenda — the COAG reform agenda I suppose it is now called. With the recent meetings, some of which you have already described, there is a range of work to be done by the working groups and the Treasurer in terms of outputs, outcomes, reforms, reform indicators and funding arrangements by the end of the year. Given that your department plays a major role in regard to COAG, can you tell us what is happening? What is going to happen with regard to support for these working groups?

Mr BRUMBY — We have seven working groups. There is health and ageing; there is the productivity working group; climate change; infrastructure; business competition and regulation; housing; and indigenous reform. They are all providing their reports. We saw the communiqué from the last COAG meeting in Adelaide. It was a very detailed communiqué and included the recommendations and the response to the COAG working groups. Those groups are continuing on through this year. The working groups are based around the key elements, if you like, of the national reform agenda. It is a collaborative approach aimed at improving workforce participation and productivity, using incentives to drive reform and also flexibility across the states — to use the jargon,

jurisdictional flexibility — to drive innovation and efficiency. At the March meeting those reforms were focused, as I said, on health, on water, on reg reform and broader productivity. It is a key area for us.

As I indicated earlier, it is really out of work that DPC and Treasury did earlier in government. How do you drive productivity growth, because that is the big challenge for us, and how do we cater for an ageing population? The best way to do that is through driving productivity improvement. That is how the national reform agenda came about. It is a key role for DPC.

Where we are fortunate is that we are impeccably well placed, if I might say that, to contribute to that role, because it was Victoria firstly that developed the national reform agenda and the then secretary of DPC is the now secretary of Department of Prime Minister and Cabinet, Terry Moran. He has an excellent understanding of it. Of course, Helen Silver was a former deputy secretary in both Treasury and DPC when the national reform agenda was developed, and until recently was a member of the COAG reform council from which she resigned when I appointed her to the job as head of DPC. So I think we are very well placed to contribute, and it is a good agenda and our challenge is to make sure, in partnership with the commonwealth, that we work to it and get the results from it over the next few years.

The CHAIR — You have got a new national reform group within the department?

Mr BRUMBY — That is correct, we do. It is a very prominent group within the department and again provides a leadership role on the agenda at COAG.

Mr WELLS — Premier, I refer you again to table 2.4, page 85, budget paper 4, in regards to the estimated non-financial public sector net debt of $22.8 billion, and I also refer you to your answer to Mr Dalla-Riva's question in regard to PPPs and the debt. Can you please outline what strategies are in place to repay this debt, or will this debt become the responsibility of someone sometime in the future?

Mr BRUMBY — I am just going to take you to the table I mentioned in my answer earlier. Who has got a good memory? Oh yes, thank you very much. Hang on, that was not the one I referred to earlier, no. Who can find that? Who has got a good memory? This is specifically in relation to the NFPCs?

Mr WELLS — This is in relation to the $22.872 billion debt that is on page 85, table 2.4.

The CHAIR — You have got to understand that that table is a combination of table 2.3 in regard to the public non-financial corporations sector plus the estimates, which is what we are dealing with.

Mr WELLS — I understand. I think the Premier can answer it.

The CHAIR — I am just trying to clarify this as chair of the committee in terms of what we are talking about.

Mr BRUMBY — Thank you, Chair. If you go to budget paper 2, page 56, this is what I referred to earlier. So your question is, 'How do you pay for this?', and the answer is — —

Mr WELLS — No, what strategies are in place?

Mr BRUMBY — The strategies that are in place are running budget operating surpluses going forward and maintaining a strong budget balance sheet, and the fact is the payments in this area will consume a much lower share of budget in the future than has been the case in the past. So go to page 56, if you would — —

Mr WELLS — Yes, I am on page 56.

Mr BRUMBY — Particularly the net interest and superannuation interest expense to total revenue, which when we won government was 4.6 per cent.

Mr WELLS — I have got in front of me.

Mr BRUMBY — Round it out to 5 per cent.

Mr WELLS — Yes, I have got it in front of me.

Mr BRUMBY — Okay, so round it out to 5 per cent, which is $1 in 20 — $1 in 20 of total revenues going towards net interest and superannuation interest expense. Today we are at 1 per cent, which is $1 in 100. So we were at $1 in 20. I think I said the other day in Parliament, I was being generous to our predecessors, $1 in 50. I was referring to net interest. This is net interest in super.

Mr WELLS — We are not talking about the interest repayment. I understand that. What we are talking about — —

Mr BRUMBY — What do you think matters?

Mr WELLS — - That is fine. If there is not a strategy in place to repay the actual debt, then say so. You were starting to answer the question in regard to the interest repayments on this debt, so I am looking at more the capital amount of the actual debt and what strategies are in place to repay the debt, not the interest.

Mr BRUMBY — The debt is repaid over time through cash surpluses, operating surpluses and loan programs. And again, I am not the Treasurer. I mean, you should be asking the Treasurer about these things, but there will be tables somewhere in the budget papers that go to the borrowings programs and the repayment programs. So these are decisions which TCV makes from time to time depending on their borrowings programs, and when it is timely to pay out debt and when it is timely to take on new debt depending on what interest rates are and what borrowing costs are. So again if you look at page 71 — —

Mr WELLS — Budget paper 2?

Mr BRUMBY — Yes.

Mr WELLS — Yes, I know, but we are talking about the servicing cost.

Mr BRUMBY — Yes, management of the debt portfolio. That is what you asked about.

Mr WELLS — No.

Mr BRUMBY — Hang on, you have asked about management of the debt portfolio.

Mr WELLS — We are going around in circles here. We are talking about not the repayment of the interest — —

The CHAIR — Okay, you have made the question clear.

Mr WELLS — We were after the repayment of the actual capital amount of the debt.

The CHAIR — Let the Premier to answer.

Mr BRUMBY — It says:

> Management of the debt portfolio continues to be based on the key objectives of achieving relative certainty of interest costs, while minimising borrowing costs and refinancing risk, and managing the financial and operational risks in a prudent manner.
>
> Victoria minimises its interest rate risk primarily by borrowing at fixed rates … The state's debt portfolio is structured to maintain a relatively even maturity profile over a term structure out to 10 years, but with some longer dated securities being held where liquidity is available.

So when you go forward, Kim, and you look at the net debt figures, what they include is some borrowings and some repayments.

Mr WELLS — Yes, absolutely.

Mr BRUMBY — Some borrowings and some repayments, some borrowings and some repayments, and the schedule builds that into account. What you are seeing going forward is a debt level which, as a share of the economy, is significantly below where it was when we were first elected and, more importantly, it shows that the servicing cost of that debt is at a fraction of what it was when we were elected. I am not sure what it is that you are driving at, but if the objective, which is our objective in government, is to make sure you can invest in hospitals and

schools and have the money to pay for nurses and teachers, then the debt servicing cost is important, same as a household mortgage, and ours is going down.

Mr WELLS — I understand, but I take it from your answer there is no strategy in place to repay the actual debt in the forward estimates. I mean, you have spoken about the servicing costs and I fully understand that as a recurrent expense, but it is the actual repayment of that debt. Anyway.

Mr BRUMBY — The repayment of the debt, as I have just read to you from page 71, is built into the TCV profile — —

Mr WELLS — I know it is a profile.

Mr BRUMBY — Of course it is a profile: that is what we are referring to. You will find in one of the budget papers — and I am sorry it is not my job: I am not the Treasurer any more, but you will find in one of the budget papers — that there is a table which shows the net borrowing and lending program and shows how the profile adjusts over time. They run this to best advantage. They pay out debt when it is opportune to do it or when they might be able to borrow internationally at very low rates, for example, as they have been able to in recent years, and then you would use that — you might borrow it — but pay out a lot of the high-price debt from previous years.

Sometimes it is also better to prepay superannuation than it is to pay down debt depending on the relative cost of finance. If my memory is correct, to date as a government we have prepaid something like $5 billion of superannuation liabilities because when you take into account the after-tax cost of doing that — because we get some tax benefits as a state from prepaying — you get a much better return on capital. All of those things are taken into account by Treasury.

Mr WELLS — Premier, just a quick clarification: when you refer to the operating surplus, are you referring to the interest repayments or are you talking about the pay-down of the actual debt? In your comment earlier you referred to operating surpluses moving forward; I understand that, but are you referring to the operating surplus being used to pay down debt or being used to repay interest?

Mr BRUMBY — The operating surplus is the net result from transactions after you have paid all your operational expenses, which include the interest on government sector net debt, but does not include the interest on PNFCs because that interest is paid by the respective PNFC.

Ms MUNT — If I could change the subject a little, I understand the Department of Premier and Cabinet strategic policy advice and projects branch manages the Tsunami Disaster Reconstruction Fund. I think the government committed $10 million to that fund, and I wonder if you could let us know how that money is being spent?

Mr BRUMBY — I could. In fact, I spoke at the Sri Lanka National Day earlier this year. It is the first time they have ever had a Premier present at their national day celebrations. The Governor was there as well, and it was the first time they had ever had a Governor there. It was a fantastic occasion, and I was delighted to be there.

During the night I outlined how we had expended some of those funds that were announced at the time of the tsunami. We had completed two projects: the *Victorian Gardens Settlement Project — $3.2 million — for 84 families in southern Sri Lanka who lost their homes in the disaster. They have each received a furnished house connected to water, sewerage and electricity, and I have seen some of the photos of them. There is the Ruhunu school — $1.2 million — in partnership with Plan Australia. That school has been completely rebuilt and now has 3000 students.

There are four projects which are in progress: Health for the South, which is a $3.5 million partnership project with corporate donors and the Alfred hospital to establish an emergency and trauma reception capability at Karapitiya Hospital near Galle in south Sri Lanka. There is the Eastern Technical Institute Strengthening Project — $625 000 — in partnership with Holmesglen Institute of TAFE. There is the Victoria-Jaf Fishnet Manufacturing Factory Project — $850 000 — in partnership with Caritas Australia, France and Sri Lanka. It is a fish net manufacturing facility. There is also a project in the Maldives, which is a capacity-building project — $460 000 — in partnership with Australian Volunteers International.

As circumstances had it I was the first Australian minister to visit Sri Lanka after the tsunami, less than a week after it hit. With the then Australian ambassador I travelled down to Galle. You had to be there to see the extent of the tragedy and the decimation of areas and households. I know our assistance was a very large amount, and not something typically a state government would do, but taking into account all of the circumstances of the tsunami and its impact throughout the region, and the very close bonds we have with Sri Lanka, with the huge number of Sri Lankans living in our state, it was appropriate to do this.

To have seen the photos, as I did, a couple of years later of those areas that were just completely decimated — just destroyed — and families just literally washed away, our assistance was a wonderful thing, shows you that our intervention, I think, in this case, was completely justified and has brought enormous public good.

The CHAIR — Thank you, Premier. There is time for one more quick question on the Premier's portfolio.

Mr RICH-PHILLIPS — Premier, in April you announced the end of the gaming duopoly, and indicated that it was the government's view that compensation would not be payable under the existing licences to the two operators. The budget papers report that potential obligation as a contingent liability. Can the committee take from that that the government does not yet have sufficient advice to categorically rule out an obligation to pay those refunds, given you continue to list it as a contingent liability?

The CHAIR — On what page?

Mr RICH-PHILLIPS — Page 237 of budget paper 4.

Mr BRUMBY — As I have indicated publicly, the government has made an informed decision based on a range of information that we do not believe there is an obligation to pay those amounts, but as I have said publicly, I am sure the companies will test that in the courts. As we have done in the past we have listed that as a contingent liability.

I think that is fully consistent with good auditing practices. If there is any potential liability for the state, which we are aware of, then normal accounting practice would have you note that. I repeat: cabinet formed a view based on a range of information that there was no obligation, and it is our view that there is no entitlement. But I repeat, as I have said publicly, I am sure this will be challenged in the courts. At the end of the day that will be a matter for courts to determine. But I should say, too, that were that to be challenged in the courts and were companies to be successful, then there is no payment of course until 2012.

Mr RICH-PHILLIPS — Do you know the value of the possible exposure?

Mr BRUMBY — No, I do not.

The CHAIR — Ask the Minister for Gaming.

Mr BRUMBY — You can ask the Minister for Gaming that question. He actually might be here in another capacity in a moment, but you are not allowed to ask him today.

The CHAIR — That is correct.

Mr RICH-PHILLIPS — You do not have a figure for the potential exposure?

The CHAIR — We will take it up with the minister.

Mr BRUMBY — As I say, the government formed the view, based on a range of information. It is the right decision for the state, and I hope when the legislation is presented on changes to the gaming structure, that it will be supported across party lines.

The CHAIR — Thank you for that. I thank Ms Silver and departmental officers for their attendance.

Witnesses withdrew.

CHAPTER 10: DEPARTMENT OF PRIMARY INDUSTRIES

Transcript of Evidence

10.1 Agriculture portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 16 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	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,

Mr D. Seymour, Deputy Secretary, Energy Resources and Major Projects,

Dr B. Kefford, Deputy Secretary, Agriculture and Fisheries,

Mr C. O'Farrell, Chief Financial Officer,

Mr P. Bailey, Executive Director, Biosecurity Victoria,

Mr R. Harris, Executive Director, Farm Services Victoria, and

Professor G. Spangenberg, Executive Director, Bioscience Research, Department of Primary Industries.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of agriculture and small business. On behalf of the committee I welcome Mr Joe Helper, Minister for Agriculture; Mr Richard Bolt, secretary; Mr Dale Seymour, deputy secretary, energy resources and major projects, Dr Bruce Kefford, deputy secretary, agriculture and fisheries, and Mr Chris O'Farrell, chief financial officer, 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 they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers can approach the table if requested by the minister or his chief of staff. Members of the media are also requested to observe the guidelines for filming and recording proceedings in this particular room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript, and the committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice, the transcripts and PowerPoint presentations and any other documents tabled 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 invite the minister to make 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 agriculture.

Mr HELPER — Thank you, Chair. Good morning, and thanks for the opportunity to present to PAEC for 2008–09. What I want to do in this presentation is to give an overview of the agriculture portfolio. I will give a summary of the sector's performance, and indeed some of the challenges that are ahead for farming, and the government's response being primarily through the Future Farming statement and a suite of initiatives.

Overheads shown.

Mr HELPER — An overview of the agricultural sector shows us that agriculture, despite its challenges, is indeed a success story. A table was released on 8 May 2008 from the 2005–06 ABS agricultural census on the value of agricultural commodities produced. Victoria's agricultural production was the highest of any state or territory and worth $9.2 billion or 23.9 per cent of Australia's total. As I stressed at last year's PAEC we need to keep in mind that comes from just 3 per cent of the land mass of Australia. To provide an overview, in 2007 Victoria's food and fibre exports were valued at $6.3 billion, or more than one quarter of Australia's total. Dairy and meat continue to dominate Victoria's food and fibre exports. Dairy exports were valued at $2.1 billion, and indeed Victoria accounts for more than 10 per cent of the world's trade in manufactured dairy products. Meat exports were valued at $1.3 billion.

Turning to key achievements, I would like to focus on one major achievement that DPI played a leading role in, and congratulate my departmental staff who are here for the fantastic effort in terms of containing the spread of horse flu and keeping horse flu out of Victoria. As we all know the Spring Racing Carnival was able to go ahead with minimal disruption. Key measures included border control, vaccinations, other quarantine measures, and indeed, very importantly, a public awareness campaign. The department's response, led by chief veterinary officer Hugh Miller, with many others of course working in support, was indeed excellent, and every time I think about the effort that people put in it brings a lump to my throat — the enormous work they put into our success story. I think it should be noted that when the 12-month period expires from the start of the outbreak Victoria — and indeed Australia — can claim to be the first jurisdiction in the world that has ever succeeded in eradicating EI. We should all be very proud of that. If we go on with key achievements, one of the key pressures on agriculture, and indeed on the department was, and is, the ongoing drought. I have to point out that more than $400 million has been provided by Victoria since 2002, of course in addition to measures available through the commonwealth government. Increasingly the focus of the agriculture sector and the department is on managing the risk associated with dry conditions. Although the weather has been cooler and we have had some rain I do not think anybody is jumping with joy at the way the season is shaping up at the moment either. The map on the slide shows Victoria's rainfall

for April which is traditionally the time for the season to actually break. The majority of the state received less than 40 per cent of the average rainfall. If we go on with key achievements, the Victorian government has allowed the moratorium on two GM canola varieties to lapse. As members of the committee would be aware, the commonwealth Office of the Gene Technology Regulator gave these two varieties environmental and health approval sometime ago — —

The CHAIR — Can we keep moving on to the estimates, Minister.

Mr HELPER — The challenges ahead: if we look ahead it is clear that Victoria's farmers are facing unprecedented pressures, be they a strong dollar, international competition, water scarcity or labour skills shortages. In that framework we are seeing an enormous amount of pressure on the agricultural sector. There has been strong growth in agricultural production and a long-term reduction in the number of individual farms, so there is a consolidation of the farms. If you look at the graph I think it highlights it very clearly with the agricultural establishments going down and the value of agricultural production overall going up. How is the government moving to address the challenges and indeed the opportunities that agriculture has? We are doing that through the Future Farming statement. Some businesses must of course, as always, boost productivity, become more innovative and sustainable, and gain access to highly competitive international markets.

What we did with the development of the Future Farming statement is think about what the farm of the future will look like. It will be a farm that is more capable of managing the risks that are inherent in agriculture; it will be a farm that constantly strives to increase productivity. As members would be aware, the government released the $205 million Future Farming strategy when the Premier and I visited a farm near Horsham last month. Future Farming provides $77 million over four years for research and development, and practice change works delivered by DPI; $8 million over four years to modernise DPI service delivery to farmers, including the establishment of Farm Services Victoria; $2.3 million over two years to help farmers make modern changes to capture benefits of irrigation infrastructure modernisation; $4.8 million to provide and market high accuracy GPS systems to enable more precision farming; 8.75 million over four years to increase productivity in the dairy industry; and $2.7 million over five years to engage with stakeholders, establish the Future Farming stakeholder reference group, and undertake project monitoring and implementation.

If we go on, Future Farming also provides $5.2 million over four years to give farm businesses better access to information and research about climate change; and $6.22 million over four years to provide lamb, grains and horticulture farmers with new technologies and strategies to adapt their farming systems. Victoria will also work with other governments — we do not have the control of every lever — to develop an efficient and effective national emissions trading scheme. And of course we will work with governments and major farming bodies to re-examine the national approach to drought relief. We will also develop a Victorian government climate change green paper — we will play our role in that.

The CHAIR — Okay, Minister.

Mr HELPER — With Future Farming, to continue, 20 million over four years to better manage weeds and pests; $3.79 million over four years to establish a regional strategic planning expert group — all of which goes to strengthening land and water management. Helping farm families is an important part of our strategy: $3.74 million over four years for the Rural Futures initiative; $2.18 million over four years to extend the Sustainable Farm Families program; $3.46 million over four years to pilot targeted case management services for farmers undergoing adjustment and change — that adjustment and that change being the driver that is inevitable to underpin this Future Farming strategy; and $2.4 million over four years to create a National Centre for Farmer Health in Hamilton to examine the causes and consequences of poor health in the farming communities.

If we go on, the Future Farming statement initiatives never cease, and I enjoy the opportunity to talk about them. There is $2.93 million over four years to improve the understanding of and response to market and value change challenges; $1.08 million over three years to assist Victoria's organic sector; and $4.05 million over four years to improve the productivity and ability of the aquaculture sector to manage the impacts of climate change; and $3 million over four years for phylloxera exclusion zone development.

The CHAIR — Okay. Still going?

Mr HELPER — Still going. Another important area in the Future Farming strategy, funded through other portfolios, is transporting products to market — a $43 million investment in country rail freight to deliver future

crops to market. Forestry is an important part of my portfolio of course, and we have the development of a timber industry strategy, to be distributed for consultation later this year. In conclusion — —

Dr SYKES — That is a good one, Minister — a blank page. That is your conclusion, is it?

Mr HELPER — I know I can express it eloquently, Bill. I hope members of the committee have found the presentation interesting. I look forward to the discussion that will ensue about the estimates of the Department of Primary Industries as they relate to agriculture.

The CHAIR — Thank you, Minister. We have about an hour and 55 minutes allocated to questions. Thank you for your presentation. As a former Australian representative of a food and agriculture organisation I welcome the money on weed control. It is always a forgotten area.

Mr DALLA-RIVA — Where is that in the forward estimates?

The CHAIR — It is 24 million on weeds actually, Richard. We have got your questionnaire but it is only the preliminary response. Do we have the final response to your questionnaire coming through?

Mr HELPER — Yes, that is coming through. Has somebody got that? It is being delivered to you.

The CHAIR — That is being delivered, is it?

Mr HELPER — Yes.

Mr BOLT — It was sent yesterday.

Mr WELLS — It is in the mail, Chair.

The CHAIR — It is in the mail. It would have been helpful to have it here today but anyway we have the preliminary one.

Mr WELLS — Have we got it somewhere?

Mr BOLT — It was emailed yesterday.

The CHAIR — One of the areas where you said you had to wait until the budget estimates were finalised was on the issue regarding revenue forgone, subsidies and concessions contained in the budget and the forward estimates, either explicit or implicit subsidies as well. Minister, can you advise the committee of specific subsidies or implicit subsidies, concessions, revenue forgone within your portfolio and whether there are any changes to these in this year's budget? I am sure there are lots of subsidies to our rural farmers, et cetera.

Mr HELPER — Chair, that is where you are mistaken. I think Victorian agriculture, and indeed Australian agriculture, proudly operate in a space that is not perverted by subsidies, as many other jurisdictions internationally are in terms of agricultural production. The answer that we provided in the preliminary draft budget estimates questionnaire was that there are no subsidies or concessions for 2008–09. I guess it depends just a little bit on how we want to define things. I do not want to be cute about it at all, so I am happy to discuss it in more detail. For example, with fishing licences, if you are a senior or under 18, you do not need to have a fishing licence. You could on the one hand argue that that is a concession but that would technically be an incorrect interpretation because you actually do not need the licence. It is not a concessional licence, it is just a lack of requirement to hold one. I make that point to be transparent.

I guess under drought there are a number of drought response initiatives — for example, the municipal rate subsidy. That is clearly a subsidy, but we do not bring that to budget for 2008–09, because our process of evaluating the response to drought is one that we do not bring to budget. We do that as the season unfolds, as the conditions of the season unfold. In that sense that is not recorded in budget papers and therefore I think the response we have provided in the preliminary, which is consistent with the response we are providing in the final estimates questionnaire, is that we do not actually have subsidies or concessions, and there is no estimated cost attached to them.

The CHAIR — Does Rural Finance Corporation come within your portfolio where there is just 2.9 per cent interest rates for loans?

Mr HELPER — That interest rate subsidy is attached to drought relief, and again I draw your attention to the response that I gave, that we do not bring drought relief into the forward estimates. We address drought relief on the interest rate subsidy where our 10 per cent participant with the commonwealth on the interest rate subsidy would bring that together as the season unfolds and as we evaluate the most appropriate and best targeted measures to respond to it. The interest rate subsidies that are currently in place for EC declared areas are undergoing review. The commonwealth puts in place, in terms of those EC areas, that they maintain their status as EC declared.

Mr WELLS — Minister, we have found the answers to those questions, the ones that were in the mail yesterday?

Mr HELPER — That is good.

Mr WELLS — No, we are just saying — have we found them?

Mr HELPER — Sorry, have we?

Mr WELLS — Have we?

Mr HELPER — I thought you were informing me joyfully that you have found them because my understanding is that we emailed them yesterday. I am happy to ask one of my staff.

Mr WELLS — I would not be saying that. I just wanted to know. Has anyone got them? Can we ask around?

Mr HELPER — Can somebody get them sent across to us? Yes, during the discussions we will get them sent across.

The CHAIR — Thanks very much.

Mr WELLS — Minister, I note in your handout you are talking about the challenge of change and you talk about drought, water scarcity, and labour shortages increasing overseas competition. I refer you to page 262, budget paper 4, which shows the historical information of general government 'expense by purpose', and it shows that agriculture, fisheries and forestry in actual terms has fallen from $503 million in 98–99 to an estimated $361 million in 08–09, or to work that around in 98–99 figures: agriculture, fisheries and forestry expenditure has fallen from 2.6 per cent of total government outlays to less than 1 per cent. Given the concerns that you have outlined in your handout and the concern about food scarcity, how does the government justify such a massive cut in this spending?

Mr HELPER — Thank you for the question because it allows me to firstly respond to your question but it allows me to also put on the record what I saw as a media release, I think, by the Leader of The Nationals, drawing attention to those figures as well. Let me just say that, to be transparent about quoting historical budget figures, one needs to also be honest about the machinery of government changes that are associated with it. If we look at the then Department of Agriculture — or then it was part of DSE — and if you look at what was actually incorporated in that 99 figure, there were a whole lot of functions that now, through a number of machinery of government changes, are no longer a function of the Department of Primary Industries. They are functions that have remained with the Department of Sustainability and Environment. So what you in your question infer and what the Leader of The Nationals inferred in his press release is indeed trying to compare oranges with pumpkins.

Mr WELLS — Oranges with what?

Mr HELPER — With pumpkins. Did you avoid eating pumpkin soup when you were a child?

Mr WELLS — We could not afford it.

Mr HELPER — Quite frankly, the preface of your question is misleading, and I am happy to go through the general time line and expenditure by this government, a record of which we are very proud, by referring to Chris O'Farrell, our chief financial officer, after having made that general point.

Mr WELLS — Can I? You have said that my question is misleading. Is that the claim?

Mr HELPER — No, I am saying that your question does not understand the full context and ignores a big chunk of the context.

Mr WELLS — Okay, let me just point out that whenever there is a change in the machinery of government, there is normally a footnote to explain that. Can you show me where the footnote is that explains that?

Mr HELPER — The machinery of government changes that I am referring to occurred in — I would not want to stick my reputation on the line for the exact date but they were certainly a number of years ago. They are not machinery of government changes that would be brought and drawn attention to in the budget papers for this financial year. I understand those changes occurred in 2003.

Mr WELLS — Okay, on page 264 there is no reference to that. So how is the reader supposed to know that?

Mr O'FARRELL — They could look in prior budget papers.

Mr WELLS — But you would still have them.

Ms MUNT — Why would you still have them?

Mr WELLS — There is a reference to 74–75. I know you Labor people get very excited when you are trying to cover up what the minister is trying to explain.

The CHAIR — Can we just continue without the commentary, please?

Mr WELLS — It is a fair point. We want to know where the footnote is when they refer to a 74–75 reference but they are not going to refer to 2003.

Mr HELPER — I would strongly suggest to you that the footnote is likely to be found in the 2003–2004 budget papers and possibly referred to, although this was prior to me being minister, and I have not got a great memory for the footnotes in budget papers, probably referred to in the 2004–2005 budget papers again. But the fact that it is not referred to in the 2008–09 budget paper is a consequence of the change having taken place some six years ago.

The CHAIR — Do we have any further explanation? I can see, looking at the bottom, the sources are the ABS catalogue for 2002–07 and the Department of Treasury and Finance, and there are obviously definitional issues here which are not clearly apparent in such a tabular form.

Mr WELLS — Rather than get bogged down in detail, can you then explain the reason why there is a reduction from 361 to 324 in the forward estimates? Is there a change in machinery of government over the next four years?

Mr HELPER — In answer to that question I will give an overarching answer and invite Chris O'Farrell again to provide any details that the committee may wish to hear. The overall answer is that we need to be aware of the fact that the Department of Primary Industries covers both the agriculture and the energy and minerals portfolios and as a consequence some of the changes in outlays for the department do indeed refer to minerals and energy. That is the first point to make.

The second point to make is that some of the issues associated with drought funding clearly reflect themselves in the budget papers, and as I indicated in my response to the Chair's earlier question the responses to the drought are brought to bear as we assess the seasonal outcome and the seasonal necessity for response to drought. They are not reflected in budget papers. However, the expenditure for drought in the past would be. With those overarching comments, if I can invite Chris to provide any more details if that is possible?

Mr WELLS — So is Chris going to explain the reduction from 361 to 324?

Mr HELPER — I thought in part my response actually did that. That is why I am inviting — —

Mr WELLS — That is fine. The assumption is that the drought is going to break?

Mr HELPER — What I am inviting Chris to do is to provide more detail.

Mr WELLS — Just to clarify the minister's point, the assumption is the drought will break over the next four years?

The CHAIR — I do not think he said that.

Mr HELPER — No, I did not say that at all.

Mr WELLS — You referred to drought payments.

Dr SYKES — I can clarify on page 34 of budget paper 2 it says:

> It is expected that a return to more normal climatic conditions will contribute to further recovery in the agricultural sector in 2008–09.

So the budget is going on the assumption that the drought — —

Mr DALLA-RIVA — The drought is going to break.

Mr HELPER — And as that — —

The CHAIR — We had that discussion with the Minister for Education.

Mr HELPER — We have actually — —

The CHAIR — Can we come back to the main point here. If Mr O'Farrell can clarify.

Mr WELLS — Chair, if I may ask — —

The CHAIR — The statistical basis is what we are looking at — the statistical changes.

Mr O'FARRELL — I think the drop from the 478 to 361 largely reflects the decrease in the payment from the commonwealth to the state for exceptional circumstances drought assistance. There is currently $40 million in the 08–09 budget for exceptional circumstances related to interest rate subsidies. That is not in the 09–10 estimates yet as decisions have not been made about whether that funding will continue. There need to be further reviews of exceptional circumstances declarations in drought-affected areas and then the drought task force will make decisions about allocations of funding during 2008.

The CHAIR — You already have a notional figure of $40 million in subsidies in the next year's budget.

Mr HELPER — That is because they carry over into the next financial year.

Mr WELLS — So the difference is primarily drought payments?

Mr HELPER — Yes. Chair, if I may just about the suggestion that was made before, we have had this exact debate I think at last year's estimates where Victoria's response to drought is one that is determined as we bring to hand the circumstances of the drought, the needs of the affected communities and the needs of the affected farm enterprises. The fact that the budget is prepared prior to critical dates in terms of the breaking of the season would make it silly for us to put a drought allocation into the budget. We have not done so in the 2002–03 drought response. We have not done so in the 2006–07 response, and nevertheless — —

Dr SYKES — That is why, Minister, your drought response actions are after the event. Farmers, if they operate that way, would be — —

The CHAIR — All right. Minister please.

Mr HELPER — Nevertheless a $400 million drought response as I said since 2002–03 far exceeds the paltry drought response that was furnished under the previous government during climatic difficult times when they occurred during its reign.

The CHAIR — Thank you, Minister. We will move on. I think you have had a fair go.

Mr WELLS — Yes, I know, but I have been bandied all over the place. I just want to clarify one very small point.

The CHAIR — It will have to be extremely short because you have had a fair go, quite frankly.

Mr WELLS — It is because I think the information that has been given to us was not as accurate as it may have been. I am just clarifying one point.

The CHAIR — I do not think that is correct but anyway keep going.

Mr WELLS — On the issue of the $40 million drought relief payment then the assumption is over the next four years there will be no increase in agricultural, forestry and fishery if we are talking around about the $40 million mark; is that correct?

Mr HELPER — No, there is no assumption of that kind made.

Mr WELLS — I am just saying it goes from 361. Mr O'Farrell talked about a $40 million carryover. Are we happy with that?

The CHAIR — Drought years reflect current decisions not future decisions

Mr WELLS — And then goes 321, 326, 324, so the amount is about the same.

The CHAIR — They reflect current decisions not future decisions.

Mr HELPER — Exactly.

Mr WELLS — Okay, I am just asking the question.

Mr HELPER — I am sorry, drought is a contingency.

Mr WELLS — He spoke about $40 million. There is a $40 million difference for the year.

The CHAIR — Quickly, Minister. We need to get onto the next question.

Mr HELPER — I am sorry. I am not going to stand by and have the government's drought response leaned upon. Let me explain it again. Drought is a contingency that occurs. You could have made exactly the same as occurs after seasonal conditions for a given season come to a point of being drought circumstances. You could make exactly the same point about contingencies such as bushfires; you could make exactly the same point about contingencies for floods as you could make for contingencies of drought. We bring those contingencies to measure when they are appropriate to bring to measure. It is a bit difficult to predict seasonal conditions in the process of preparation of the budget as it is difficult to bring contingencies such as bushfire response, flood response and any other natural disaster response to bring them to budget because they are contingency risk.

Dr SYKES — So why do you — —

The CHAIR — No, you have had your chance.

Ms MUNT — Minister, I am aware that there are a number of challenges in farming at the moment, but I think there are also some opportunities. I was interested to read budget paper 3, page 299, Future Farming strategy, which goes through a number of areas that have been addressed by the Future Farming strategy. I was particularly interested in building skills and attracting young people to farming. In my last parliamentary committee we actually travelled around the rural and regional areas to the tertiary institutions and looked at the range of courses that they are offering to skill up the next generation of young farmers. I was wondering if you could expand on the Future Farming strategy for me and just explain a little bit more of what it means and what it does.

Mr HELPER — Thank you, Janice, I genuinely welcome the opportunity to respond to your question. The Future Farming statement has dominated my presentation, and the thinking behind the Future Farming statement dominates our agricultural policies. To summarise it in a handful of words, the philosophy behind the Future Farming strategy is that to build resilience is far preferable than to put in place rescues after something goes pear-shaped. If we look at the challenges facing agriculture that I outlined in my presentation, including others, be

they drought-climate change, be they competition for resources and therefore the prices for resources going up, be they biosecurity threats indeed under a regime of climate change and increasing global mobility, all of these things are the challenges. But there are enormous opportunities as well. If we look at the demand for protein across the globe, the demand for food, we certainly see some very significant developments and we see some relatively healthy prices are being achieved for the commodities that our farmers grow, so there is an opportunity. If we look at the opportunities that are inherent in improving productivity to research development and through science, the abilities to improve productivity, they are tremendous opportunities. All of those are encompassed in the Future Farming statement to meet the challenges and of course to exploit the opportunities.

One of the challenges you mentioned is that of skills and the labour force in the agricultural sectors. The budget brought to bear, not through my department but through other departments, considerable investment in improving the ability to build the skills base for agriculture and for regional and rural communities through capital initiatives and through program initiatives, something I enormously welcome and something that the Future Farming statement foreshadowed. An important part in terms of any industry be it agriculture, manufacturing, whatever the sector may be, in terms of attracting sufficient labour and sufficient skills is the public perception of a particular industry. The perception that many people in agriculture have about themselves and about their own sector is one that is going to be increasingly echoed by this government and is indeed echoed through Future Farming, which is that it is an exciting, innovative, forward-looking and forward-moving, highly skilled industry as we look to the future. If we paint that picture and if we project the industry in that light we make it attractive for young people to move to.

If I can paint the contrast with the manufacturing sector, whilst the perception existed — I hope it is past tense — that manufacturing is about rusty sheds and smoke stacks, why would a young person wants to move to a career in manufacturing? The picture is totally different. Manufacturing, like agriculture, is exciting: it is forward looking; it is a great place to build a career. Certainly in terms of the challenge that you highlighted in your question, the perception of agriculture is an important part of ensuring that agriculture actually has access to the skills and the labour it needs into the future, as well as the practical measures that were outlined in the budget from other portfolios foreshadowed in Future Farming. Thank you for your question.

Dr SYKES — I would like to commence by congratulating the department, particularly the animal health section of the department, for its role in working with all of the horse industry to keep equine influenza out of Victoria. Let's hope that is the way it stays. I would like to continue and contribute to the discussion so far on drought before asking my question. First of all there is the principle that underpins the budget where it assumes, on page 34 of budget paper 2 that we will be returning to normal climatic conditions during this year, and yet as you have indicated in your presentation the April rainfall is appallingly low. I did a budget in January and assumed that we were returning to normal conditions and bought 100 head of stock. Two months later I had to fork out another $100 per head for feed. In other words, things change pretty quickly. My comment and the interjection was that a criticism of government is its slowness to respond to the changes. I suggest that the approach to this budget process is fundamentally flawed because you have taken an optimistic approach to the drought rather than a realistic approach, given that we are into our 11th year of below-average rainfall and it is our 20th year since we had a decent autumn break. In relation to the issues you mentioned in relation to expenditure and how well the government has contributed to the drought — —

The CHAIR — The question, please.

Dr SYKES — This is important to clarify.

The CHAIR — I know, but it is too long.

Dr SYKES — You said that the government made a substantial commitment, but the Auditor-General's report on government commitments to 2005–06 revealed that whilst there were announcements of $238 million of drought assistance, actual expenditure was only 140. I now move on to my question in line with the request of the Chair: given that the government says it recognises the severity of the impact of the drought — and I think you would agree that it has been across nearly all of Victoria with nearly all of Victoria being declared to be under exceptional circumstances — and given that farm debt often exceeds $700 000, with farmers having little ability to pay, and that applies to shires such as Mansfield and Murrindindi as well as up in the north-west, why has the government restricted its assistance measures such as on-farm productivity grants and the full funding of full-time drought coordinators to only the 20 most severely affected local government areas?

The CHAIR — I assume this is with regard to the future in terms of the estimates, rather than an outcomes matter that we can deal with in another context.

Mr HELPER — It does not, but nevertheless, Chair, with your indulgence I would welcome the opportunity to respond to Bill's question.

The CHAIR — Briefly, in that case.

Mr HELPER — Firstly, our decision to declare 20 municipalities as opposed to the whole state for eligibility to certain components of our drought response last season — I think the figure is 12 per cent, but I will have somebody check that — 12 per cent of the drought package that was announced relates to that restricted geographic area. The rest — that is, 88 per cent of the expenditure on those measures — relates to all areas that are EC declared, which is all regional and rural areas, as the member would be aware. So the impact of the targeting needs to be kept in check. Why did we target? For very good reasons, because like any response, be it a response to bushfire, be it a response to a flood or be it indeed the response here to drought, we need to target the community resources that we apply to that response as effectively and as efficiently as is possible. Therefore the government and I have the opinion that certain measures can be made more meaningful and the impact provide greater benefit to individual farmers by geographically targeting them. You need to keep in mind that if some measures — as I say, 12 per cent of them — are targeted to some area, we can make them more meaningful.

Dr SYKES — If it is so small, Minister — I can assure you that in terms of the government expenditure and cost blow-outs and other things it is relatively small — why do you stop Murrindindi shire, for example, getting it? If you came and spoke to the people up there, you would realise they are hurting, independent of the added insult of the north–south pipeline.

The CHAIR — All right. Minister.

Mr HELPER — I sense the impatience of the Chair to move on. I will restrict my answer to being a very brief one.

The CHAIR — We are trying to deal with the estimates is my point. If you wish to follow them up — —

Mr HELPER — And that is a fair point, Chair. But my response is that $400 million since 2002–03 is a substantial contribution to support of our drought-affected farmers and communities. In terms of the people in the shire of Murrindindi, 88 per cent of the initiatives, on top of which comes the commonwealth initiatives that flow through exceptional circumstances, are available to people in the shire of Murrindindi, just the same as those of the 59 shires that are drought declared to whom the special targeting did not occur.

The CHAIR — Thank you, Minister. If you wish to pursue it any more, you can pursue it in questions on notice or in the house.

Mr SCOTT — My question relates to weeds and pests. Minister, on page 299 of budget paper 3 there is a detailing of actions arising from the Future Farming strategy. By way of background, my staff member used to be involved in agriculture, in pest management — as an aside. Can you tell us how the management of weeds and pests will be improved by the extra funding from the Future Farming strategy and how this will assist with roadside weeds?

Mr HELPER — Sure. I will come back to specifically discussing the issue of roadside weeds after I run through the initiatives that underpin the $20 million commitment in Future Farming to responding to weeds and pests. Firstly, it will support local government in the management of weeds and pests on roadsides — and, as I say, I will come back to that. It will assist in developing incursion and treatment plans for regionally prohibited weeds; improving early response capability — this is the thinking that goes behind the support that we wish to bring to local government — for new and emerging pests; increasing voluntary compliance for regionally controlled weeds; more effectively controlling weeds and pests on public land by expanding the government's Good Neighbour program; improving the use of biocontrols for management of widespread weeds; reviewing options to enhance our efforts in wild dog management; and increasing community involvement in our targeted program for integrated fox management. They are the drivers that will be supported through this particular initiative.

If I can come back to the point that you stressed in your question — that is, roadside weeds — the government is of the view, as is provided for in legislation, that the state is responsible for roadside weeds as they adjoin state roads, and local government is responsible for roadside weeds on local roads. That has caused some concern in the community, so I would welcome the opportunity to just talk about the policy in support of that. Firstly, roadside weeds and roadside corridors are indeed the corridors through which a great deal of the spreading of weeds occurs. You have 79 councils responsible for local roads as opposed to — I will take a guess — 200 000 or 300 000 landowners across the entire state being responsible for roadside weeds, which is the policy alternative. Somebody is going to have to pay for the control of roadside weeds, so the policy debate should be about who is most efficiently placed to exercise the responsibility.

I would argue that — and certainly what clearly underpins the legislation — local government, as indeed state government with its roads, is in the most efficient position to respond to roadside weeds. There is a further policy nuance which argues that if local government is responsible and through the action that you referred to in the Future Farming statement, if we are going to support local government in its efforts to control roadside weeds on its roadsides, we should do that on a flat per-kilometre rate. I just draw the attention of the committee to the fact that Collins Street is actually a local government road. The City of Melbourne is responsible for Collins Street. I have not seen too many outbreaks of serrated tussock. I have not seen too many rabbits.

Dr SYKES — You want to have another look. There are a few in Spring Street!

The CHAIR — There are foxes here now.

Mr HELPER — There may be a number in front of, what is it, 104 Exhibition Street. I am not 100 per cent sure of that.

The CHAIR — I think we would should concentrate on the estimates, Minister.

Mr HELPER —. Nevertheless that point starkly demonstrates that a flat out, one-size-fits-all, X-dollars-per-kilometre support to local government for roadside weed control is a silly policy proposition. What I can say to the committee is that DPI and I will continue to engage with local government to ensure that the package of support for local government to meet its responsibility for roadside weeds will be one that is particularly well developed through consultation.

Dr SYKES — Minister, can you just clarify how much of the package, the 24 million — —

The CHAIR — Is this your next question?

Dr SYKES — It is just a clarification of the question. How much is actually going direct to local government as distinct from DPI? How much of the 24 million is going direct to local government?

Mr HELPER — I could provide that answer when those discussions and that consultation and that engagement with local government is concluded.

Mr DALLA-RIVA — Budget paper 3, service delivery, on pages 221, 222 and 223, relates to regulation and compliance. I understand DPI now has responsibility for the enforcement of weed control on public lands, and it is referenced at footnote (e) in respect of 'Number of state prohibited weed infestations treated'. What is your anticipation of the budget allocation moving forward for the enforcement of weed control on public land. I know you have discussed that primarily in terms of the council and roadside weeds. What about the control of weeds and the number of prosecutions you expect to initiate against managers of public land — owners — where they are now held by DSE? You may like to compare this allocation activity with the proposed enforcement of the weed control on private land as well.

Mr HELPER — If I can make an overarching comment— and the detail I am happy to take on notice — it is that the greatest part of weed and pest management, as I am sure Dr Sykes would agree, is driven by cooperation and by collaboration of land-holders in a given area that we are trying to address a weed or pest problem in. Enforcement is really something that falls as a last resort or a further down-the-chain resort because the important thing, first and foremost, is to build up the collaboration between land-holders, whether that be across land tenure or on one form of land tenure, so that the expenditure of resources can be optimised through cooperation.

The transfer of responsibility of weeds and pests to the Department of Primary Industries provides, I think, a great opportunity to build that collaboration not only with land-holders on private land tenure but across all land tenures as we move forward. Implicit in your question — and I am not being critical of it being implicit in your question — is how much are we going to throw our weight around in terms of enforcement of public land? Let me just say that through the cooperation and through the collaboration we are able to do a darn site more than throwing the stick around. I make that general comment. In particular, the Future Farming statement talks about the efforts that are going into the Good Neighbour program, and that is about weed and pest management on public land tenure where it adjoins private land tenure. I look forward to developing further the relationships that exist between the managers predominantly of public land — DSE — DPI and those who control private land. It is because, as we build that collaboration, that is when we get good outcomes. The stick is not really that much of a preferred weapon. Nevertheless it needs to be there.

Mr DALLA-RIVA — I was just referring to the budget paper — and I hear what you say — and it says here on page 221 'behaviours through a proactive approach to self-regulation'. It talks about education and inspection but then also says 'enforcement services' in relation to disease, pest and other things. There is a budget allocation in the forward estimates, $86.8 million. I am just curious, while I understand your issue of ensuring some collaboration processes, it would be like saying to people, 'Don't speed' and assuming there is no enforcement provision. It is along the same lines. I guess I am trying to get a clarification in the forward estimates, now it is under your portfolio, what you expect are the number of compliance officers, if that is what you call them, and what you expect in terms of a budget expenditure in terms of compliance? That is where I am at.

Mr HELPER — Maybe an important way to get into the bottom of the information that you seek would be if I were to invite Ron Harris, the executive director of Farm Services Victoria to talk about the type of programs that we have in place and to talk about the approach we have to weed and pest management.

Mr DALLA-RIVA — And the financial commentary.

Mr HELPER — That will certainly put the question in context.

Mr O'FARRELL — If I could just clarify, Minister. Firstly — a point you made — the 86 million you refer to is for the whole output, so that is not just weeds and pests. It is fisheries, it is energy — it is everything.

Mr DALLA-RIVA — I understand that. Given that it is now under your department what proportion of that expenditure are you allocating to the enforcement, given that it has not been under your effective control before?

Mr HELPER — I am happy for two things to occur: firstly, for Ron to run over the broad parameters of how we respond to weeds and pests; and the second part of the response: I am happy to take that on notice and provide further information on that.

The CHAIR — Do we want a presentation on this, or can it be done privately?

Mr HARRIS — Certainly it is about achieving compliance. In all our interventions we get above 90 per cent compliance through voluntary means, and there is a small percentage, which may be 5 per cent or less, where we are involved in court actions. With the amendment to the CALP act undertaken in the last two years, we have decreased the amount of time required for undertaking those compliance activities, and we have been issuing more fines. But, as you suggested, whether it be speeding or whether it be weeds, we are trying to get the community to comply. What we are concentrating on very strongly is weeds which will have the propensity to spread, and that is where we are concentrating our major effort. But I can assure you that in terms of using education and various means to achieve that compliance, we are trying to use the whole spread of techniques to achieve it.

Mr DALLA-RIVA — Thank you.

The CHAIR — We can take on notice your giving a fuller picture of what you are proposing to do in terms of particularly on the enforcement side. But I certainly personally welcome the emphasis on the weeds, which is very important area.

Mr DALLA-RIVA — That is in the budget paper.

Mr NOONAN — Minister, just back on the drought response, you did move through a fair bit of your presentation — particularly towards the end — rather quickly. I note on page 293 of budget paper 3 there is a description of drought response and the additional response that the government is providing and where it might go. There are a couple of parts to it: drought-proofing works, boosting future farm productivity, the additional mental health services, and sporting grounds. These areas might be slightly outside of your portfolio, but I wonder whether you can come back to some of those areas that perhaps have not been given as much attention?

Mr HELPER — Thank you for the opportunity to respond on that. I guess an important thing that goes through the thinking of how we respond to drought and how we respond to the challenge of water scarcity, drought, climate change and all of those areas in agriculture is encompassed in — and I used the word before — preparedness. It is far better than to provide an emergency response when we come to it. If you look at the $400 million since 2002–03 that this government has committed to drought response, a large part of the policy thinking behind that is indeed heading in that direction. It is interesting. There were those that in the last season actually called for relief measures, such as a fodder subsidy. We have spent, I think, since 2002–03, as I said, $400 million. The fodder subsidy — if you multiply it out across every farm enterprise in Victoria — would have come to something like $600 million for it to be a meaningful amount to each farm enterprise. That would have provided a mere $20 000 for each individual farm enterprise. Again, it is not something that would make a huge material difference, except for where it is applied to fodder, except to increase the price of fodder. That is what underpins the thinking of preparedness and resilience as opposed to a response.

I should stress that this government will always be compassionate to the circumstances that face people who are in drought, but nevertheless our thinking has got to be along the lines of that preparedness for circumstances that we are already seeing are very prevalent. We talk about a 1-in-25 year drought being an exceptional circumstance. As Dr Sykes has indicated, we have had 10 of them, so what is the go here? What is exceptional and what may indeed be circumstances that we have to adapt to in the longer run? I notice again in the media that there was some discussion of , I think, the deliberations in a report by this particular committee into the government's drought response. The reports that I saw — and when I then subsequently looked back on this committee's response to them — have taken this committee's deliberations and recommendations somewhat out of context.

Coming back to those comments, there was a claim, I think by the Deputy Leader of The Nationals, that the government's drought response was somehow haphazard and somehow as if it were a crime, that it actually arched across 30 individual measures and five different government departments. Well, I have got news for the member for Swan Hill: not all the capacity for response that is necessary for a drought resides within my own department. The health response, the regional development response and the roads response that are necessary to put together the comprehensive package that this government put together do not all reside in my department, so we make no apology that we do not have a singular mind track to a single response to drought. We use the whole of government to respond to the challenges that drought brings to communities and individuals, and we make no apologies whatsoever that we target that response through a number of different projects, be they that they number 30. So the interpretation that was made by Mr Walsh of the deliberations of this committee was somewhat off the mark.

The CHAIR — Try and keep to the estimates.

Dr SYKES — Minister, I encourage you to read the report again, because I think it is quite damning of the government's response.

Mr HELPER — I would disagree with you.

Dr SYKES — You're looking at it through rose-coloured glasses.

Mr HELPER — I am always one that shares the optimism for the future that agriculture has.

Further, the question that Mr Noonan asked allows me to again indicate that the government's response to drought is one that is driven out of Treasurer's advances, and one that we develop as we become familiar with the seasonal conditions as they unfold. It is overseen by no less than a cabinet committee that was established in 2006. It identifies the priority areas, takes a whole-of-government approach to it, and then receives feedback and evaluation from the whole of government in terms of the effectiveness of the measures, the appropriateness of the measures with the circumstances that face us into the future so that we can indeed improve the targeting of our drought response into the future.

Mr BARBER — Turning to budget paper 3, page 222, and its compliance with relevant industry standards for animal welfare, it is comforting that it is greater than 95 per cent, but that number does not really tell me much. I have a few questions, given that I am probably only going to get one go, Chair, this round.

The CHAIR — Try and keep it to the estimates, please.

Mr BARBER — It is absolutely related to the estimates, or at least this estimate of greater than 95 per cent. In terms of the 95 per cent of inspections found to be compliant, is that inspections carried out by DPI inspectors under section 18 of the Cruelty to Animals Act, because there are a large number of other people who are able to be inspectors? What proportion of the output cost of $86 million is devoted to those inspections? And for the non-compliances, how many prosecutions did that involve? And I would suggest if you could provide some further information on notice about the number of those prosecutions that have occurred in past years, it would act as a guide to what the activity will be this year. How many animals did those prosecutions relate to, because one prosecution could be a chook in someone's backyard or it could be an entire saleyard of stock? Were these only DPI inspectors? How many animals were involved? What section and subsection of the act did the breaches get prosecuted under? And were those prosecutions successful?

Mr DALLA-RIVA — And the nature of the animals!

Mr HELPER — And the exact nature of the offences committed. As indicated at the outset of your question there is an enormous amount of detail inherent in your question. If I could ask Peter Bailey, the executive director of Biosecurity Victoria, which has responsibility over animal welfare matters in my department, to provide as much of the detail as possible; and if we could take the remaining detail on notice, I would welcome that as a response.

The CHAIR — Yes, because you have the local government as well as the RSPCA playing a role in this.

Mr BAILEY — Yes. That is quite correct. There are four categories of inspectors under the general section of the Prevention of Cruelty to Animals Act, part 2, and I assume that is the area we are focusing on. There are the Department of Agriculture inspectors, police, local government inspectors and the RSPCA; so given the detail of the question, we will need to take that on notice and pursue that. But I can certainly indicate that there has been an increase in action over the last year or so, particularly relating to the drought.

There have been a number of fairly difficult cases which our officers and RSPCA officers had to deal with regarding sheep, cattle and horses. In terms of the way we handle the responsibilities under the act, we have a memorandum of understanding with the RSPCA that companion animals tend to be their area of primary responsibility, and farm animals tend to be our area of primary responsibility. Under the MOU, those cases can be exchanged. There is a formal process for doing that. Cats, dogs and horses tend to be the responsibility of the RSPCA, and cattle and sheep tend to be the responsibility of departmental inspectors. There were a number of difficult cases over the last year or so particularly relating to horses, and we have worked very closely with the RSPCA and assisted them to use some of the provisions of the legislation to actually seize animals because this is a particular concern to the RSPCA in terms of the cost of maintaining animals and so forth, so we have been working quite closely with them over this period and they have been very supportive of our assistance in that regard.

The remainder of your question regarding details, prosecutions and so forth — we will need to come back to you on that, but we do have a high level of success with our prosecutions, so it is quite pleasing that when we have a significant case and we take it to court, we are usually successfully, and it would it be fair to say that there is increasing concern on the part of magistrates around this issue, and some of the penalties have increased in recent years compared with earlier years.

Mr BARBER — I might pass over my suggestion for a breakdown of some of the information.

The CHAIR — And the minister voluntarily added one as well. I notice the RSPCA is only one of two groups of inspectors which are non-governmental inspectors in Victoria; I think the other group is the fares inspectors.

Mr RICH-PHILLIPS — Minister, can I ask you about the Future Farming strategy? You indicated the amount of $77 million over four years, and the budget paper refers to that money being appropriated through three

of the outputs — two of them in DPI and one of them in DSE. Firstly, do you have responsibility for the DSE one — the land and admin and property information, the funding that is going into that?

Mr HELPER — Are you — —

Mr RICH-PHILLIPS — Page 299 of BP 3 under — —

Mr HELPER — Could you be referring to the Future Farming statement and improving rural land use planning, which was $3.75 million over four years? Is that what you were referring to?

Mr RICH-PHILLIPS — It could be. The reference on page 299 says that the Future Farming strategy is delivered through three outputs, including applied scientific research, sustainable practice change in DPI and land, administration and property information in DSE, which may be — —

Mr HELPER — I think you are referring to the GPS initiative. There are a number of components to it. There is a component which will be driven out of the Regional Infrastructure Development Fund, and there is a component of it that will be driven out of DSE and DPI, which is about establishing the market for effectively GPS technology. What GPS technology is about is precision farming. Those who are close to agriculture would realise that it has enormous potential to increase the productivity, particularly in the grain sector, for example, through applying fertilisers, seeds, pesticides et cetera very precisely so you do not have to fertilise the whole paddock, you fertilise the narrow seed bed of the crop that you are putting in. That is what the whole GPS technology is about, building (a) the physical capacity — and that is the part which is supported through RIDF — and (b) it is about increasing the awareness of and the adoption of the new technology as it becomes more accurate throughout the state. They are the two drivers behind the project.

Mr RICH-PHILLIPS — The component in DSE, is that the responsibility of the Minister for Agriculture?

Mr HELPER — I understand that is DSE's responsibility.

Mr RICH-PHILLIPS — So far as the components within DPI, the split between strategic and applied scientific research and the sustainable practice outputs, can you give a breakdown of the $77 million funding you spoke about over four years, how that is divided between those two outputs, and what the phasing is over the four years going forward, whether it is an even spread across the four years or whether it is weighted towards the front of the four-year period in the estimates?

Mr HELPER — Sure. I would be happy for Chris to give a bit of a response on that. In terms of GPS you are talking about a very, very small component of the $77 million project. Basically what the $77 million is about is utilising the capacity that has been built within DPI through programs such as Our Rural Landscape, for example, which are clearly responsive to the needs and the priorities of government. As we adopt the capacity, as we utilise the capacity within the department to deliver scientific and practice change outputs, that is what the $77 million is about. It is effectively saying that that capacity built through project funding — specific project funding — is a capacity we do not want to lose, and that we can put to very, very good use. That is why it is added to the department's outputs in the long run over the forward estimates so we can utilise that capacity and apply it to the priorities of government and agriculture.

Mr RICH-PHILLIPS — Has there been any reduction in existing program funding in order to introduce that $77 million program funding?

Mr HELPER — No. The Our Rural Landscape project was effectively a program that was committed to over four years. There was an extension to it in last year's budget. What we are saying now is that the capacity which is built up through is a normalised function as opposed to — —

Mr RICH-PHILLIPS — As a successor.

Mr HELPER — Yes.

Mr RICH-PHILLIPS — And on the timing if you could take it on notice.

The CHAIR — Thanks very much. Just following up on that regarding the use of global positioning technology and mapping, I am sure my former colleagues in the department of geography at Monash would be interested in this. I remember that at the FAO we used to have maps showing Africa on a monthly basis and the impact of the change of rainfall in terms of production. I am just following up on the farming strategy which Mr Rich-Phillips just referred to in his question. You mentioned global positioning. How is it going to help farmers, because I know this can be quite powerful technology? What are your expectations out of this?

Mr HELPER — Thank you for the opportunity to an elaborate on that. I was blown away when I had the opportunity to observe some of the trials that are occurring on precision agriculture when I visited field days held by Southern Farming Systems down in the south-west. The ability to sow, to fertilise —

The CHAIR — Okay, so it is right down to that sort of level.

Mr HELPER — Yes. Satellite technology is roughly good enough for 10 to 20-metre accuracy. We are talking about accuracy that comes down to 2 centimetres. It is done through enhancing the satellite technology as well as the interpretation of it, as well as having ground-based infrastructure.

The CHAIR — It will ruin all those ploughing contests, won't it?

Mr HELPER — Yes, it will certainly make them very interesting. The opportunities for agriculture as we drive productivity — and let us define productivity: it is doing more with less inputs. For example, if you do not have to fertilise a broad area of soil for the same outcome, if you can narrow it down to put it in the root zone of the crop that you are planting, you can make significant savings. There are environmental benefits with nutrient run-off, et cetera. There are obviously cost benefits to the specific farmer, and through that productivity improvements for agriculture. I reckon it is an absolutely exciting technology and a fantastic way forward.

The uptake is, I guess, at the hub of a part of what we are doing. On the one hand we need to provide the infrastructure that makes this precision agriculture possible more broadly, and secondly, of course we need to encourage the uptake of the technology. We are expecting that 560-odd farmers will take up this capability within three years, or 10 per cent of the 5600 farmers for whom the network, if you want to call it that, will be available. Uptake of new technology and practice change in agriculture takes an exponential curve. The first farmer to adopt is the very courageous one. The second one is still courageous, but then it comes to a point of being commonly and quite quickly adopted right across the sector. That is clearly what is intended with this particular technology and the government's support through the Future Farming statement and the commitment of resources to it.

The CHAIR — Have you done some modelling on the expected benefits?

Mr HELPER — I do not have those at hand. Yes, I do actually have it at hand: a gross economic benefit of $36 million annually for precision farming in Victoria's cropping district alone. That is a significant productivity boost that comes out of this technology.

The CHAIR — Thanks, Minister, that is very interesting.

Dr SYKES — My question relates to Future Farming and in particular the $12 million for securing the future and adjusting to change for farmers and small rural communities. I want to relate it to the food bowl modernisation project, which I think you would appreciate is based largely on reconfiguration of the water distribution network and shifting of the public-private interface to the main channels. This will disadvantage small irrigators who are currently serviced by the small channels, in that they will pay more per megalitre of water and they will have to pay for more megalitres of water because they will wear the losses in those channels. It has also been estimated that, in association with the food bowl modernisation project, we will have 800 dairy farmers — which is about 40 per cent of dairy farmers — 200 or 300 mixed farmers and 3000 small, family irrigated farmers exiting from irrigated agriculture. How much of this $12 million is allocated to helping those people to adjust, and minimising the impact of the food bowl reconfiguration on the families and communities affected by it?

Mr HELPER — A couple of things, if I may, in response. Firstly, I do not know where those adjustment figures that you quoted are from — —

Dr SYKES — They are in the report prepared by John Corboy and co in relation to the project submission.

Mr HELPER — So I will not comment on them. Secondly, you could apply the question also to one of the programs that is listed under action 1, 'Boosting productivity through technology and changes in farming practices', that being changing irrigation practices, $2.3 million over two years, as well. The benefits to be captured from the food bowl modernisation are enormous on the scheme-wide basis, but they are also enormous on the fund scale basis. The number of farmers I have spoken with indicate that the delivery of water currently is not necessarily when they want it and not necessarily at the speed that they would like it to optimise the application of the irrigation water on to their land. DPI's role is very much about that practice change and that dialogue and discussion ultimately leading to improvements in irrigation practices that only become possible through the food bowl modernisation scheme. If you did not improve the delivery flexibility and the delivery capacity of the system, you could not capture those on-farm productivity improvements. DPI's involvement in the food bowl modernisation is indeed an exciting one, and one that we think and we know will drive productivity improvement vis-a-vis the use and application of irrigation water, which I am sure everybody around the room would agree becomes increasingly scarce — —

Dr SYKES — No-one disagrees with that. The issue is the impact on these 4000 small irrigators who are currently serviced by the small channels and are going to cop an increased charge per megalitre and are going to have to pay for more megalitres of water. How are they being helped?

Mr HELPER — In an overarching sense, be it adjustment pressures associated with irrigation reconfiguration or be it adjustment pressures that are driven by a variety of other factors, be they commodity price factors or a whole range of factors, we are in the business of ensuring that farmers have the information which allows them to best make decisions, best make adaptations, best apply practice change to take advantage of the opportunities that are there also. If I can also indicate that the overall project responsibility rests with the Minister for Water. However, I indicate that in terms of how the reconfiguration will apply to agriculture and the need for and the opportunity for on-farm changes, we will work with agriculture and with farmers very intensely and to great benefit, I have no doubt.

Ms MUNT — Minister, I would just like to point out by way of comment that as well as Collins Street being a local road that has not got meats or rabbits, my electorate of Mordialloc has 100 farmers.

Mr HELPER — Hear, hear! And my department is acutely aware of them.

The CHAIR — There you are. These are beekeepers?

Ms MUNT — No, they are farmers. I am a teetotaller, but I know that a lot of people like drinking their wine, so I was interested on page 222 of budget paper 3 to see there is a line item 'Plant pest, disease and residue control programs maintained to assist industry to access markets'. I know that our wine industry is a large exporter, so I was wondering if you could expand on that particular line item. Does that include the Victorian grape vine industries, and what is included in that program?

Mr HELPER — There may not be a consensus around this committee table on too many issues but our respective love for the wine industry, I think, may indeed be one of those rare issues of consensus.

Ms MUNT — Yes, especially on a Friday.

Mr HELPER — Yes. The project that you referred to is indeed an exciting one. It is $3 million over a four-year period, and that is to deliver a comprehensive statewide program to manage phylloxera. Phylloxera is a mite that probably came to Victoria back in a root in the 1880s.

The CHAIR — It devastated Victoria 120 years ago.

Mr HELPER — Yes, I think, if my memory serves me right; not that I was around then. But it resulted in the industry being wiped out in large parts of Victoria. On the spread of it, members may be aware of an outbreak that occurred or the detection of an outbreak that occurred in the Yarra Valley some little time ago and also at Whitebridge near the Macedon Ranges.

The way we handle phylloxera in this state is to have very strict protocols of how grape vine material can be transported between an infected area to areas that are free of phylloxera, such as my part of the state or the part of the state that my electorate sits in; the Pyrenees and Grampians area is phylloxera-free, so this is all good. As you

would appreciate, the protocols for shifting material between those two areas is a cost. It is a regulatory burden that requires extensive cleaning of machinery, it requires certification of materials that is transported et cetera. It is indeed a significant burden on the industry. The process of arriving at a phylloxera-free status for a given region is testing over a long period of time, I think it is a three-year period of testing, and the testing regime has to identify all locations of vine material. Sorry, I am advised it is a two-year period. I apologise, please correct the record.

Then it has to provide a constant negative result of no detection of phylloxera across a particular region. It costs a bucketload of money but provides enormous energy and vibrancy to the industry and great future potential to the industry. DPI spends approximately $700 000 annually on grape vine phylloxera management through delivery of compliance awareness and phylloxera rezoning projects. It is a fairly sizeable gig. Obviously if we can make as many areas phylloxera-free and test as many areas as possible for free status right across Victoria, then the benefit for the industry is quite considerable.

Dr SYKES — Just a very quick question: in relation to weed and pest control, I think you mentioned in your previous discussion the word 'foxes', so obviously that leads on to the question of fox bounties, which I am sure you have some notes on.

Mr HELPER — No, I can do it without notes.

Dr SYKES — You can do it off the top of your head? Can you indicate if there is any allocation or intention in the $24 million allocation to continue a fox and wild dog bounty as part of an integrated approach to fox and wild dog control, and in answering that question you may care to comment on the effectiveness of your short or your brief fox and wild dog bounty program, which I think involved $1 million, of which about 600 000 was actually spent on bounties?

Mr HELPER — Thanks for the question. Firstly, there is a contradiction in the question. You asked whether there is any intention of continuing a fox bounty — —

Dr SYKES — Reactivating.

Mr HELPER — Then you referred to the short bounty that we had. The bounty that was brought in for wild dogs and foxes was in response to the fire season that we had two seasons ago — three seasons ago, sorry, I think it was — no, two seasons ago.

Dr SYKES — 2006–07.

Mr HELPER — Yes, I think you are right: 06–07. The government took the view that there are enormous pressures obviously on land-holders in affected areas, and that any measures we could take to reduce — albeit possibly reduce only for a temporary period of time — the pressure that is on those land-holders was considered a worthwhile initiative. On that basis we put in place the wild dog and fox bounty. The habitat disturbance that occurred as a consequence of the fires accentuated, as many farmers indicated to me, the problem that they were experiencing as a consequence of wild dog attacks as well and that is the basis on which we put the measure in place. You are right when you say the best approach to dog and indeed fox management is to have an integrated approach — shooting — and we can have a discussion about what is the most effective way of encouraging that. I guess that is what goes to the base of a question about the bounty. In the case of foxes, warren destruction, fumigation, the whole lot. I think we should introduce the fashion again for people to put fox tails on aerials.

Dr SYKES — I have a few.

Mr HELPER — Let the record show that what Dr Sykes was planning to do was to cash in on the fox tails but we outfoxed him. We actually put the bounty on a different part of the skin of the fox.

Dr SYKES — I will hold you accountable for that for the rest of your days.

Mr HELPER — You end up with a freezer-full of bloody tails.

The CHAIR — It might be a good opportunity for us to have a few minutes break, and I will consult with Dr Sykes on how to deal with the foxes in my street.

Mr HELPER — Chair, with your indulgence, can I indicate that in terms of the questionnaire our understanding was that we were to provide it yesterday. We did that, but for the committee's benefit, here is a copy of the response to the questionnaire.

The CHAIR — I was advised about that during the break. The system seems to have broken down and we did not get a copy of it. I appreciate the fact that you have made a copy available to us now.

Mr SCOTT — In the budget papers and in the presentations you have given in the hearing today you have communicated to us what is in the budget about agriculture. How during the estimates period are you communicating that more broadly to the agricultural farming community?

Mr HELPER — Thank you, Robin, for the question. Let me start by saying that clearly the initiatives of the government relating to agriculture that are contained in the budget were a part of the Future Farming strategy and are effectively contained in the Future Farming strategy. Its launch, its subsequent publicity and the briefings we attached to the circulation of the Future Farming strategy has been an excellent effort by my department. I certainly tried my hardest to play a positive role in that. I did a number of tours basically catching up with local media to talk about the Future Farming strategy to ensure that as many people as I could reach had a closer understanding of the strategy than they would otherwise have had through the normal circulation of media releases et cetera.

During the break it was drawn to my attention that the Leader of The Nationals would probably be arguing for the inclusion in the forward estimates in the budget papers of an output relating to the number of press releases we put out. The criticism that he tries to flay us with is that we did not produce enough press releases arising out of the budget. Members of the committee will draw their own conclusions, but the conclusion that I draw is that supporting the direction of agriculture into the future, of developing a vision and a response to the challenges and opportunities is much more about doing the hard work than it is about putting press releases out there. I would be very keen for the Nationals members of the committee to advise their leader that this government, for one, and this minister, for one, is much more about substance than it is about the number of press releases that are out there.

The CHAIR — Thank you, Minister, It is good to see you getting out there.

Dr SYKES — I will come back to that commentary a bit later. An element of the Future Farming strategy is investment in new generations of wheat, barley and horticultural crops that are resistant to drought, cold and salt. Many of these varieties will no doubt be based on GM technology. What does the government propose to do to address the anxiety in some sections of the community regarding GM technology which in part was stimulated by the government's moratorium on GM crops? I would add that whilst it may not be in your patch, one of the issues being drawn to my attention is the issue of appropriate food labelling so that consumers can make an informed choice. You may have other commentary in relation to your portfolio.

Mr HELPER — Firstly, what I would like to do, Chair, with your indulgence, is answer in an overarching way. Then I might ask Professor Spangenberg, the executive director of biosciences research in the DPI, who has just joined us, to discuss some of the research that is going on in the biosciences area as it relates to GM, and their advance and ability to be applied to relatively conventional ways of plant breeding. I might ask German to do that in a moment.

But at the outset, to answer your question relating to how we are selling the government's decision on allowing the moratorium on the production of two varieties of GM canola to sunset, it is based on choice. I have the simple proposition to put to the community. Assuming, and as is the case with both varieties of GM canola, that there are no environmental disbenefits, difficulties or dangers associated with a particular GM crop variety, and as long as there are no human health impacts of a particular genetically modified crop — both of which have been determined by the national regulator, the Office of the Gene Technology Regulator, in the case of the two varieties that the moratorium applied to — as long as that is an all-clear, and it has been since 2003 and was reconfirmed during our panel assessment of the trade impacts of the production of these two varieties of GM canola, that farmers should have a choice, consumers should have a choice and people should exercise that choice freely.

Farmers will base their choice on issues such as the cost effectiveness of GM crops and environmental considerations of planting a GM crop. Certainly I am not here to run an advertisement for the two varieties of GM canola. As I say, that is a matter for people to make their choice about. However, it is a fact that they use less tillage — i.e., less energy applied to tillage; the second benefit being that of less soil disturbance, less wind erosion

and less erosion, full stop; less moisture loss; and they use significantly less herbicide to control weeds during the growing of those canola crops. That is what farmers will base their choices on.

Consumers will base their choices on a range of issues, as consumers will base their decisions about any product on a range of decisions. Certainly insofar as your question relates to labelling, under the national labelling code, the FSANZ code, we have strict labelling requirements for any foodstuff that has more than the threshold of 0.9 per cent of GM material in it. There is clearly a standard that requires labelling. That standard does not, however, apply to foodstuffs which may have been derived from genetically modified crops but which have no intrinsic — sorry, that figure I should have said was 1 per cent rather than 0.9 per cent. If there is no inherent genetic material left in a processed food that may have come from a genetically modified crop, such as canola oil, then labelling becomes somewhat problematic. How do you enforce it, how do you actually detect it and what are you actually labelling for? Those issues are ones that play themselves out through a range of considerations, mostly at the federal level. But it is not true to say that consumers do not have a choice by virtue of an absence of labelling, because there is a labelling standard that is currently required. Whether or not that labelling standard changes in the future is something that we will all bring our respective responsibilities some views to. Nevertheless, it is incorrect to say at the moment that there is no labelling standard for genetically modified crops.

Dr SYKES — It is very rare that there is no labelling standard.

The CHAIR — Dr Sykes, if you wish to follow up the labelling standards, you can follow that up with the Minister for Health. Professor Spangenberg, very quickly, have you anything to add?

Prof. SPANGENBERG — With the moratorium allowed to expire, Victoria has now created significant opportunities for both, research and development on the application of gene technology in crops and pastures. These will address key constraints and targets, both for productivity and environmental as well as health outcomes. When we look at the first generation of GM canola and we reflect also on the adoption of GM crops globally, it is clear that we are creating a path of choice for farmers. We are seeing very rapid adoption rates when you consider that the first commercial adoption of GM crops on a global basis was in 1996. In 2006, a decade later, we had over 10 million farmers planting GM crops in over 100 million hectares. We have had an enormous adoption rate, a 60-fold increase over that period of time — one of the highest adoption rates of crop technologies in the recent history of agriculture.

What we are seeing now is the opportunity for developing GM products such as a GM wheat that is drought tolerant and a GM white clover with alfalfa mosaic virus resistance. Just to give you an indication of the activities in the department, in that area, on genetically modified white clover with resistance to alfalfa mosaic virus, which is a virus that causes major productivity losses. Approximately 60 per cent of dry matter production is AMV infection in white clover. Our departmental research, in collaboration also with CSIRO Plant Industry, has led to the development of the world's first AMV resistant GM white clover. This GM white clover has been field-evaluated under the regulatory umbrella of the Office of the Gene Technology Regulator for the last few years. We will see now a path of taking this material further towards the marketplace.

Another example is the application of gene technology for health outcomes and also productivity and environmental outcomes in pasture grasses, specifically with the development of genetically modified perennial rye-grass and tall fescue. Perennial rye-grass is a major grass species that forms the foundation of the feed base for dairy cows in this state. Gm pasture grasses with enhanced herbage quality through modification of lignin biosynthesis, will lead to productivity gains by increasing animal production but also, importantly, opportunities to reduce greenhouse gas emissions from lesser production of methane per unit of animal produced.

Another aspect of departmental work is associated with the production of GM rye-grass with a down-regulation of the two main pollen allergens of perennial rye-grass. These are two pollen proteins that are called Lol p1 and Lol p2. Basically 98 per cent of the people that suffer from hay fever and seasonal allergic asthma due to grass pollen are afflicted due to these two pollen proteins. Research undertaken by the Department has allowed us to produce GM perennial rye-grass with a down-regulation of these two pollen proteins.

The CHAIR — Thank you very much. That was a very good, interesting answer.

Mr NOONAN — Minister, I want to ask about the abalone virus. You touch on a key achievement in terms of the horse flu and the success of keeping Victoria horse flu free. Can you give the committee some

information about whether some of the measures to achieve that last year will be used in the 08–09 period to combat the abalone virus?

Mr HELPER — Thank you for the question. I think at the outset we need to identify what is different about our ability to come to a fantastic outcome in terms of EI — touch wood, we have a couple of months to go until August to have our 12-month period of non-detection of the disease — versus the abalone virus. One important difference is the engagement and the way the industry is engaged in the case of EI. If we look at the amount of bacon that the horse industry had in the game in terms of controlling EI, they put a lot of money in it. Certainly the organised racing sector did. They put a lot of effort into it, together and in collaboration with the recreational sector, which was not as organised in that sense for biosecurity purposes as the racing sector was. Nevertheless, all played a fantastic role.

Of course there is the physical difference. With the abalone virus you are talking about a virus that moves in water. It is a bit more difficult to control than is a terrestrial-based disease or animals that are afflicted by disease. That is clearly a physical difference. There was a relative lack of knowledge that existed prior to the outbreak in Victoria. We have contributed, and a lot of the DPI's work has been about gene sequencing the abalone virus so that we could identify that it was a unique and new strain, and through that, being able to address issues of where it may have come from. That was an enormous amount of work. Whilst we continue to have the abalone virus, and its impact on the fishery is a negative one, nevertheless the efforts the state has made in terms of the biosecurity measures that apply to it have been oversighted by national committees and international scrutiny, and they have all stacked up to be best practice in terms of a response by a jurisdiction to this particular biosecurity difficulty.

One of the issues associated with it — and I have referred to it before — is that the racing industry makes a big contribution in co-payments to the biosecurity effort that was put in place for EI, and maybe the absence of that is a factor that changes the ability to respond to the abalone virus. Suffice to say that despite the absence of an industry financial contribution to control, certainly the government is keen to work with the industry.

I know that a little while back the abalone divers or the abalone industry came to me and said, 'We want to fish out a 10-kilometre break', so hopefully there would be no biomass in that 10-kilometre corridor, and if the virus got to it, it would have nowhere to progress to, which was indeed the theory to it. I was happy to facilitate that, and my department through Fisheries Victoria facilitated that and a whole lot of issues associated with it in terms of how you could fish beyond the licence that individual fishers had et cetera. I am somewhat disappointed — to cut a long story short, keeping an eye on the time — that effectively there were only three days fishing done. This was a voluntary effort by the industry — I applauded that — to actually fish out and strip a 10-kilometre zone of all abalone on it, irrespective of age group et cetera. Their suggestion was a laudable direction to want to go in, but I was somewhat disappointed that only three days of fishing occurred. Part of it is indeed was a consequence of climatic conditions — you can only dive on certain good days — but from November through to January–February was the period available, and only three days were able to be utilised.

There is some evidence that some participants actually had, as the driver of their fishing effort, the saleability of the abalone that they so harvested. Unlike the member for South-West Coast who argued that we should burn them all, it was thought more sensible of course for the industry to be able to bring the abalone harvested for biosecurity purposes to market. There is some suggestion — considerable suggestion — that certainly for some participants the commercial driver was a greater driver than the laudable biosecurity aim of fishing off 10 kilometres of coastline.

Suffice to say that that exercise seems to have gone by the wayside. The virus has actually spread into it, if not beyond it, which in that sense is a bit of a pity. But if I can conclude by saying that the government will continue its efforts in terms of gaining a greater understanding of the virus and its dynamics. We continue to be open to collaborative efforts in terms of meeting the biosecurity challenge of the abalone virus. Our ability to do so is so evident when one looks at our response in collaboration with the community, be it the racing sector or the non-commercial horse sector, to the EI outbreak. That indeed was done nationally and strongly in this state, and we met with success. The door is always open for collaboration on the abalone virus, of course.

Dr SYKES — A quick clarification before I ask my question, Minister. Your budget estimates questionnaire, which has been made available today — —

Mr HELPER — Yesterday, actually.

Dr SYKES — In the answer to question 1.1 you are assuming a CPI of 2.5 per cent, whereas in budget paper 2 at page 23 the rest of the state budget seems to be worked on the basis of 3.25. I guess that asks questions about whether we have got two economies in Victoria: a rural peasant economy and a state one.

The CHAIR — A question, please, Dr Sykes.

Dr SYKES — My question relates to the Future Farming strategy. As I understand it, Lake Eildon and Goulburn Valley have been excluded from the national water agreement, so the Goulburn Valley will not be eligible for federal government money for savings which will be shared under that scheme on a fifty-fifty basis between irrigators and environment, whereas the state-based food bowl modernisation project involves savings being shared one-third Melbourne, one-third irrigators and one-third environment. What strategies are in place and what funding is available to ensure the ongoing survival of Goulburn Valley food bowl farmers in the face of pressures on desperate farmers to sell their rights to the federal government in a desperate bid to stay on the farm and in some cases put food on the family table, given that I cannot see any money coming back into the Goulburn Valley? There will be water going out, but there will be no benefits coming back into the Goulburn Valley as a result of the federal money. What strategies are in place, and can you clarify whether my understanding is correct or not?

Mr HELPER — Your understanding is to some extent based on the wrong preface. Let us look at the food bowl modernisation project, stage 1. I know this is a point that opponents to that particular project do not wish to acknowledge, but nevertheless it is a black-and-white factor that there is a sharing of the water that is saved through the modernisation project — water that is currently not utilised productively — and that sharing, as of course the member for Benalla would be aware but may not publicly acknowledge, is a sharing of 75 gigalitres to the environment, 75 gigalitres for use by Melbourne urban water users, keeping in mind that they are contributing an enormous amount of funding to the project, and 75 gigalitres indeed for expanding the available water for irrigation throughout the system. In that sense, the portrayal of the food bowl modernisation scheme as a net loss of water from the region is incorrect, because — —

Dr SYKES — I have a separate view on that, but my question related to Goulburn Valley farmers taking up the federal government's water-buying policies but not appearing to be able to get money back into the Goulburn Valley because it is excluded from the agreement — from the federal government.

The CHAIR — As it relates to the estimates.

Dr SYKES — My question is: what strategies have you got in place?

The CHAIR — We need to finish this section, and it would probably be better to direct it to the Minister for Water when he appears next week.

Dr SYKES — It is an agricultural issue, because we have a food bowl — —

The CHAIR — I understand that.

Dr SYKES — The minister has crowed from the rooftops about the productivity of Victorian agriculture. I am asking what strategy is in place.

The CHAIR — You have asked your question. Can we have the answer, Minister?

Mr HELPER — In response, we do not structure our response to agriculture on a regional basis, so you will see that the Future Farming strategy does have not have a map — 'X dollars there for farmers to meet their challenges and their opportunities, and Y dollars here for farmers to meet their challenges and opportunities'. What the strategy does is look at what the drivers and trip-wires are for agriculture into the future and apply resources to enable agriculture and farmers to best take advantage of opportunities and meet challenges. That applies to Goulburn Valley growers and agriculture, as it does to agriculture in the north-west, north-east, south-west and central — wherever you look in the state. That is the primary driver behind this particular statement.

The ability for farmers and for irrigators to take advantage of the water market is an opportunity that, in the absence of the water market, they do not actually have. In terms of the decision-making that people can bring to bear on their agricultural enterprise, the opportunity of water trading is indeed greater than in the absence of water trading. How people respond to the commonwealth proposal to purchase water is a whole separate issue. I do not

necessarily want to go there, but the ability for them to have that choice is a choice that did not exist in the absence of a water market. How they exercise that choice, I think we have a collective responsibility to, and indeed the Future Farming, in terms of its support for practice change and for decision-making by individual farm enterprises, is something that the individual will have to come to. Our best and most productive role is to enable people to make those decisions based on the information that is available to them and to make that decision to the greatest advantage of their own farm enterprise and their own circumstances.

The CHAIR — Thank you, Minister. We would like you to clarify your response in the questionnaire from the department's response to the question of 1.1 and provide us with clarification in writing as far as it relates to the general government assumptions, the projections of which have been set out on page 23 of budget paper no. 2, so if you could do that — —

Mr HELPER — Who actually asked that? We can knock it off now, if you like.

The CHAIR — I want to get on to small business, quite frankly, so if it can be done in writing.

Mr WELLS — It is just that you said the figure and your EBA figures are different.

The CHAIR — And the EBA figures, too. Could you give us a response to that one very quickly, please. Thank you very much to the departmental officials.

Witnesses withdrew.

Transcript of Evidence

10.2 Energy and Resources portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 11: DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT

Transcript of Evidence

11.1 Environment and Climate Change portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

11.2 Water portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 12: DEPARTMENT OF TREASURY AND FINANCE

Transcript of Evidence

12.1 Finance, Workcover and Transport Accident Commission portfolio

The transcript for the hearing on this portfolio will be included in a future report of the Committee.

Transcript of Evidence

12.2 Treasury portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 13 May 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Lenders, Treasurer,

Mr G. Hehir, Secretary,

Mr S. Helgeby, Deputy Secretary, Budget and Financial Management Division,

Ms L. Williams, Deputy Secretary, Economic and Financial Policy Division,

Mr T. Bates, Director, Whole of Government, and

Mr S. Schinck, Director, Planning and Executive Services, Department of Treasury and Finance.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008-09 budget estimates for the Department of Treasury and Finance. On behalf of the committee I welcome John Lenders, Treasurer; Grant Hehir, secretary; Stein Helgeby, deputy secretary, budget and financial management division; Ms Lynne Williams, deputy secretary, economic and financial policy division; Tony Bates, director, budget and financial management division; and Steve Schinck, director, strategic management division. Departmental officers, members of the public and media are also welcome. In accordance with the guidelines for public hearings I remind members of the public 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 and recording proceedings in this room.

All evidence taken by this committee is under the provisions of the Parliamentary Committees Act protected from judicial review. There is no need for of evidence to be sworn; however, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript and the committee requests that verifications be forwarded to the committee within three working days of receiving the proof version, in accordance with past practice. The transcripts and PowerPoint presentations and any other papers tabled will then be placed on the committee's web site. Following a presentation by the Treasurer committee members will ask questions relating to the budget estimates. Generally the procedure follows that relating to questions in the Legislative Assembly. I ask that all mobile phones be turned off, and I invite the Treasurer 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 Department of Treasury and Finance. Thank you, Treasurer.

Mr LENDERS — Thank you, Chair. I feel cheated. In the Legislative Council we have no time limits.

The CHAIR — We do not have supplementaries, and we try and have — — you should have read our recent report on accountability, where at least in the Assembly we think there should be some time limits and ministers should not be so loquacious.

Mr LENDERS — Thank you, Chair. It is great to be here today reporting on the budget.

The CHAIR — Thank you.

Mr LENDERS — In the 10 minutes I will certainly go through a presentation about what this budget is about.

Overheads shown.

Mr LENDERS — Essentially it is a budget that is good for families, it is budget that is good for business and it is a plan that builds on the eight years of hard work by this government on diversifying the economy and positioning the state to go forward so that Victoria is an even better place to live, work, invest and raise a family for future generations.

Mr DALLA-RIVA — And increased debt.

Mr LENDERS — The budget is all about that, and it is an action plan to take us through some of the challenging times in the years ahead — challenges that, as members will know from reading the budget speech, whether they be some of the national and international challenges, or whether they be some of the challenges we have, like the 73 787 babies that were born last year in Victoria and the challenges providing the services for those.

Moving through then: we are starting off on that theme of where our population is. We are a growing state. Australia has dual economies — there are the resource states and then there are the non-resource states — and Victoria is the jewel of the non-resource states. Our economy has been performing more strongly than the other non-resource states, and our population has actually been growing more strongly than the other non-resource states. We are leaping forward there, Steve — leaping forward!

So what we have got here is, with that population growth in place, is a lot of is because Victoria is a place where people want to have families, where people want to live because there are a lot of opportunities in this state — whether it be in Melbourne or whether it be in regional Victoria. We are seeing on this population growth not just

growth in Melbourne, but consistent growth outside Melbourne, and that is a tribute to this government, to the investment policies of this government — whether it be the Regional Infrastructure Development Fund, whether it be a range of other areas to facilitate growth across the whole state, so we are seeing population growing strongly and it is growing across both Melbourne and country Victoria.

I turn now to jobs growth. What we are seeing is more than 400 000 jobs are being created during the life of this government — more than 400 000 — and we are seeing the unemployment rate come down, and come down consistently. In the budget forecasts we are actually forecasting that the rate of growth will slow from what it has been slightly. We will see some of those other measures coming through, whether it be employment, whether it be a range of other measures where there will be a slowing of our economic growth, but it will continue to grow. There are two features of jobs growth. One is that more than 400 000 more Victorians have jobs, young people have jobs. It is a great thing for young working families to have that opportunity. Secondly, the 3 per cent gap between regional and metropolitan unemployment that we saw when we got into government has effectively gone. The two are virtually the same now, which again is a great boost to regional Victoria.

Looking at our GSP growth, GSP is a figure I imagine we will talk a bit about during the next 3 hours. When we got into government Victoria's GSP growth was sort of on par with the other non-resource states, and what we have seen over the last eight years is that our GSP growth is growing faster than the other non-resource states. That growth is what gives jobs to working families; that growth is what lets our standard of living improve in the state. We are consistently seeing Victoria do better than the other non-resource states.

Moving on, an illustration of that is where we are now travelling in Victoria. We had last year the highest building approvals of anywhere in Australia — 20.5 billion in building approvals in Victoria. That was higher than Queensland, a resource state; higher than New South Wales, a third as large again as us in population; higher than WA. I had great joy yesterday, Chair. I went to Brisbane to spruik our budget yesterday morning and to Sydney yesterday afternoon and evening, to encourage businesses in those states to come and invest in the great state of Victoria. It was actually very good to show slides like this in those states to show that Victoria is — —

The CHAIR — Did you put an ad in the *Courier Mail* as well, like Mr Beattie used to do in the *Age*?

Mr LENDERS — The *Financial Review* was very kind to Victoria in those states, showing that we actually have lower state tax as a percentage of economy now than Queensland. Part of this all comes from these sorts of growth figures.

Moving on: we come to the actual economic projections which, as I describe it, are solid but slowing. We are talking here of economic growth, and we are talking of 3 per cent in next year's budget rather than 3.25 at the moment. About a third of a per cent of that comes from an easing of the drought. The drought is still there, but there is an easing of the drought. We are seeing, going through into the forward estimates year, still strong growth in Victoria — a bit slower but strong.

Then the flow-on, as I mentioned earlier on, comes through to all those other areas: employment, unemployment, inflation and continued strong population growth in Victoria. So the economic prospects are solid, but they are slowing. These figures are really a consensus as to a lot of the economic forecasts that have been out there over the last while, and it is a strong story for Victoria.

We go now to our financial objectives. There are five financial objectives. One of these we are changing in this budget, so I will dwell on the one we are changing rather than the other four. It is to boost the operating surplus to 1 per cent of revenue rather than $100 million, as it has been since we got into government. That is important for a number of reasons: it sends fairly clearly a signal that we need to have strong operating surpluses to invest in infrastructure for the future, and this is a very clear signal that that is what we need to do every year, if we are going to do that. Operating surplus is also a buffer in challenging economic times, but this is fundamentally one that sends a signal to the market and sends a signal to the community that we are serious about investing in infrastructure on an ongoing and sustainable basis into the future, and one of the ways of doing that is through a stronger operating surplus.

The figure there we have all seen in the budget papers; it brings us to 378 million in this year's budget as what the operating surplus needs to be to meet that new target. We are obviously coming in at more than double the target, forecasting 828 million surplus for the year we are considering and an average of just over 900 through the forward estimates period. What we are doing on that is we are talking of a 4.4 billion infrastructure TEI announced in this

budget. Of course about a quarter of that was announced in the midyear budget update or earlier. That is the largest infrastructure spend, and it is for all the things that you would expect a state Labor government to do that wishes to deliver on the services of health, education and community safety, and what you would want a state Labor government to do that is serious about building the hard infrastructure of rail, roads, ports — all the things that are going to be necessary to boost productivity and, through it, to encourage investment and therefore create jobs for the next generation of employment.

This is shamelessly a budget for the future and shamelessly a budget for jobs in the future. It is widely acknowledged that there is a critical need for this infrastructure, and I would challenge anybody around this table or in the community to identify which bits of this infrastructure are unnecessary to go forward for Victoria to become an even stronger and more vibrant place. What we are seeking to do here now is show that infrastructure just does not come about. What we have put in our forward estimates is infrastructure gets funded through a number of sources. There is the traditional funding of the department's depreciation, there are prudent borrowings, and then there is the budget surplus. They all play a role in this.

It is interesting to note that I have probably found a lone voice in the community that has been arguing against this infrastructure investment in Victoria. It is amazing. When you speak to financial journalists, when you speak to the business community, when you speak to the community generally, they have an expectation that government needs to provide infrastructure, whether it be social infrastructure — schools and hospitals — or whether it be hard economic infrastructure. Put into an historical context, this puts us — government borrowings as a percentage of the economy — at a lower level than we inherited from the Kennett government. I was born in 1958, and it is quite amazing: the debt levels under the Bolte government were higher than they are under this government.

We use surpluses to fund infrastructure. Last year we had an unforeseen higher surplus. We reinvested that surplus then into water infrastructure in northern Victoria and into bringing forward rolling stock on transport that would have been a few years out under Meeting Our Transport Challenges. That is this Labor government's way: we understand surpluses, we invest them in infrastructure. Also there are tax initiatives, tax relief in this budget. I realise, Chair, we are running out of time, so I will take the opportunity if I get any questions on this to respond to it.

I then conclude that this is a budget that is good for families, good for business. It is an action plan to take us forward into the future, to further position and strengthen Victoria's position as a great economy in a great country. Again we will invest in skills infrastructure — the things necessary to continue making Victoria a fantastic place to live, work, invest and raise a family.

The CHAIR — Thank you, Treasurer. Thank you also for circulating the slides; it actually makes things go a bit quicker.

Last year we spent a fair bit of time looking at productivity, which we believe is very important, and we want to look this year in terms of one of the fiscal sides — revenue foregone, subsidies and concessions, which are contained in the budget and in the forward estimates. Can you outline the government's approach to these fiscal matters in the budget? And also can you advise the committee of any specific subsidies, concessions or revenue foregone for your department?

Mr LENDERS — Thanks, Chair. On the revenue lost and foregone — perhaps if you could reiterate the first part of the question? I was focusing more on finding the appropriate budget paper.

The CHAIR — I was talking about the areas we are looking into in terms of revenue foregone, subsidies and concessions in the budget and the forward estimates overall. If you could outline the government's approach to these — I guess that is a strategic sort of question? The second thing is in regard to your department what specific subsidies, concessions or revenue foregone are there, and of course any changes you have made in this year's budget?

Mr LENDERS — Thanks, Chair. Clearly chapter 5 of budget paper 4 outlines fairly clearly where the foregone revenue is. I will come to that in a moment. I guess our general approach in these areas is such that transparency is clearly a critical area here. When government is providing either social support or economic support in any of these areas on concessions, it is good to have them all in the one place in the budget context so we have transparency. It is also good so you can have an informed policy debate on whether these are an appropriate way

for the government to provide revenue or not. I guess the opening comment is what we do should be transparent and it should be clear for the community, for PAEC, for the Parliament, for everyone to see where they are.

In this year's budget we have obviously extended concessions in a number of areas. Concessions have been extended in the area of utility relief in water. There has been an adjustment on concessions in that particular area where there is a direct policy change. Some of that clearly comes under the portfolio of the Minister for Community Services and some of it comes under, I guess, my area, as revenue foregone, as Treasurer.

I guess in general terms it is a good opportunity to talk about some of the debate in the community and why it is important to have these things put on the record, where the concessions are. We know the history of concessions on principal place of residence for land tax; that is a reasonably recent phenomena. Some of these go back to the 20s and 30s — some of the land tax exemptions or payroll tax exemptions on charitable institutions, for example.

We have had an interesting discussion in the last few days where a number of non-government schools, for example, have raised the issue of whether there is any state government support for non-government schools. While that is more generally an area in the education minister's portfolio, on the tax side it is quite interesting. Non-government schools, for example, in Victoria do not pay land tax. You can have school sites that are on tens and tens of millions of dollars worth of land. That is support the state actually offers. Parents are making choices to send their children to those schools and are making financial sacrifices to send their children to those schools, but it is interesting often there is no acknowledgement or even sense that the state is providing significant relief in the form of absence of land tax on some of — —

Mr WELLS — That is decent of you.

Mr LENDERS — I take up the interjection — —

Mr WELLS — How could you even consider taxing a school for land tax?

Mr LENDERS — The question I got, Chair — —

The CHAIR — Can we just keep to the answer, please?

Mr WELLS — Do you think it is okay to land tax schools?

Mr LENDERS — Mr Wells, once again, draws conclusions. I am answering a question, which was: what are the things in the budget, and I am making the point that there are extraordinary concessions given to a whole lot of bodies in the state, including land tax for non-government schools — one that I am not challenging but I am simply outlining that people are not aware is often there.

If we are on the issue of schools, there is payroll tax — again, total exemption for non-government schools, whereas government schools actually pay payroll tax in a round robin. My point in response to the question is there is a lot of significant relief in budget, in the form of concessions and foregone revenue, that is often not seen. It is a challenge for government.

We reported in chapter 5 of budget paper 4 that it is a challenge for government to show support for this area of the community, whether it be for schools, whether it be for principal place of residence, whether it be for primary producers that is not often evident in the community, which is clearly in our budget papers.

So my point is categorically this is — lest Mr Wells get excited and put out another misleading press release — not a proposal to change policy, but this is simply an observation that there are a lot of these. Similarly on concessions, the government forgoes more than a billion dollars in revenue or makes deliberate contributions to low-income earners and disadvantaged Victorians to assist them with concessions. So the point in response to your questions is: they are all codified here and set out in chapter 5 of budget paper 4. But as far as government policy goes, there is no change to government policy, but greater transparency in these areas is always of particular use in an informed community, and that is what openness and transparency in government is about.

The CHAIR — Okay, thank you very much.

Mr WELLS — Can I just clarify that point before I ask my question, Treasurer? So you will never consider hitting schools with land tax?

The CHAIR — You can answer that if you like, but I see no reason. It has been dealt with.

Mr WELLS — He raised the point; I am just getting clarification.

Mr RICH-PHILLIPS — The Treasurer does not want to answer it.

Mr WELLS — So he does not want to answer it, so I will move on to my question.

Mr LENDERS — Chair, I am answering the point.

Mr WELLS — Hang on. You have given him the chance. You gave him the chance; he did not want to answer it.

The CHAIR — I think he actually answered it, but I am — —

Mr WELLS — That can only lead to the assumption that — —

Ms MUNT — Stop talking for a minute, so he can answer.

The CHAIR — If you would just like to be quiet, please, everybody.

Mr WELLS — I have asked the question; he did not want to answer it.

Mr LENDERS — Chair, as the record will show in my response to the substantive question, I specifically ruled that out. Mr Wells undoubtedly has a press release he will put out, as he normally does, pretending people say things.

Ms MUNT — Send an email — —

Mr LENDERS — The record will show in my substantive answer I answered his rather emotive supplementary question.

Mr WELLS — I gave you the chance to clarify it.

The CHAIR — That is what I thought, too. Can we just concentrate on the issues at hand, please, and listen carefully.

Mr WELLS — When he refers to that as an extraordinary concession, I mean that is an extraordinary comment. Treasurer, I refer you to your comment just before where you say transparency is a crucial area. I refer you to table 2.4, budget paper 85 — —

Mr LENDERS — You have got more budget papers than I have seen!

Mr WELLS — Budget paper 4, page 85 — where the net debt will increase from 5.715 in 2008 — —

Ms MUNT — That is a surprise question.

Mr WELLS — It will increase by $11 billion in 2009, $16 billion in 2010, $19.5 billion in 2011, and $22.872 billion in 2012. Can you provide a guarantee or an assurance that state debt will not exceed these estimates on page 85?

The CHAIR — Okay, Treasurer, I might add we go through the out years, which are four out years, but I welcome you to comment on this.

Mr LENDERS — Chair, I thank Mr Wells for his question. What the presumption of the question is, is that these are bad things to have. I guess what he is seeking is an assurance that this government will not provide water infrastructure, will not provide rail infrastructure, will not provide road infrastructure, will not provide hospitals, will not provide schools.

Mr WELLS — You have not done it after eight years.

Mr LENDERS — I am assuming that is the presumption of his question — that we will either not fund infrastructure into the future or we will cut services to fund them or we will raise taxes. Chair, I am presuming that is what Mr Wells is leading to by his question. So what I will say to him in response to it is: if we are talking of the public non-financial corporations in the state, they operate as business units, and as prudent business units, whether they are funding infrastructure for water, infrastructure for sewerage, infrastructure for port services in the port of Melbourne, they will as business units have business cases that are presented to how they fund their operations like any other business entity in the state of Victoria will. And I might add, they are probably more transparent than many private sector organisations.

As far as the general government goes, as I went through on my slides at the start, we have engaged the community in Victoria about what is necessary to take Victoria forward, and the message unequivocally from the community means that we need to invest in infrastructure — whether it be rail to update a dated system that during much of the 1990s was either flogged off or run down, it involves investments in infrastructure. Chair, I think it is not acceptable to have freight trains running from Mildura at 20 kilometres an hour because investment has not been made in infrastructure on a railway line.

Dr SYKES — You have committed the money for four or five or six years have not spent it yet; it is your problem.

Mr LENDERS — I think it is unacceptable — —

The CHAIR — Can we just have one at a time, please.

Mr LENDERS — It is unacceptable that rail services to regional cities like Ballarat, Bendigo, Geelong and the Latrobe Valley get run-down, and this government is actually reinvesting in that rail. President — Chair, this is all about investing — —

The CHAIR — Chair — —

Mr LENDERS — I am used to the Legislative Council — —

The CHAIR — I know, but we are in a committee here today.

Mr LENDERS — We are in the Legislative Council committee room. We have invested in infrastructure. We will invest in infrastructure, and the choices for government if it is going to invest in infrastructure and does not wish to have a table like we have here are either that you slash the infrastructure, you slash services to pay for it, or you raise taxes to pay for it. They are the three choices, and I would suggest to Mr Wells he should 'fess up to which of those choices he is advocating.

Mr WELLS — Treasurer, can I just ask the question again because you have not answered it? Will you provide a guarantee or reassure the committee that the state debt on page 85 will not be increased above those estimates? Can you please give that assurance? It is a straightforward question.

The CHAIR — I think the Treasurer has answered it.

Mr WELLS — He is refusing to answer it.

The CHAIR — He is not refusing to answer it. In fact if you read the budget papers, they — —

Mr WELLS — No, no, I do not need you to answer the question. I am waiting on the Treasurer to give an assurance that those debts will not increase over that forward estimates — —

The CHAIR — No, I am commenting on the content of the budget papers. You need to understand what the budget papers are all about.

Mr WELLS — You do not need to answer on behalf of the Treasurer.

The CHAIR — I am not answering on his behalf. I am trying to direct — —

Mr WELLS — Why do you not let him answer it?

The CHAIR — I am trying to direct the questions to the estimates, and the estimates go out to 2012. You are asking questions that go beyond that.

Mr WELLS — The estimates to go to 2012, and we are asking a question. No, we are just asking — to clarify what the Chair is asking, Treasurer, I need an assurance between 2009 to 2012 to satisfy the Chair's question that over the forward estimates period that the debt levels over that period will not be increased beyond those numbers that are on page 85.

Mr LENDERS — Chair, the forward estimates are forward estimates. They are the statement of government intention, which we publish as to what the forward estimates are. So the forward estimates are the government's intention. I know Mr Wells would like to put the press release out he has already undoubtedly prepared in response to a question, but these are the forward estimates: the government's intentions are stated in the forward estimates, and they clear, they are in black and white, they are on page 86 of the budget paper.

The CHAIR — Thank you.

Mr WELLS — So you are saying that there will be no increase on those debts?

The CHAIR — I think you have had a fair go.

Mr WELLS — There will be no increase over those debts?

The CHAIR — You have had the answer.

Mr WELLS — No, there has been no answer.

The CHAIR — We all disagree with that.

Ms MUNT — You briefly touched in your presentation on the financial objectives of this budget. I wonder if you could expand on that for me, please.

Mr LENDERS — The budget is all about the government stating its intention to where we want Victoria to go into the future. So we have the five financial objectives in the budget, and four of them are unchanged. But it is worth touching on them. Our first objective is clearly the one of the operating surplus, which I put on the slide, and that was the one I mentioned. We are varying that in this budget because we are determined to have this investment in infrastructure. We are also determined to have a buffer in challenging economic times. It seeks to do two things.

It is interesting, when you look at the operating surplus in the context of how any of our electors would see it. They see it two ways: one way is it looks like a very big surplus. If you are talking of an $800 million surplus, it actually looks very big, but when you put it into context of a state budget, 2 per cent of the state budget is actually the operating surplus. From the point of view of businesses, our own citizens, it is a prudent buffer in challenging economic times, but it is not a large buffer — $800 million in a context of a budget is 2 per cent.

The secondary part, though, is that investment for the future, which then leads on to the other objectives. Our second objective is to deliver world-class infrastructure. And again we describe it: 'to maximise economic, social and environmental benefits'. I think it is worth pausing for a moment on that. It is our second economic objective. It is such a critical one because, if we are to do that, we have to invest in infrastructure. Again, I have yet to go out in Victoria and meet a single Victorian who has said we are investing too much in infrastructure. I have yet to meet a Victorian who has actually come to me and said, 'You are investing too much in infrastructure', which begs the question of those who are actually saying they do not support the budget strategy. They either need to cut infrastructure, cut services to get a surplus up or raise taxes, because you cannot have it both ways. On the second objective it is to deliver a world-class infrastructure. And we are delivering the world-class infrastructure, whether it be items like an enhanced port of Melbourne, whether it be the synchrotron from several budgets ago, whether it be improving the rail services, whether it be the capacity on our rail services, where there are more than 1000 extra services on the rail system, the public transport system, since we came into government. That is all part of it.

Then there is service delivery — to improve service delivery to all Victorians; our third objective. Again we go through the service delivery improvement. We have got 8000 school staff, 8000 nurses, 1800 doctors, 1400 police as but an example, and all the measures in budget paper 3.

Also taxation, we have in this budget four areas of taxation that have been reduced if you count WorkCover premiums as an impost on business — three taxes and WorkCover premiums — and net financial liabilities to maintain the state's AAA credit rating. It is worth noting what Standard and Poor's said this week about our AAA credit rating. I quote from Standard and Poor's press release of last week:

> The Victorian state government can easily afford its projected net-debt increases …
>
> The strength of the government's forecast operating performance and existing low debt enables the state to maintain high capital spending without affecting its current credit rating.

To Ms Munt, that links us to objectives 1, 2 and 5, the Standard and Poor's rating referring on all of them. They are the financial objectives. They are ones we need to continue to watch and monitor, but they are ones that are doing such a huge part to Victoria being a great place to invest and a great place to live, work and raise a family.

Mr RICH-PHILLIPS — Treasurer, I would like to ask you about the performance of the VFMC over the last 12 months. On its website it reports that for the March quarter the decline in the value of Australian equities was 15.4 per cent, the decline in the value of international equities was 12.5 per cent in funds managed. Can you tell the committee, please, what the impact has been on the value of funds managed by the VFMC in the financial year to date?

The CHAIR — This is an estimate hearing rather than an outcomes hearing, so would you like to rephrase the question so it relates to the estimates, please?

Mr RICH-PHILLIPS — It relates to results on page 50.

Mr LENDERS — In response to Mr Rich-Phillips, I guess there are a couple of issues that I would raise on VFMC's performance. Firstly, if we are talking to the forward estimates and clearly the effect on government — whether it be from superannuation, the investments in the ESSS; whether it be TAC; whether it be WorkCover — while they obviously have an effect through dividends in the case of the TAC or any of the other 11 bodies that the VFMC actually administers the funds for, it is obviously of great interest for the government how the VFMC performs.

It is also worth noting that the VFMC was rejigged several years ago by government to make it a centre of excellence here in Melbourne. When we consider that 60 per cent of funds management in Australia is based in Melbourne, the former commonwealth government in a ringing endorsement of Melbourne based the future fund here in this unique part of Australia as a great place to do business.

It is also worth noting that the VFMC's task is to be that centre of excellence. Chair, it is interesting to note that since we came to government, if we had not taken the decisions of setting up the VFMC as a centre of excellence and we had put all the money in the bank from WorkCover, TAC, ESSS, VMIA and the other 10 funds, we would actually be $6.4 billion worse off than we are by actually having set up the VFMC to manage those funds in a way that is for the long-term benefit of Victorians in any of those 14 funds.

It is worth noting that the VFMC obviously has bases, whether it be property, whether it be cash, whether it be domestic equities, whether it be international equities — a whole range of areas. It has a managed approach to getting the best long-term benefits. These are long-term. If you are a person who is being supported under the TAC for the rest of your life because of an injury, or you are under WorkCover or your retirement income is something that you are relying on being managed by this fund, you want long-term returns. The VFMC is providing long-term returns. The benchmark that I will share with the committee today is $6.4 billion more than if we had invested it in cash for the life of that.

These things go up and down, as every fund based on equities as a large portion of its investment will. It goes up and down. There is not a citizen in the state with an accumulation superannuation fund who has not seen funds go up and down this year, and saw them go up and down five years ago, depending on how the equity markets were travelling at the time.

So the VFMC is the centre of excellence we set it up to be for long term investments, and I guess implicit in the question is what has happened over the last nine months, that is part of the question. Over the last nine months we have seen the ASX drop by a significant amount, we have seen Wall Street, the Dow Jones drop, we have seen the Nikkei, we have seen FTSE, we have seen every single index drop. So VFMC is doing what it was requested to do,

provide long-term benefits for Victorians, and the fact that we have taken this approach rather than putting the money in the bank means that we are actually $6.4 billion better off than we would have been if we had done the other course of action.

Mr RICH-PHILLIPS — And what is the decline in the value of the funds under management this financial year, and the consequence of those market moves?

The CHAIR — You can take that one on notice.

Mr LENDERS — Chair, I have answered the substantive part of Mr Rich-Phillips's question.

Mr WELLS — What!

Mr RICH-PHILLIPS — No, you have not.

The CHAIR — The question is referred to be answered.

Mr WELLS — What sort of stupid answer is that?

The CHAIR (to Mr Wells) — Can you behave?

Mr RICH-PHILLIPS — The question was on the decline in the quantum of funds under management. You have not answered that, Treasurer. How much have funds declined since 1 July this year?

Mr LENDERS — What I have done is responded to Mr Rich-Phillips's question regarding the forward estimates. I have responded in policy terms to what he actually said, and I have responded to him, Chair.

Mr RICH-PHILLIPS — I did not ask you in policy terms, Treasurer, I asked you for the decline in the funds under management.

Mr WELLS — Why is it a secret? Why is it a secret?

Mr LENDERS — We are responding to the forward estimates here, Chair.

Mr RICH-PHILLIPS — The VFMC have said that their portfolio of Australian equities is down 15 per cent, their portfolio of international equities is down 12 per cent, and I am asking about the value of that.

Mr WELLS — Why is it a secret?

The CHAIR — Okay, the Treasurer has answered the question. We are dealing with the estimates. If you wish to ask that in the house, you can do so. Mr Scott?

Mr SCOTT — Thank you. I refer the Treasurer to budget paper 2, the chapter starting on page 21, and I would like to ask: how are the short, medium and long-term global and domestic economic challenges being addressed in this budget?

Mr LENDERS — Thank you, Chair, and thank you to Mr Scott for his question. Starting off with the short -term challenges, the short-term challenges are being addressed within the budget in a range of ways. From the economic presentation earlier on, we did see a slowing in the growth of the Victorian economy, and part of that slowing in growth in the Victorian economy is being addressed by some of the short term measures in this budget.

One of the most, I guess, exposed or vulnerable sections of our economy is actually our manufacturing sector, particularly as a response to a high Australian dollar vis-a-vis the USA, and a high Australian dollar vis-a-vis our trade weighted index with our trading partners, and of course, China is Victoria's largest trading partner at the moment. It is unique as part of our local economy.

In trying to deal with some of the short term challenges, manufacturing is finding it is difficult in that environment, so this budget has brought three forms of tax relief to manufacturing. It is broader, the whole business community gets some of this assistance, but manufacturing in particular, which we are hearing, is under pressure and is receiving support in this area.

Whether it be land tax, which has now come down — every threshold of land tax has gone up by 10 per cent and the top rate has come down by 10 — which for any manufacturer — I am yet to find a manufacturer that does not pay land tax, but I am sure there are some out there — or for most manufacturers, makes a significant difference, and we have seen our headline rate of land tax now come down from 5 per cent to 2.25 per cent over the eight and a half years of this government, a significant reduction.

Similarly for those manufacturers, we are seeing payroll tax come down. Our headline rate of payroll tax has now come down from 5.75 per cent, when we got into government, to 4.95 as of 1 July 2008. Also, WorkCover premiums have been cut by a further 5 per cent, so again for the short term for a manufacturer, we are now suddenly seeing for the fifth year in a row, that premiums are coming down so that now the premium rate is 1.387 per cent. So they are some of the short-term measures that will be assisting Victorians in where we are going.

Moving to the medium and longer term, the government unashamedly sticks to its agenda of the national reform agenda, which is building on human capital. Skills is clearly a really important and large part of this. Victoria has more apprentices, we train more apprentices than any other state, and we have a strong history, a strong record of assisting in skills, and we have a strong history and record of investing in infrastructure. These are all ones that are critical for us dealing with the long-term challenges that Victoria faces, and this investment will go towards that.

In the interests again of using business as an example, what our business community can expect coming from the budget is three statements coming forward to deal with this. We will have a manufacturing and industry statement, which Theo Theophanous, my colleague, will present after the commonwealth Bracks Review is presented. We will have the manufacturing and industry statement out there as well.

The CHAIR — We welcome that because we did call for such a statement in our most recent report.

Mr LENDERS — So, we respond, Chair. We will also have an innovation statement further dealing with those areas and in skills, which I mentioned, my colleague Jacinta Allan has already put out a discussion paper which we will then respond to later this year. So there are three areas dealing with the medium to longer term, plus we will have an ongoing dialogue with the commonwealth in further reducing regulatory burdens, which we do of our own volition and with them, and all of these are building blocks: skills, infrastructure and a regulatory environment are all ones that will add significantly to growing this Victorian economy. So I think that answers the medium, long and short term on the economic. I could go into the social and environmental but the Chair is giving me a wink to say move on.

The CHAIR — Maybe in response to a further question, I think, but we need to give everyone a fair go.

Dr SYKES — Treasurer, I note that the theme of this year's budget is taking action for our suburbs and our regions. I have an interest in country Victoria, and my question relates to the concessions that are in the budget to help needy country Victorians cope with the rising cost of living, which is often greater in country Victoria than it is in Melbourne. I should add that country Victorians are still hurting severely from the drought, and we do not share your apparent optimism that the drought is easing or over. I can tell you that the pain out there is escalating in terms of domestic violence, emotional stress, suicide and depression.

My specific question relates to measures in relation to energy, water costs and travel. Can you advise why it appears that you apparently have phased out the electricity network tariff rebate for country Victorians; why there is apparently a cap on the increased water charge rebate to 14.8 per cent when water charges in country Victoria have risen by up to 50 per cent; why there is no apparent funding in the budget to honour the government's previous election commitment to connect towns such as Nathalia, Alexandra, Bonnie Doon and Myrtleford to natural gas; and, finally, why there is no apparent increase in the cap of $30 on the multi-purpose taxi program trip subsidy for the needy people who rely on taxis as a transport option in country Victoria because of the lack of availability of other alternatives?

The CHAIR — Thank you. You will not need any supplementaries, having asked five questions, Dr Sykes.

Mr LENDERS — That was not double-barrelled; there were multiple barrels on that one.

Dr Sykes raised a number of questions, and I am sure he will take the opportunity to ask some of those specifics to the various line ministers that he will be sitting in this room with over the next several weeks, so I will deal with the

more general response to his questions and leave the specifics either to the line ministers or take them on notice. What I will say in general terms, though, on the issue of the drought what we are forecasting — and it is based on independent statistics from ABARE and from other places — is that agricultural primary production will improve this year vis-a-vis last year.

Dr SYKES — From an all-time low.

Mr LENDERS — That is what the economic statement is about; that is what the forecasting is about. Clearly we will forecast. We rely on forecasts from scientists and experts, who are not me, who forecast how these things go, and they are forecasting some relief in that area. That is the reason that is in the budget papers. The issue that it is hurting in country Victoria: no-one is disputing Dr Sykes claim that it is hurting in country Victoria. As a government we are out in country Victoria a lot more than The Nationals give us credit for — —

Dr SYKES — That is because you do not tell us you are coming!

Mr LENDERS — We also have more country members than The Nationals have — —

Dr SYKES — We represent more of country Victoria.

Mr LENDERS — We will continue to invest in regional Victoria in a whole range of services, firstly because regional Victoria is such a critical part of Victoria inherently, and secondly, because regional Victoria is hurting; there is no question about any of that. Dr Sykes mentioned some other specifics. He mentioned the tariff, the network rebate, which has been one that this government has been quite clear on, letting the contestable market take effect in these areas. Our policy over a number of years has been quite clear as we try to spare regional Victoria and help regional Victoria to adjust to the previous government's decision about selling off the energy utilities at the time — —

Dr SYKES — To pay for the massive state debt incurred and inherited by the previous government — —

The CHAIR — Could we not have interruptions, please!

Mr PAKULA — We are not in the chamber now!

The CHAIR — Thank you, Mr Pakula.

Mr LENDERS — We have been dealing with the phasing out of some of the measures that dealt with reducing the hardship in regional Victoria that the previous government left it by selling off the energy utilities. That is a process that has been clear and transparent, and there is actually a solar rebate now in regional Victoria to assist in this area.

On the issue of cost of living in regional Victoria, this government has actually restored services in regional Victoria that were slashed and cut, and I used the regional rail network before as an example. That goes out to a lot of regional Victoria where new services have been put on. There has been a massive investment in that, whether it be the investment in passenger lines; whether it be the investment in freight; whether it be the investment in regional bus services that were not there previously; whether it be support to schools across the board in educational maintenance allowance increases; whether it be support in multiple areas across regional Victoria; whether it even be, Chair, the Future Farming statement with $200 million worth of funding announced by the Premier and the Minister for Agriculture probably about a month ago now, to try to position farming for the future. It is a $200 million injection into the largest industry in regional Victoria — —

Dr SYKES — Two days state income!

Mr LENDERS — There a range of services that the government has provided to regional Victoria. I will focus a little bit on transport because I think — —

The CHAIR — Not for too long.

Mr LENDERS — Not for too long, Chair.

Dr SYKES — Get your money's worth!

Mr LENDERS — Tim Fischer is not a political friend of the Labor Party. He is a former Leader of the federal National Party. He conducted a review into freight rail in regional Victoria, and he put forward gold lines. All of the gold lines bar one are being funded in this particular budget, which is a massive endorsement of regional Victoria catching up on neglect over most of the 1990s. Also, Chair, on regional Victoria, and I cannot let this opportunity pass — —

Dr SYKES — You are not answering the question, but keep going; we are used to that.

Mr LENDERS — On assistance to regional Victoria, this government has put a $3000 first home buyers bonus in regional Victoria — —

Dr SYKES — And how many home buyers? What is your budget — $3 million?

Mr LENDERS — For first home buyers who are building a new home in regional Victoria under $500 000 there is a $3000 bonus in addition to the — —

Dr SYKES — What is the total budget for that — —

Mr LENDERS — That is in addition to the $7000 the state is obliged to pay under the original first home buyers scheme, plus a reduction of about $2500 on a medium-priced home. This government is investing heavily in regional Victoria, far more strongly than another government did for seven years in the 1990s that Dr Sykes is aligned to. We are seeking to reduce hardship across the state, particularly in regional Victoria, and we are seeking to invest across the whole state, particularly in regional Victoria, to create jobs which are the best investment for the future that any government can assist with in this century.

The CHAIR — There are a number of specific things that which I will not follow up.

Dr SYKES — Can I just get clarification on the — —

The CHAIR — No, you — —

Dr SYKES — He suggested a $3000 home rebate. That is only for 1000 and only lasts one year. Is that correct?

The CHAIR — It is in the budget papers. You can read the figures there. There are a number of other things you raised, Dr Sykes, which I am sure the minister will take on notice and follow them up.

Mr NOONAN — Thanks, Treasurer. I want to take you to page 75 of budget paper 2. The chapter is titled 'Economic reform agenda'. The question I have for you is really in relation to how Victoria is performing against other Australian states, particularly in relation to some of those economic challenges that are listed on that page that we have seen emerge in recent times. Some of them listed in the bottom half of page 75 go to ageing population, slowing productivity growth, changing global fortunes and environmental issues.

Mr LENDERS — Through you, Chair, I thank Mr Noonan for his question. I guess the question focuses on the economic reform agenda and where we go into the future. I deliberately put into my budget speech the line that when I entered the workforce there were seven people in the workforce for every retiree, and when I expect to leave the workforce — probably at a date some years later than Mr Rich-Phillips and Mr Wells would want me to leave the workforce — —

Dr SYKES — We will give you a hand to go early, if you like!

Mr LENDERS — I am sure five members of the committee will be very willing to speed my exit from the workforce, but at the time I will be likely to leave it there will be four people in the workforce for every retiree. It goes in a sense to Mr Noonan's question and in particular why we need the economic reform agenda to boost productivity. If we do not, it is just not sustainable to have that ageing population without the productivity to sustain it. The national reform agenda for us and the economic reform agenda is all about boosting that productivity so that we can have people retire with dignity on income streams that are affordable in the community, that can be sustained and not only do we have better and more interesting jobs but more productive jobs.

There is a range of things that go forward from there and one of the things that I take great pride is in being a Victorian. Probably four members of this committee have still got little marks on their lapels where the little Victoria sign was there from the time during the 1990s when they wore their badges with great pride. I wear my pride in being a Victorian without having to wear a badge because Victoria has led the nation — —

Ms MUNT — I want one with 'sold' on it.

Mr DALLA-RIVA — Is this about the forward estimates or — —

Mr LENDERS — Victoria has led the nation in the economic reform agenda. In budget paper 2 — —

Dr SYKES — You should specialise in bedtime stories for the little kiddies.

The CHAIR — Can we just have one at a time, please?

Mr LENDERS — Victoria has led the nation on the economic reform agenda. The national reform agenda, which was presented by this government when the previous federal government was not focusing that strongly on these types of issues, set the scene on human capital. Often when we talk of human capital people's eyes glaze over: we talk about the whole concept of the skill set; the ability of a young person to get a meaningful job that is productive; and for a person to stay in employment through their life, whether it be part employment, full employment, whether it be a person with a disability being able to participate in the workforce or a person getting towards retirement age who can make that choice to stay part-time in the workforce or full-time in the workforce if that is what they choose to do. The whole issue of developing human capital is one that just does not happen because you think it should happen or say it should happen.

The CHAIR — You may need to concentrate on what the Department of Treasury and Finance is going to contribute to the national reform agenda as well.

Mr LENDERS — I would be delighted to, Chair.

Mr WELLS — And refer it to the forward estimates, isn't that true?

Mr LENDERS — I was just painting the context. We are referring this, Mr Wells — Mr Noonan referred me — to chapter 5 of budget paper 2, which is particular here. In the areas Mr Noonan particularly referred to is a more effective framework for commonwealth-state financial relations. We have much better relations with the commonwealth than we did before December last year. In that time I have met on four occasions with all the other state and territory Treasurers where we have gone through commonwealth-state financial relations to try to work through ways we can value-add to each other; that we can have collaborative federalism. The reform of specific purpose payments is but one example of that where depending on how you measure the SPPs, whether they are ones that we have some discretion on or are straight pass-throughs, between a sixth and a fifth of our budget comes from SPPs.

We are now talking of SPPs that have a lot of the red tape removed, that are focused far more on outcomes and outputs than on inputs and will cut the SPPs down from close to 90 to 5 or 6, the number is still to be determined. This is but one example. I will use my former portfolio of education as an illustration where we had an input measure in a former SPP that the education minister is required to report that all 1594 government schools in the state had two flagpoles flying, had posters on the wall, et cetera. Some of those inputs are being removed and now outputs on literacy, numeracy and others are replacing them. They are the sort of reform areas we are dealing with. It is moving along. There is a lot more to be done. But we have the most collaborative period in commonwealth-state relations that I can remember, and I think the outcomes from that will actually be better results for our citizens across the country which is something all governments should aspire to.

Mr BARBER — Treasurer, I would like to ask you about the operation of the congestion levy on city car parking spaces. The objective of the levy as detailed in the second-reading speech was to reduce congestion by encouraging more short-stay car parking spaces versus long-stay car parking spaces. Firstly, can you provide us with any evidence that there are now fewer long-stay car parking spaces and more short-stay car parking spaces from the data that the State Revenue Office would have because it collects the tax. Secondly the government has committed to carry out a full review of the parking levy after it has been operating for three years to assess the

impact of the levy on discouraging long-stay traffic into Melbourne. If that review is due this year, can you tell us how you will go about conducting that review and what we can expect to see from it?

The CHAIR — Okay, Treasurer. This is insofar as it relates to your portfolio and to the estimates.

Mr BARBER — Which it does.

The CHAIR — The first bit does not all that well.

Mr LENDERS — I thank Mr Barber for his question and some of his question I will take on notice. I do not have some of that information at my fingertips. I recall seeing some data, and again I will get this to him, that despite the increased use of the central activities district, whether it be shopping, retail and a range of other things, that there was a reduction in long-term stay but I will try to get what information we have to him.

Mr Barber refers to us committing to do a review after a period of time. I think that review is due in 2009 but again I will take that question on notice and get back to him on what commitment we may have made in the second-reading speech. We will conduct a review on the effect of the congestion levy as we said we would, and we will conduct a review with some interest into how it has operated. Often things that are designed for behaviour change take a while to take effect. Our objective remains that we wish to reduce long-stay parking in the central activities district because it clearly takes vehicles off the road at peak times, which is one of the objectives of it. I think I have seen some anecdotal evidence that it is actually succeeding but I will get any information that I can find back to Mr Barber, and certainly welcome a dialogue from him or from the committee as a whole as to ongoing measures that we can put in place to reduce congestion.

We think through this budget, whether it be public transport measures which are clearly an important way, whether it be behavioural measures on public transport like the Early Bird tickets or a range of those things, we need to collectively work at ways that we can reduce congestion in Melbourne, and a congestion levy was an important part of that.

Mr PAKULA — At page 75 of budget paper 2 there is a paragraph under the shaded table which talks about the past decade but which goes on to say:

> … Victoria faces a number of challenges to economic prosperity, including an ageing population, slowing productivity growth, changing global fortunes and environmental issues.

I think the robustness of the budget is tested when things are difficult, so my specific area of interest is what we are doing, particularly what the budget will do over the forward estimates period to help deal with the difficult issues that are coming up. I would like you to give the committee some information on that.

Mr LENDERS — I thank Mr Pakula for his question. In my earlier response to Mr Scott I addressed a number of the business, the short-term measures, that we are dealing with on taxation so obviously will not go back into any of those again. I also dealt with some of the longer term issues of skills and infrastructure which, again, in the interests of more questions I won't go into at length. Some of the challenges Mr Pakula raises for the longer term, and the text at chapter 5 at the bottom of page 75, where some of the environmental and economics intercede on that triple bottom line, or in this case two of the three items of the triple bottom line come together, is what I would like to focus on in my answer to Mr Pakula.

Some of our investment economic and environmental projects in this budget are significant, and possibly unique. The Latrobe Valley, as the committee will be well aware, has 500 years of brown coal reserves. This is one of Victoria's greatest economic assets but also one of our greatest challenges is using that asset in a carbon-challenged environment. In this budget there is further investment in clean coal technology — whether or not it be the establishment of the authority. There is further investment in clean coal technology itself, which obviously offers opportunities for export of a Victorian technology, but more significantly a more effective use of our brown coal reserves to provide cheap electricity to Victoria in an environmentally sustainable manner. But what is very unique in this budget is the investment for carbon capture and storage, or geosequestration, as my colleague, Mr Theophanous, refers to it in Parliament all the time. The advances in carbon capture and storage are significant. It is a big investment of over $100 million from the state government into technologies in this area. There are opportunities for us — we have trialled a lot of this already successfully in the Otways where gas is commercially stored underground in some of these reservoirs. It is stored and used, so we have seen that work successfully. There are also opportunities off the Gippsland shelf where we have been for 40 years or, if my memory serves me

correctly. We have been taking oil and gas out, and there are opportunities now for us to use those storages for carbon capture. These are again challenges for the future. We can pretend that these issues will go away — they won't. We need to address them. We have an extraordinary resource in brown coal, and we have an obligation to find the best possible ways for clean coal technology and for carbon capture and storage.

Mr DALLA-RIVA — We are a mineral state. You can't make that statement.

Mr LENDERS — These are specific challenges that we actually face — —

Mr DALLA-RIVA — Sorry, no — —

Mr LENDERS — I am pleased that Mr Dalla-Riva thinks we are a resource state. I'm very pleased he thinks that.

The CHAIR — Can we just have one at a time, thank you.

Mr WELLS — We need another grant; a sort of a resource — —

Mr DALLA-RIVA — Coal. Maybe not.

Mr LENDERS — These are some of the infrastructure issues.

Mr WELLS — With coal, excluding coal — resource state.

Mr LENDERS — We are talking of road, rail. We are talking also of the specific environmental infrastructure issues here. Carbon capture and storage and clean coal technology are two large ones of those, and this government is investing heavily into the future of this resource use in the state in an appropriate way for the 21st century.

Mr WELLS — I refer you again to table 2.4 on page 85 of budget paper 4 about the net debt. Will any of this debt in the estimates for 2008–2012 be set aside for the desalination plant, which we were under the impression was a PPP?

Mr LENDERS — As I think Mr Wells knows — I would hope he knows by this time — in the accounting treatment of a PPP there are a couple of steps we need to take forward. Given the nature of Mr Wells's question, for his benefit I will take him through how a PPP works.

Mr WELLS — Specific to the desalination plant.

Mr LENDERS — I will take Mr Wells through, and I will illustrate for him, using the desalination plan as an example. The desalination plant is an item on which there are some minor cash flow issues that come out of the general government sector, but essentially it is an item that is off budget. It is an item that comes from a public non-financial corporation, as in Melbourne Water. So there is a policy decision made to set up a desalination plant, and until a PPP is actually finalised, that is treated as a normal TEI expenditure from that particular body. How it appears in the budget papers really depends on what the status of this project is — where it is linear in the procurement process. Because there is a decision made to go down the path it is allocated as TEI within Melbourne Water, and I invite the secretary to add to my answer if he chooses to do so.

Then we go out for expressions of interest and requests for tender, and all the procedures come through. There is obviously a public sector comparator component in here. Let us make no assumptions that we come under or over a public sector comparator because we need the bids to be in and these things to happen. Assuming that until we get a successful PV it remains on the books as a TEI. If a successful PV is signed — if that is determined, if that all happens — it converts to a finance lease from the time the asset starts performing for the state.

Its treatment depends, in the case of the desalination plant, absolutely on where we are in the procurement process. We are embarking on a procurement process, there are a number of decisions that have been made on that, so in terms of where that money at the moment lies, it is assumed it is a TEI under Melbourne Water, therefore it appears under the PNFCs. But its status will change if it becomes a PV, and then it becomes a finance lease into the future. I invite the secretary, if he wishes, to add anything to my answer.

Mr WELLS — Before that can I just clarify: do you know how much of the forward estimates debt, in budget paper 4, page 85, has been assigned at this point to the desalination plant?

Mr LENDERS — The first thing is the forward estimates for Melbourne Water, for the PNFC — not for the state, not for the general government sector — will show the amount of money in there. And I can take it on notice, or if any official wishes to answer the question as to what the amount is in there they can do so. It will be in the order of over $3 billion.

Mr HEHIR — I think that is right, but technically it is quite a difficult question to answer because what Melbourne Water is doing is forecasting its borrowing program necessary to undertake its infrastructure program — it does not actually undertake necessarily a specific borrowing for a particular asset for an overall program — and then looking at how it manages that debt through the life of its asset base. Melbourne Water at the moment is undertaking that program: the Sugarloaf interconnector, the northern sewerage, the upgrade of the eastern treatment works plus a whole pile of other asset investment activity. It forecasts its necessary borrowing program.

TCV undertakes the borrowing for it and then in a macro program on-borrows that to the water authority. To say how much of a specific program is being funded through debt versus its own cash flow is a technically quite difficult question to answer. The dominant proportion of it will be within that increase in borrowings for Melbourne Water.

Mr WELLS — That is fine. So over the forward estimates we would assume that there is about $3 billion of debt assigned to the desalination plant. If the public sector comparator comes in positive and it does go to the private sector, at what point does that debt get written down?

The CHAIR — Changed to a lease, you mean.

Mr LENDERS — As I answered in my substantial presentation, at that stage, when government gets access, or Melbourne Water gets access to a functioning plant, it becomes a finance lease.

Mr WELLS — Yesterday we were able to get a list from the Premier. Is that also in regard to the infrastructure projects that have been assigned to the debt?

The CHAIR — We did ask for that, yes.

Mr WELLS — So we can assume that that will take place?

The CHAIR — Yes. There are a range of things in terms of what is possible too, of course, and there are a range of these organisations so we have to simply assume — you know, there are hundreds of these, so whatever is available. As you can imagine, they all make independent decisions, independent reports.

Mr LENDERS — I think, Chair, if the Premier has undertaken to give a particular response, obviously the Premier will respond, but I think it is worth also noting that all of these things are in the annual reports of the individual statutory authorities. There is hardly anything secret or new about them; they are in the annual reports. It is transparent.

Mr WELLS — That is fine; we just want a list.

The CHAIR — We are looking at this going forward, and we understand this may not be easy but we have asked for it.

Treasurer, we have talked a lot about accountability et cetera, so I would be keen to ask you what prudent financial management activities you are going to undertake to maintain our credentials as a good manager?

Mr LENDERS — Thanks for the question, Chair. I really do enjoy questions on prudent financial management. As my upper house colleagues will know, periodically in question time I refer to the fact that we five times a year actually report — various quarterly reports — —

The CHAIR — We have a quarterly report in this of course.

Mr LENDERS — Or the midyear budget update. We also — and Mr Rich-Phillips gets very excited about this — —

Mr RICH-PHILLIPS — *Financial Review* of 16 January 2003.

Mr LENDERS — *Financial Review* of 15 January 2003, that is right.

Mr RICH-PHILLIPS — Which you never quote in full, which does not give you credit.

Mr LENDERS — Which Mr Rich-Phillips is focused on, where the *Financial Review* actually accused us of being too transparent.

Mr RICH-PHILLIPS — To the point of confusing matters — be accurate, Treasurer!

Mr LENDERS — It is an accusation I am happy to stand accused of.

Prudent financial management in terms of things going forward — probably the most significant item out of this budget clearly is the change to financial objectives. That is probably the single largest item that is a notable change, and what has been happening is that clearly this government through all budgets has been operating on surpluses to assist funding infrastructure.

The surpluses have always been significantly higher than what our target has been, at the 100 million, so the 3.78-fold increase in that amount is clearly the first of those items that I would touch on. Similarly there is the 828 million surplus, which is higher than that, which goes to funding about one-fifth, or approximately one-fifth of the infrastructure in future years. There is also the issue that we have continued to have, like last year, like this year at the end of the forward estimates period, a figure of 2.9 per cent of GSP as transparently forecast and what the level of government borrowings are to fund this extraordinarily substantive infrastructure project.

They are a range of the immediate things in this budget. There is of course the project that the Premier announced in his statement of government intentions — that we would also seek to rewrite the Financial Management Act over the next few years, and that is obviously an issue that we would be in close discussion with the Public Accounts and Estimates Committee on, because it is — —

The CHAIR — I have written to you on this. We are going to do an inquiry into this in a parallel sense.

Mr LENDERS — Again, it is a very appropriate and convenient way for both arms — the parliamentary arm, through PAEC, and the executive arm, through the Department of Treasury and Finance, and in particular my colleague the finance minister, who will have carriage of this, to work on these issues of transparency and prudential financial management.

The final thing of course that I would say is that the ratings agencies again have looked at where Victoria stands. They have given us a AAA credit rating again. These rating agencies look at dozens and dozens of regional governments across the world. It is the exception rather than the rule to get AAA credit ratings, which is a high endorsement of the financial policies of this government.

Mr HEHIR — There is also the Access Economics review of transparency.

Mr LENDERS — Yes, Access Economics did its review of transparency in government and gave Victoria as the only Australian jurisdiction an A-plus, Chair, which is appropriate on a day when every school student in Victoria is being tested, getting an A-plus for the Victorian government for transparency from Access Economics is probably, for Mr Rich-Phillips's benefit, as exciting as the *Financial Review* article from 2003.

Mr RICH-PHILLIPS — And as meaningless, Treasurer.

The CHAIR — I am sure, Treasurer, you will be looking very closely at the year 9 results as well.

Mr LENDERS — Indeed.

Mr WELLS — Treasurer, the budget papers inform us that between last year's budget and this year's 2008–09 budget you have increased spending over the period 07–08 to 10–11 by $7.7 billion. Can you tell the committee how much more the teachers EBA will add to this expenditure? My understanding is that the EBA was

agreed to the day before the budget or the day after the budget, so I am not sure how that has been added into the budget. Secondly, can you tell us what are your forecasts of how much the police, nurses and teachers EBAs will cost the budget over the next four financial years?

Mr LENDERS — Chair, I thank Mr Wells for his question. He refers to a number of areas generally on government wages policy and how we actually fund the EBAs. I think there are a number of issues that I should touch on firstly. Starting with the teachers EBA, in budgetary terms obviously that was settled after the budget estimates were finalised, but I can certainly say to Mr Wells — and I will take some of the details on notice to get back to him, and some of them will clearly be reported in the Department of Education and Early Childhood Development's annual report, where he will see these figures from last year and he will see them in future years — but the teachers EBA is broadly in accord with government wages policy of 3.25 per cent per annum.

It is skewed, obviously, towards the start of that period and not the end, so it is broadly in accord, with the 4.9 per cent rise in the first year, and then 2.7 in each of the later years, so there is clearly an issue there of adjustment, but it is broadly in accord with government wages policy — government wages policy is 3.25 per cent over a period of time, and in addition there are either productivity offsets or service improvement additions. In this case there are the service improvement additions, which account for those six days a year equivalent for teachers in the secondary system, which equates to approximately three days a year across the whole system, if you put primary and secondary together.

With those service delivery improvements, the budget always has capacity to service delivery improvements — it is a choice that governments need to make, what those service delivery improvements are — but government has provision for that. So it is broadly in accord with government wages policy. There is a bit of a skew towards the first year clearly, and 2.7 per cent per annum in the second, third and fourth years is actually less than government wages policy. There will need to be a form of adjustment for that. I will get back to him with more details of that, but that is broadly in accord with where it is. As I said, it is broadly in accord with government wages policy, with service delivery improvements, which government always has a capacity to factor into any budget.

Mr WELLS — So you will get back to us in regards to the total cost of the teachers EBA and the impact of the police, nurses' and teachers EBAs moving forward over the forward estimates?

Mr LENDERS — Chair, to make it absolutely clear — —

The CHAIR — Yes; can you clarify it, please.

Mr LENDERS — To make it absolutely clear, I draw Mr Wells's attention to the annual reports of all the departments, which will have information for him of the wages costs. For DHS, DoJ and DEECD, wages costs will be in each of those annual reports, so when departments normally report, he will find information later in the year on that. I will get back to him specifically on the issue of the teachers EBA.

As I said, we have a line output in our budget where we forecast wages growth in the budget, in the appropriation for that, so what we see is there will be some phase-in issue between the first year versus the second, third and fourth of that, and I guess alerting him to the fact that there is a capacity in the budget for service delivery improvement. Most of the information he seeks will actually come from the annual reports, but I am happy to talk to him on the phase-ins of that 4.9 versus the three 27s, and I will take that part on notice.

Ms MUNT — My local Victorian Government Business Office in Dandenong — which does a great job, by the way — once told me that in the south-east there is more business than in Perth and Adelaide combined. A large part of that is in Braeside in my electorate, so I am wondering if you could take me through initiatives for taxation reform that would benefit business in the budget?

Mr LENDERS — Chair, I am delighted to take Ms Munt or any member of the committee through some of the business tax initiatives that are in this budget. As I said in my opening remarks, I had great pleasure in being in Brisbane and Sydney yesterday, talking about the taxation initiatives that make Victoria a better place to invest than our two largest competitors, by the fact that state tax as a percentage of GSP is lower in Victoria now than in New South Wales, which it has been for a while.

In Queensland, I would stand to be corrected by any of the Treasury officials, but I can never recall anybody ever having claimed that Queensland had anything other than a lower tax rate than Victoria, of course heavily subsidised

for a long period of time by Grants Commission formulae. Chair, I think I described the Grants Commission's speediness as making plate tectonics look reckless, so it is good to see that there is very finally some change in that area.

But on the tax initiatives — for a business in Braeside, if it is a manufacturer in Ms Munt's electorate, they would find, firstly, that the payroll tax — I may have actually a cameo here of one; I had one earlier on. An employer with 50 or 60 staff, for example, will find clearly the land tax on the site will be significantly lower than it would have been if we had not changed the rates from when we came into government. So if your top rate of land tax is cut from 5 per cent to 2.25, that is significantly lower — plus over a number of times we have increased thresholds or adjusted rates over the time we have been in government — so any land taxpayer pays less land tax than they would if we had not have changed the legislation we had inherited from our predecessors. For any small business or large business there will be a reduction.

Secondly, the reduction in payroll tax is significant. Again, if we are talking of a company deciding whether it will invest in the city of Kingston or in the city of greater Brisbane, any boardroom making a decision — —

Ms MUNT — Kingston, please.

Mr LENDERS — In Kingston; they will look at the headline rate of land tax and see that anything between 400 000 and 5.7 million will be cheaper in the city of Kingston than it will be in the city of Brisbane. If they looks at that as a measure, they will see instantly that it is a lower rate, and that is attractive. They will also see that our headline rate of payroll tax now has a '4' in front of it rather than a '5', and that is again a decision on making an investment in — we are talking of new investments coming into Kingston and we are also talking of existing people, who might be footloose; do they move their business elsewhere? They find that with the '4' in front of the rate it is suddenly far more attractive than it otherwise would have been.

The final particular here is — and I will not go into stamp duty changes because that is only when people buy and sell a business, but we can also go into WorkCover premiums, with a further cut of 5 per cent. If we use an example, if there was a medium-sized manufacturer in Kingston with a payroll of $5.8 million and if we had the tax rates from when we got into government, it would have been $303,000 on payroll tax; it would now be around $259,000. The other taxes — that is land tax, stamp duty, bank taxes and those types of things — when we got into government would have been 45 000; they would now be 28 000. WorkCover when we got into government would have been 72, and now it would be 53.

So that medium metro manufacturer with a payroll of 5.8 million, because of changes to taxation since we have come into government, would have seen an $80 000 a year reduction in business costs, plus with the churn in industry and new investments and a lot of investments being footloose, any boardroom making a decision would see those headline rates of payroll tax, with WorkCover premiums now being 1.387 per cent of payroll, which is because the system is managed more effectively but fundamentally because our workplaces are safer, and less people are being injured. That is why that happens.

Kingston is a very competitive place, and I would say to any business that is looking at a choice between Brisbane and Kingston that you would come to Kingston because business taxes are lower in Victoria than they are in the state of Queensland, and that business moving to Kingston means jobs for young people in the city of Kingston, and that is something that we all should and do cherish.

Mr RICH-PHILLIPS — Treasurer, can I take you to page 46 of budget paper 4, 'Reconciliation of the fair value of superannuation plan assets', at the bottom of the page. You will see that for the 2008–09 budget you are estimating an opening balance of superannuation assets of $17.5 billion.

The CHAIR — Turn the phones off, please.

Mr RICH-PHILLIPS — When you produced the budget update in December, the same estimate for the opening balance 08–09 was $19.78 billion. So your estimate from December last year to now has declined by $2.2 billion. Can you explain why?

Mr LENDERS — Chair, I thank Mr Rich-Phillips for his question. There are a number of things on this line for superannuation balances. Mr Rich-Phillips's earlier question on the VFMC is clearly one of those components as to how equities have performed over the last nine months, which he referred to earlier on in his

VFMC question. Again we can go to the record for what I reiterated last time, so there is a strong explanation for how equities are outperforming.

Dr SYKES — Control your staff, Minister.

Mr LENDERS — Clearly equities are performing well compared to some technology in the room! Firstly, there has been the way the market has performed, but I think we need to do two things here. The second part of this is that this figure is not just how the portfolio performs, it is also entries to and exits from the portfolio as well. There are a lot of public servants in the revised scheme who are taking 54/11 payments in particular — there are other people taking payments out of the scheme as well, but clearly from the revised scheme they are taking 54/11s.

This is an age and stage when people are taking them, and they are also reflected in that line as a diminution of the assets in the fund. As a fund member takes their 300 000, 400 000, 500 000 or whatever they are taking out of the fund, what you are suddenly seeing is clearly a reduction as well in what is in the fund, so there are a number of aspects to it. I cannot unpack all of those immediately as to what the amount is, but what I will say is the unfunded superannuation liability is an issue that is being reduced year by year. Each year the government makes a — —

Mr RICH-PHILLIPS — The assets, not the liability.

Mr LENDERS — The liability is the difference between benefits and assets, so the asset goes up and down — —

Mr RICH-PHILLIPS — We are talking of the assets.

Mr LENDERS — The liability is the gap; that is what the liability is. What we have committed to doing: in fact the previous government, under Ian Smith, set a time line for paying down the unfunded superannuation liability, which was a good thing, and we have actually shortened that time line to the year 2035. We made that decision in about our second or third year in government. So we will have all the unfunded superannuation liability, which is obviously that component pre-95, before contributions were fully funded as they went in, cleared off by 2035, which is our target, and we continue to be on target for that. Some years when the funds are performing — again, VFMC has performed on average — in the last five years its average has been a 12 per cent return, significantly above inflation, a 12 per cent return the VFMC has had over the past five years.

Mr RICH-PHILLIPS — The same as the market, Treasurer.

Mr LENDERS — Mr Rich-Phillips can ignore the good news if he chooses to, but it has had a 12 per cent return over the past five years. So that return has factored into a shrinking of the unfunded liabilities, and that is a figure that goes up and down according to the performance of the investment portfolio. But what we are seeing is that all unfunded liability of public sector superannuation schemes will be extinguished by 2035. Its return is strong, and over a five-year rolling average it is a 12 per cent return, and I would welcome a debate on this in the Legislative Council with Mr Rich-Phillips at any time, Chair, when there is more time.

Mr RICH-PHILLIPS — Treasurer, can you take on notice a reconciliation of that $2.2 billion decline in the opening balance in the budget versus the budget update, how much is decline in value of investments versus withdrawal of assets by beneficiaries?

Mr LENDERS — I will seek to get information on that, as to what component is — I will seek to get information for you on that.

The CHAIR — Certainly, and there is some information in the quarterly report.

Mr RICH-PHILLIPS — Presumably there has not been an unexpected increase in withdrawals by beneficiaries compared to the budget update. I would not imagine in the last six months suddenly hundreds or thousands of public servants have withdrawn their superannuation, which you did not anticipate when you did the budget update?

Mr LENDERS — Chair, through you, not even in Mr Wells's wildest dreams are there that many public servants in the state of Victoria for him to point out. But no, Chair, there are different component parts of that — —

Mr WELLS — ABS figures.

Mr LENDERS — And I will bring an answer back certainly in general terms on that, and be as specific as I can.

The CHAIR — Thank you. We would like that within 30 days. I will just point out once again that we try and confine it to the estimates rather than looking at what is happening this financial year. We will have a break for 5 minutes.

I have received an apology over the phone incident; I am sure it will not happen again. I ask people to make sure they have got their phones turned off, thank you.

Mr WELLS — Name them!

The CHAIR — I will not, but we are trying to keep a bit of order in the marketplace.

Mr SCOTT — I refer, Treasurer, to budget paper 3, pages 356–9. The issue I wish to raise and have you respond to is housing affordability, which is obviously of great concern to a large number of Victorians. What measures has the government taken to enhance housing affordability in this budget, specifically by way of grants and/or taxation reform?

Mr LENDERS — I thank Mr Scott for his question. I am delighted we have got a question out of budget paper 3 — the first one for the day. In answering, probably just to speed my earlier response to Mr Rich-Phillips's question, since 1 July last year there were actually $2.23 billion of benefits paid out of the ESSS super fund. We will get the more detailed answer later on but for his benefit, I did have that information — I could not find it before.

In response to Mr Scott's issue on housing affordability, all of us, when we are in our communities, know that working families are concerned about interest rates and the housing affordability that goes with them, and petrol prices. They are the two things that we all hear wherever we are out and about. Among the measures in this budget to deal with housing affordability specifically in an estimates sense there is the bonus in regional Victoria. That is not of immediate interest to Mr Scott in his own electorate, but as all of us have that great interest in regional Victoria there is a $3000 bonus that has been added on there. Taking up, I guess, Dr Sykes's point earlier about the amount in the budget which he says implies not a lot of people can take it up, chair, I hope the budget figure is wrong. There is no limit on how many people take it up, but I hope many, many, many more people do — —

The CHAIR — I appreciate that clarification. I am not sure if Dr Sykes will be issuing a press release immediately — —

Dr SYKES — There will be no limit on the $1000 — —

Mr LENDERS — There is no limit there. In a more general sense on housing affordability, there are two parts here: the estimates deal with part of it, the other side is clearly the supply side. And the announcements by my colleague Mr Madden and the Premier some months ago about 90 000 more blocks being made available — the supply side is clearly a large part of housing affordability. But on the demand side here, one, raising the thresholds of every band of stamp duty on land transfers by 10 per cent offers modest relief for homebuyers, but this budget is specifically targeted at first home buyers. It is unashamedly targeted at first home buyers and obviously regional first home buyers. The first home buyer now can elect to take the advantage of our tax measures act in late 2006, the first act of the current Parliament, which actually left the principal place of residence under half a million where there was a benefit there for purchasers, where the first home buyer had to elect to take one or the other. By simply saying that a first home buyer can take both, we have seen a significant contribution there to first home buyers.

We are talking on a median first home — so the median price of a first home, which is $317 000 in Victoria. Clearly that is a lesser price than the median house price across a whole state. We are talking of a $2460 reduction in stamp duty on that particular rate.

It is interesting to note that these measures here are dealing with affordability. It is not a great comfort to someone who is out there buying their home when the houses seem very expensive. It is not a great comfort to them.

The CHAIR — I know. My son is going through the process now.

Mr LENDERS — I am not purporting to say to anyone buying a home that it is not difficult for them. But what I can say here to this committee is when you look at the median price of homes in Melbourne versus Sydney, versus Brisbane, versus Perth, the median price of a home in Melbourne is actually less than those other three cities. That affordability is partly to do, clearly, with where Victoria is and partly to do with that housing supply aspect, which is probably more an issue for my colleague the planning minister, and what we have actually done to ease supply.

In response to those measures on those three pages that Mr Scott has raised, we have certainly been assisting in removing some of the burden for first home buyers. What we are seeing is, again, the median price of housing in Melbourne compared to those other three cities, which all have comparable prices, appearing favourably. Victoria is a more affordable place than those other three states to buy a home, but that does not offer comfort to families trying to buy homes at the moment where they are finding it tough. But Melbourne is a better place than those other three cities, and Victoria is a better place than the other three states.

Dr SYKES — My question relates to water and the investment in infrastructure projects, especially the desal plant and the food bowl irrigation infrastructure upgrade. What is the comparative unit cost of water delivered to Melbourne via, say, desalination, the north–south pipeline, and recycling? Part B is: what is the impact of changing underlying assumptions in arriving at these costs — for example, with a desal plant, if the government used the most likely costs, which are higher than the actual costs used by the government at this stage, and that was identified by the Auditor-General, or in relation to the north–south pipeline, if the water savings are less than estimated and, for example, only 20 or 30 gigalitres flows each year down the pipeline rather than 75 gigalitres?

The CHAIR — Treasurer, insofar as it relates to the estimates in your portfolio.

Mr LENDERS — Dr Sykes mentioned the Auditor-General's report firstly. The Auditor-General's report made a number of comments on the Victorian water plan. He made some comments on the speed with which the plan was adopted. He acknowledged that that was very speedy. He also acknowledged that there was a critical issue that had to be addressed, which was declining water supplies in Victoria at a time of drought and climate change, and government needed to act quickly. There is a range of issues that arise out of the Victorian water plan. As far as the forward estimates go, we acknowledge the $600 million contribution here to the food bowl. While that was announced in the mid-year budget update, that is brought forward into these particular budget papers; it is accounted for here.

There is also an amount in here, up-front cash, towards the construction of the desalination plant, which ultimately is a project for Melbourne Water but that is in the budget. Beyond there, there is nothing actually in the forward estimates that actually relates to those projects, because they are ones in public non-financial corporations of Melbourne Water and the others, whether it be the Sugarloaf interconnector, the desalination and a range of those.

However, in general terms I will certainly answer Dr Sykes in where that fits in. What this water plan is is to bring new water into the system, to use the water we have more effectively, and to distribute it around the state in an effective manner. Whether that be Wimmera–Mallee pipeline, of which there is a rephasing and bringing forward of water in these particular budget papers, whether it be the pipeline to Hamilton, whether it be the Sugarloaf, whether it be the desal, whether it be food bowl, all of those are critical water infrastructure projects. They are ones that the government has embarked on, the Auditor-General has reported on. They are a water plan to take Victoria into the future with this scarce commodity.

I do not have much in particular to add to that, other than they are critical infrastructure investments. My wife did her thesis on Elwood Mead, the first chair of the State Rivers and Water Supply Commission. I claim to have read a little bit about this going back some time when she did her thesis. It is interesting, Chair, that if you go back to the debate on water in Elwood Mead's time and you go to the debate on water now, there was a huge gap in between when we did not talk much about water at all. What we actually have here, Chair, is an extraordinary investment in the Victorian water plan.

Mr DALLA-RIVA — Which page is that on — John Lenders's wife? BP 3 is it?

Mr LENDERS — A special BP 6 for you, Mr Dalla-Riva. I will give you my wife's thesis — a special BP 6.

This is a massive investment. The critical water infrastructure has deteriorated since Elwood Mead's day. It is 60 or more years now since there has been any serious investment in water infrastructure in the Goulburn system. It has been 60 years since that. We all know where Wimmera Mallee was, where basically we had open channels, essentially running over sand. I exaggerate but only slightly. I do not exaggerate the water leakage number of more than 90 per cent — the water wastage number on the Wimmera Mallee pipeline. The food bowl clearly, with 800 gigalitres out 3000 gigalitres being lost, was again another area we are recovering with this infrastructure.

Dr Sykes asked about the prices. The Auditor-General has commented on these. This was a plan in an emergency to deal with critical water infrastructure. It has been commented on by the Auditor-General. I will take any of his questions on notice, but I do not think there will be anything beyond the Auditor-General's report on some of the areas Dr Sykes has actually raised.

The CHAIR — Okay, I am sure he will be able to take it up with the Minister for Water as well.

Dr SYKES — Can I just indicate that that was a very general answer. There were no specific answers given to my specific questions. I would appreciate them coming on notice. I think they were quite clearly asking about unit cost for each of them.

The CHAIR — Hansard has recorded them. I actually also feel they are probably not in regard to the estimates, but they will be on notice. The Treasurer may look at them.

Mr LENDERS — Or, Chair, I may refer them to the Minister for Water.

The CHAIR — Or if necessary he may refer them to the Minister for Water.

Mr NOONAN — Treasurer, can I take you to budget paper 3, page 307, where the budget talks of major precinct developments through the regeneration of facilities and education projects. I will note in the regeneration category that Altona is, in fact, one of them on the list, and I would ask that you provide some more information about the regeneration program, and if you could tell me anything about the Altona regeneration, that would be of use as well.

The CHAIR — It is very much a local interest.

Mr NOONAN — There is a local interest.

Mr LENDERS — Thanks, Chair, and I thank Mr Noonan for his question and his interest in regenerations. I guess I will start from the macro and then I will seek to answer as much as I can on the Altona project. But starting with the macros, in 2006 we committed to $1.9 billion in school infrastructure upgrades. We committed $1.9 billion, we committed to do at least 500 schools, and then in the last budget we delivered $555 million of that, and we delivered 131 schools in that particular budget plus the Ultranet project, which we rolled out in schools. In this budget, on the macros, we have in these estimates allocated a further $592 million, and we have actually allocated to bring forward even more of the education spend so that close to two-thirds of the capital spend will actually be in the first two years of this four-year parliamentary term, and that is because we think it is important to bring it forward for Altona and all the other regions where we want to invest in school infrastructure.

I will go down one further level, I guess, then to the regeneration projects where they fit into this overall expenditure. There are a number of areas where the school infrastructure is tired or inadequate or no longer functioning well. There are areas, too, where the local school communities are actually being engaged into what is the better fix and mix of schools in those areas to achieve the educational outcomes for students that both the government, through the Department of Education and Early Childhood Development, and the local community, want. So where there is a juncture of all those within government policy, we have now on a number of areas embarked on large regeneration projects. The largest and a flagship, which last year, wearing a different hat before this committee, I spoke long on, was the Broadmeadows regeneration, but beyond Broadmeadows there are clearly regenerations in Bendigo, regenerations in Colac, regenerations in a whole range of areas that have been funded to date, and a number of other regenerations in regions within the Department of Education's purview, and that is probably more appropriate for the Minister for Education to speak to, and they are actually working on plans for future capital.

So regarding the Altona regeneration, there is a regeneration project which crosses probably the Altona and Williamstown electorates, and I think Mr Noonan's interest is probably more focused on the latter rather than the former, and certainly it is a merger of Altona Gate Primary School and Bayside Secondary College, which is an Altona North site, and there is also a merger of the Altona Secondary College and the Altona West Primary School and their existing sites to form a new P–9 school. So there is funding in this budget for stage 2 of this: $5 million of the merger project, and the remainder will be accommodated for years 10 to 12 students further down the track.

So this is a microcosm of where this is actually working. What we are seeing here with feeder P–9 schools into the senior secondary 10–12 is a flexible devolved education system under strong frameworks set by the department of education. Local community is on board. This is just, I guess, a sign of this huge infrastructure spend of this government. We will see 500 schools rebuilt or modernised during the life of this Parliament, and this is the further instalment of funding towards those schools in the particular local community Mr Noonan refers to. But also more broadly, we are regenerating schools in areas where there were decades and decades and decades of neglect, and the focus there is so that students in those government schools have opportunities to participate in the exciting 21st century economy and be good citizens who have a better opportunity to achieve jobs. That is important, and that is what this funding will go towards.

Mr BARBER — On budget paper 4, appendix B: I have some questions about the transactions in and out of 'Meeting our Transport Challenges reserve'. So if I understand the commentary up-front, there is 10 billion for Meeting Our Transport Challenges projects, of which 5.9 billion is funded out of this reserve. So the first question, I suppose, is why is there a reserve called 'Meeting our Transport Challenges' that does not cover everything in Meeting Our Transport Challenges, and then the second question about the flows is: can you explain to me why interim rolling stock appears as a negative number, that is one, and secondly, given that the Monash–West Gate improvement project's costs have escalated by 362 million which will now have to come out of this reserve, will that mean other projects to be funded out of this reserve now have less money available to them?

The CHAIR — Treasurer.

Mr LENDERS — I thank Mr Barber for his question, and I will generally answer the question, and I invite Stein Helgeby, the deputy secretary, Budget and Financial Management Division, to supplement my response if he wishes to. Firstly, with the reserve there were two issues there. There was Meeting our Transport Challenges, which was a $10.5 billion contribution to transport, and then obviously in the forward estimates all that we factor in is what is being done during the four-year period, so I think that is the discrepancy between the reserve and the amount.

Mr HELGEBY — In fact, on the preceding page, page 265, the text there explains that the $10.5 billion is made up of a number of components of which ultimately only $5.9 billion is actually the MOTC asset reserve because some of the remainder was to be funded from Better Roads Victoria Trust Account, TAC or VicTrack.

Mr BARBER — Yes, I know, that was not my question, it was why.

Mr HELGEBY — Why?

Mr LENDERS — The series of — —

Mr BARBER — Why do we have Meeting our Transport Challenges projects funding of $10 billion, and then we have that asset reserve that only does six-tenths of it, and the rest of the other money comes from elsewhere?

Mr LENDERS — I will respond to that, Chair. I mean, the purpose of Meeting our Transport Challenges in 2006 was to see the very clear plan for exactly that, meeting our transport challenges. It was a plan that would actually — there would be a pipeline there — be a signal to certainly public transport and other road users of what the government would be doing over the next ten-year period where the plan was.

It was a signal to planners that information was coming. It was a signal to industry that a pipeline of work was coming. It is a clear government policy statement, and part of it is funding out of the asset reserve. Some of that is in the forward estimates year, some of it is outside, and some of it is from other sources. That is a shandy of how it is funded. On the particular issue of the rolling stock — and again I stand to be corrected by Stein on this — but the reason why the rolling stock is there is because we actually brought it forward. As I announced earlier on when we

had the larger than expected budget surplus last year, we actually brought forward $290-something million in rolling stock which was something that was three or four years out. We brought it forward because we could afford to do it. That is what we use surpluses for; for investing in infrastructure. That is why the cash flow has been rephased, because it has actually already happened, and therefore it has been taken out of the forward estimates period — —

Mr BARBER — The cash has already gone?

Mr LENDERS — It has already been — —

Mr HELGEBY — Factored in. It has not all been spent.

Mr LENDERS — Yes, but it is factored in. We were factoring in that in a future period we would actually be spending money on rolling stock. We have now brought the rolling stock expenditure forward. That is the adjustment on there.

Mr BARBER — Right.

Mr LENDERS — On the other one, you mentioned the M1. The M1 has had cost overruns, and no one is hiding from that. It has also been be rescoped to be a larger project than we originally anticipated. There are more lanes on the West Gate Bridge; there are a range of things that have happened on there. MOTC was put in place in 2006 as a forward plan for transport. It will be one that, just as with any decent long-term plan, the government adjusts year by year. Sometimes priorities change, sometimes opportunities arise. If you look through the M1 project, some of the sublines of that project actually ran under cost; obviously the project as a whole did not. You will see in all of these that there will be movement every year, but in the end MOTC is a plan that the government has. It is for the forward estimates period and beyond, but in the end it is the right of any governments to vary that plan to year by year and to present it to the Parliament for its approval when we seek appropriation.

Mr PAKULA — In the last month or so I have raised the issue of maternal child health services a couple of times in the house. I notice on page 23 of budget paper 3 there is a heading, 'Giving children the best start in life' which has some broad spending outcomes in regard to early childhood services. I wonder if you would give the committee some details about the initiatives of the government in relation to the area of maternal and child health?

Mr LENDERS — Through you, Chair, I thank Mr Pakula for his question. As I outlined in the overhead, there are two sides to this. One is the ongoing and detailed consideration the government needs to give to the seamless start to maternal and early childhood. Obviously now there is a blueprint, too, in education, and with the establishment of the new Department of Education and Early Childhood Development the government is seeking to address the first eight years as a very critical, seamless period. There are a lot of service delivery items here that go towards that. Perhaps some of the greater detail on that could come from my colleague Ms Morand in response to questions from PAEC.

In general terms of where we are going forward here, part of it is service delivery. There is $30 million over four years to ensure that babies and young children up to the age of six receive check-ups, again a very important preventive health measure. Clearly, there is a large component in the budget that deals with that increase to 73 737 babies registered last year, as I mentioned in my opening remarks. There is funding here for five hospitals, effectively, for extra beds and placements. I do not have the list in front of me but from memory they are Werribee, Northern, Casey, Frankston and Monash Clayton — five hospitals — where there are 2800 extra places, effectively, for women to give birth closer to home. That obviously builds on the 11 or 12 we have done in regional Victoria over the last 8½ years. It builds on the services put in so women can have their babies closer to home. This is a particular contribution in this budget to this area.

There are also various extra supports for families at risk. There are an extra 1000 early childhood intervention services places worth $29 million in this budget. There are a range of services. Carrying out an earlier election commitment, there is $11 million for kindergarten places to assist families at risk. There is a package ranging from the very basic starting point of women being able to give birth closer to home — dealing with those 73 737 babies registered in Victoria last year — plus that seamless delivery of services from birth to the eight-year-old period that we have so clearly defined with the establishment of the new Department of Education and Early Childhood Development.

It is a mixture of these things to give kids a great start in life. All of us have seen the research which shows that early intervention is far more critical than was probably historically thought. Hence part of the refocus of departments towards children and early childhood development. Methodologies, research, and history changes on a whole lot of these things. I guess this reflects a new science, the new focus, that this is an important time to do it, so it is seamless from birth to age 8. These services are being delivered in that area to assist children and families.

Mr DALLA-RIVA — Treasurer, I refer you to page 78 of budget paper 2 — the Strategy and Outlook budget paper — on infrastructure investment. The first paragraph refers to a:

> … significant investment program where almost $30 billion will be spent over the next four years alone on infrastructure projects across the state.

I ask: what percentage of the stated $30 billion comprises state contributions, and what will be through PPPs?

Mr LENDERS — I cannot give Mr Dalla-Riva a specific answer on that because in essence the issue of whether it is a PPP or a more traditional state building project depends on the procurement stage. Firstly, there is a case-by-case issue of whether or not we put a project out to be a PPP. This government has a strong track record on large projects — on wanting to test the market on them to be PPPs — and whether that be on water, and again that is through Melbourne Water, which is the example we used for the desalination plant; or whether it be hospitals like the children's and the women's; or whether it is now the 11 new schools in the outer suburbs where there is a proposal out; or on a number of the large transport projects.

We are open to explore whether a PPP is the best value for money for the state or not but in the end there is an in-principle procurement decision made and then as part of that procurement process there have to be bidders and the bidders have to come in under the public sector comparator. I cannot give a definitive answer as to what proportion will be PPPs simply because it is pre-judging the procurement process. I can get the figure — unless someone at the table can help me — of what percentage of our procurement has been PPPs. I will not make a guess. It is certainly the minority of our procurement. I will get an exact figure. A significant amount of our procurement at the moment is PPPs. For instance, in budget paper 2, chapter 3, table 3.4 we see in the forward estimates that $231 and $840 finance leases. In other words, a PPP is coming onto the books. It will depend from year to year but I cannot definitively say what portion of that it will be because of the procurement issues that I outlined in my substantive response.

Mr DALLA-RIVA — Given that it is a large amount of money as stated in the budget papers, given that you have said you cannot pre-judge the procurement figure obviously, is it therefore that the anticipated $20 billion debt that we are going to face in four years time may be as a result of the fact that a lot of these projects are in fact going to be under government run projects and not necessarily under PPPs? Is that where the majority of that debt is going to be associated?

Mr LENDERS — Chair, I will repeat some of my response to Mr Wells earlier on. Firstly, whether it is a PPP or whether it is a traditional procurement it ultimately will appear on the government books as capital expenditure required. Whether it is TEI in the first place or whether it is TEI that ultimately through a PV process becomes a finance lease a couple of years later, it will all still appear on the government books. The only difference is how it is characterised as being on the books as it goes through that procurement process.

So we make a decision to fund a project, for example we fund the Kingston Centre in Ms Munt's electorate in this budget. There is an in-principle decision made to fund the project. That will appear on our books as TEI, as capital that is required. If we made a decision for its procurement option to be a PPP, then that would remain on the books as TEI until we actually concluded the contracts for the PPP; then when we receive the Kingston Centre into usage, it would then become a finance lease and still remain on the books.

It is an accounting treatment as to how it is dealt with. But in practice capital investment in important infrastructure assets are accounted for in the budget papers under one of those forms, either on traditional spend or under a finance lease — under one or the other. There is nothing hidden in any of this process. It is all transparent. It is all on our books. I invite the secretary to add to that, if he wishes to.

Mr HEHIR — No, I do not think so. The only variation is when the PV is an operating lease in which case it does not come onto the balance sheet of the state. EastLink is an operating lease, I think?

Mr HELGEBY — No, EastLink is not an operating lease.

Mr HEHIR — Sorry, it is not a finance lease.

Mr HELGEBY — It is not a finance lease.

Mr HEHIR — It is not a finance lease so EastLink does not come onto the books because it is a private sector operation. But it is only things of that nature which do not end up as a finance lease and on the books.

Mr DALLA-RIVA — You would have to say that it does not give clarity to the forward estimates where we are uncertain, even in discussion here, of the $30 billion. There is some level of confusion as to what might end up being a private functioning project or a government-run or government-built and owned projects?

The CHAIR — I am not sure that that is the case.

Mr DALLA-RIVA — I am not looking for anything that is hidden. I understand what the Treasurer is saying.

The CHAIR — I think it is a matter of decisions not yet having been made in terms of the procurement and the models for certain projects and so on.

Mr DALLA-RIVA — Yes, I understand that. How do we work that out?

The CHAIR — We should not say anything more than that except there are a number of projects which have been already flagged and the government is going through the process of how it is going to procure them.

Mr LENDERS — Chair, I think I could add comfort to Mr Dalla-Riva on this. The Auditor-General clearly signs off on all these papers, and I am sure if there was anything in here that any member of this committee had any doubts about we would hear about it and we would respond to it. But if there is — —

Mr WELLS — Signing off on a budget — an auditor signing off on a budget.

The CHAIR — We do follow these things on the outcome side of things. We did so substantially this year and will do in the future.

Mr LENDERS — Chair, I guess in response, budget paper 2, page 66 goes through possibly part of a response to Mr Dalla-Riva. There are 18 projects, capital investment of 5.5 billion, so essentially that procuring new infrastructure and future Partnerships Victoria projects on page 66 — I said I would take it on notice but I think that actually gives the answer. It probably gives some greater comfort to Mr Dalla-Riva.

Mr DALLA-RIVA — Just $24.5 billion short but I will let you go.

The CHAIR — No, I think there are a few decisions to come.

Mr LENDERS — Chair, it shows which ones we expect to be PPPs or not.

The CHAIR — That is true.

Mr LENDERS — I would have thought that this government was absolutely transparent. The opening slides are talking of an infrastructure spend into the forward estimates year. We have gone absolutely up-front and transparent about what our infrastructure spend is in the PNFCs, whether it be the infrastructure spend on water, whether it be on sewerage, whether it be on the Port of Melbourne. Mr Dalla-Riva has a throw-away line about undisclosed amounts but I can certainly give him an outline of what capital is in here. We are up front.

Mr DALLA-RIVA — I am just concerned about the finance of it. You have made a $30 billion commitment. Who is going to pay it? My children, your children — who is going to pay the billions?

The CHAIR — Thank you for that. I might just switch the theme onto one of the other financial objectives and strategies, namely service delivery which is to provide improved service delivery for all Victorians. One aspect of that is the A Fairer Victoria package. I know that we have had a number of these and there is another one associated with this year's budget, for example in budget paper 3 on page 21 one aspect of that is supporting people with a disability. From your budget strategy point of view and your macro allocation of services where you have a lot of money involved in this, can you give us the view from Treasury?

Mr LENDERS — A Fairer Victoria is something that has been a feature of a number of our budgets. It is a feature that shows that our government is clearly committed to a triple bottom line. Although obviously it has flow-ons into both economic and environmental as well, it is fairly and squarely in the middle of the social policy objectives of the government.

This budget allocates 233 million as probably the centrepiece of A Fairer Victoria this year to disability services over the next five years. That essentially takes reform straight out of the state disability plan. Again that is an area, the detail of which it is probably more appropriate for my colleague the community services minister to address, but as far as it fits into the budget in the context of your question, in implementing aspects of the state disability plan, $233 million certainly comes to there.

This focuses on capacity-building for people with disabilities. There is a whole range of things. As I said, there is the economic, social and the environmental. Clearly a big feature of this is the social: dealing with people with disabilities and assisting them in dealing with their own disabilities, but there is always an issue in here as well on giving people options to integrate into the workforce to a level they choose. That is always an option when it comes to the economic. So that is a big feature of this budget.

There are also funded initiatives within this. There is $71 million over four years to expand individual support packages. There is 16 million to expand carer support. Again, if we are talking of a budget that is for families, as I said at the start, clearly many of the carers who are receiving support are family members. There is also $10 million to strengthen transition to employment support and $50 million for the strategic replacement and realignment program, stage 3.

With respect to employment support, quite often people with disabilities are excluded from access to the workforce. It is just one of those things that happens. If we are talking, though, on human capital and what we as a community and as a state can actually do to assist people into the workforce part time or even full time, these are the sorts of programs that will assist in doing that. That is the cornerstone of this year's A Fairer Victoria. There are a number of features to A Fairer Victoria, and that is clearly one of them. Last year A Fairer Victoria had in addition to the other programs the huge social housing inclusion. I think that answers the question, Chair, but for more details on any of those I would suggest that you go to the community services minister.

The CHAIR — Thank you, Treasurer.

Mr WELLS — I note that in your handout you refer to new tax initiatives and WorkCover relief, payroll tax and that over four years there will be a saving of $170 million. I also refer you to budget on budget, that the actual payroll tax revenue will increase by almost $360 million in the next financial year. I suggest to you that this is because more small businesses will be caught up in this because you have not altered the threshold. The question is: how many firms with 20 employees or less will now pay payroll tax because you have not altered the threshold in this budget?

Mr LENDERS — I thank Mr Wells for his question. There are a couple of things. Firstly, we have altered the threshold above the 1 million level we inherited from the government he was a part of. I would also say on this that it is hardly surprising that payroll tax revenue is going up because we have greater workforce participation than ever in Victoria. We have got 65 per cent workforce participation, we have got 400 000 new people in employment since we came into government, so it is hardly surprising that revenue from payroll tax is going up when employment is going up in the state of Victoria. When people hark back to taxation rates of 1999, we also deliver double the services we delivered in 1999.

Mr WELLS — I think we are talking about the forward estimates, Chair. Are you going to bring him back?

The CHAIR — Yes

Mr WELLS — We are talking about the forward estimates.

Mr LENDERS — Going into the forward estimates — —

Mr WELLS — I am surprised the Chair hasn't called you back!

Mr LENDERS — Going into the forward estimates, what we have here is a growing workforce. The fundamental reason, the main reason why revenue from payroll tax is going up, despite the cuts from 5.05% to 5% announced in the last budget and further announced to 4.95 per cent in this budget, the revenue goes up because employment is going up in the state of Victoria. Employment is going up, wages are going up, so the payroll of the state of Victoria continues to go up, which is the sign of a strong, growing, vibrant and prosperous state with jobs growth. That is the main reason it is going up. This government has provided payroll tax relief previously by putting the threshold up.

Mr WELLS — I draw your attention to budget paper 2 and unemployment rates. You have just said that unemployment is falling, or more people are being employed. Your unemployment rate was forecast at 4.8, then it was 4.5 and now it is increasing to 4.75. On the one hand you are saying that the job market is growing but on the other hand you are saying that the unemployment rate is going to increase. Which one is right — the budget papers?

Mr LENDERS — They are both right. In the table we are talking about, table 2.1, we are forecasting employment growth of 2.75 in the current year. We are forecasting employment growth of 1.5 per cent per annum for the next four years. So, yes, we are also forecasting a minor rise in unemployment but on the same chart while were are at it, we are seeing population growth of 1.5 per cent a year for the first two years, then 1.4 per cent. We are seeing employment growth forecast to go up every year at 1.5. Yes, we are forecasting the unemployment rate to go up a quarter of a per cent, but payroll tax is levied on employment, and if employment is going up 1.5 per cent per annum, both the figures are right.

In fact we saw — it was earlier last week or this week — the new labour force figures coming out from the ABS which showed exactly that. They showed employment going up in the state of Victoria in actual numbers, and it saw a minor increase in unemployment going up in actual numbers. That is called population growth and it is called workforce participation. I am surprised that Mr Wells asked the question.

Mr WELLS — The question that you have not addressed was: how many firms with 20 employees or less will now pay payroll tax because you have not altered the threshold in this budget? That was the question.

Mr LENDERS — I have dealt with the macros around which — —

Mr WELLS — I know, but you haven't actually dealt with the question.

Mr LENDERS — Chair, Mr Wells likes bullying and cutting across. What I would say to him is — —

Mr WELLS — I would not dream of it.

The CHAIR — Can we just have the Treasurer, please.

Mr LENDERS — I have addressed the issue. We have growing — —

Mr WELLS — No, this is about small business.

The CHAIR — Would you let the Treasurer answer, please.

Mr LENDERS — We have growing employment — -

Mr WELLS — When is he going to start answering the question?

Mr LENDERS — We have growing employment which is the main reason for payroll tax revenue to rise. We have growing employment, we have higher wages, we have higher workforce participation; that is the main reason. Several years back we did adjust the threshold rate for payroll tax. In this budget we have actually cut the payroll tax rate.

Mr WELLS — Would you take it on notice then? Would that be fairer?

Mr LENDERS — I will take it on notice and see whether I have the available data. I may not have the data.

The CHAIR — Take it on notice, insofar as there is available data. But you are looking at predictions in the future and in fact therefore the data will not be real.

Ms MUNT — I am referring to budget paper 3, page 34. I was pleased to see a heading here 'Tackling family violence', which I have a particular interest in. Down my way is one of the largest women's refuges in Victoria. I was also part of the women's caucus when the former minister, Mary Delahunty, first put together the package, in 2005, of 35 million over four years to tackle family violence. I am interested to see that in this budget there is a further $25 million being allocated over four years for further initiatives to build on that initial strategy. Could you please detail for me what is contained in those initiatives?

Mr LENDERS — Chair, through you, I thank Ms Munt for her question, and I will certainly outline some of the program lines the funding and estimates go towards, and perhaps some of the issues arising from that can be referred to another minister. Certainly, as Ms Munt said, there is 25 million over four years, and it is both focused towards prevention and also meeting the needs of people who are the victims of family violence. It is both. In prevention there is 2 million over four years for a range of measures. There are state prevention issues; there is an indigenous prevention framework as well. These are particular issues on prevention. There is also 9 million to support women and children experiencing family violence. There is $9 million there for a number of subprograms within that. Prevention is the first 2 million; 9 million is support for women and children experiencing family violence. There is also 8 million towards men's services, to address men's use of violence and reduce future risk to women and children.

There are a range of areas that come under the family violence reform package and they build on the money allocated last year for the family violence bill, which again was in the Premier's statement of government intent and we would propose as a government to take into the Parliament this year to deal with this. So there is the funding for that bill and then there is the funding in those particular areas of prevention, increased support and men's services in this year's budget. Collectively they go towards that important social policy objective of government.

Mr RICH-PHILLIPS — Treasurer, I would like to ask you about the payment of performance bonuses to senior staff of the VFMC. This is a matter that the committee has just reported on in its outcome report. For 06-07 senior VFMC staff received bonuses averaging $68 517. The explanation given to the committee was that that was in recognition of the prevailing terms and conditions in the financial services sector. I would like to ask you, though, with respect to the current financial year, the VFMC by its own public data indicates its portfolio is in the order of 15 per cent down compared with the start of the financial year; will performance bonuses still be payable to senior VFMC officers, given the decline in the value of the VFMC portfolio for this financial year? Secondly, given that over the long term, and the VFMC has published data in respect of three and five years and one year, the performance of the VFMC is no better or worse than general market performance — they perform as the market has performed, they have not outperformed the market — why are substantial bonuses payable to VFMC staff?

The CHAIR — In respect to how your question relates to the estimates, I am not sure the first part of the question actually relates to the estimates.

Mr RICH-PHILLIPS — It does because the bonuses will be paid from this year's budget.

Mr LENDERS — Chair, I think the simplest way to answer — —

The CHAIR — They are actually not paid from the budget, but anyway.

Mr LENDERS — The simplest way to answer Mr Rich-Phillips's question is that performance bonuses are not an issue for the Treasurer of the state. They are actually an issue for the board of the VFMC, as is appropriate. We can have a general policy discussion about recruitment and retention and all of those issues. Chair, I will take your guidance on that, but ultimately they are issues for the board of the VFMC and not for me as Treasurer.

Mr RICH-PHILLIPS — Can I ask: the bonuses that are payable to VFMC staff are outside the guidelines that are established for the rest of the public service; who has authorised that?

The CHAIR — I think we had some — —

Mr RICH-PHILLIPS — Was that you as Treasurer who ticked off on VFMC being able to offer bonuses outside the general guidelines for the rest of the public service?

Mr LENDERS — I will ask the secretary to answer that one, Chair.

Mr HEHIR — The framework for remuneration for public sector entities is under a government body, the name of which I think is GSERP. It sets up a framework of policies for every entity. That policy framework is not the same for every entity; it takes account of differences from different sectors. The current remuneration framework for VFMC was established, if my recollection is correct, about three years ago, it could have been two years ago, after the reforms that the Treasurer referred to earlier, when the VFMC was restructured to make it more market oriented, and the remuneration policy framework in my recollection was done through the normal broad process of how government sets those frameworks of GSERP and how that relates to broader government policy. So the policy is not one that the board sets by itself; it is set by government.

Mr RICH-PHILLIPS — In that context then, Treasurer, is it appropriate that when the VFMC is not performing any better than the general market, that they are able to receive performance bonuses of up to 80 per cent?

The CHAIR — It might be a matter for the board, quite frankly.

Mr RICH-PHILLIPS — Mr Hehir has said it was not set by the board.

Mr HEHIR — I am sorry I did not say it was not set by the board. What I said was that the framework for remuneration for VFMC, like every other government entity, is a framework that is established by government and then boards are required to operate within that framework. The framework does not tell boards what bonus they can pay individuals. It relates generally to averages and it does not set rules about when they can and cannot be paid. That is what the board does.

The CHAIR — That is up to the board.

Mr RICH-PHILLIPS — It was not a matter for the board to set the maximum 80 per cent bonus, though; that was approved by GSERP? Is that correct? Can you answer audibly for the transcript, please?

Mr HEHIR — The policy which related to VFMC was set by government , yes.

Mr RICH-PHILLIPS — Right; so it is a matter for the Treasurer?

Mr LENDERS — There are two issues. The fundamental here is: when is it appropriate for bonuses to be paid or not paid for senior investment managers at the VFMC? The answer to that is: that is a decision for the board.

The CHAIR — Okay, and there is a discussion on this in our most recent outcomes paper, including advice from the secretary of the Treasury in that regard.

Mr SCOTT — Treasurer, I refer you to budget paper 3, page 37, where it refers to 'Improving the lives of Indigenous Victorians'. You may be aware that in my electorate of Preston there is a significant population of indigenous Victorians. Could you outline to the committee actions in the budget to assist indigenous Victorians?

Mr LENDERS — Through you, Chair, I thank Mr Scott for his question. Starting in general terms, if we start with budget paper 3, page 37, we are talking here of a series of things. We are starting off with an additional 36 million over four years for a range of initiatives that directly benefit indigenous Victorians, so the overall is a $36 million amount. There is also a series of indigenous packages. If we go to budget paper 3 page 37, which Mr Scott refers to, there is certainly 25 million over five years to expand and upgrade the Koori workforce. This is regarding literacy, numeracy, support for students, professional development for teachers and principals. I guess the best way to describe it is a Wannik strategy within education to deal with these literacy and numeracy issues.

Part of this is expanding the Koori workforce in education, to talk of stronger leadership and create a culture of high expectations. If we look at this, Chair — and Mr Scott would certainly know through his own electorate — there are challenges and opportunities in these particular areas for engaging the workforce and engaging the students. I certainly know in my previous portfolios there were some very good examples of where programs were working

and other areas where they were not working, so this really builds on this to give Aboriginal students greater opportunities as indigenous students. There is also 2 million over four years for an indigenous youth employment program, there is also 4 million over four years for organisations to assist them with placements of indigenous students. There are an additional 15 literary specialists to assist in schools with high concentrations of indigenous students.

So there is a range of programs in place in this budget to build on the existing work in government, to assist in areas of indigenous disadvantage. This builds on those programs, so that is particular funding for it. Budget paper 3, page 37, covers off those particular funding areas. They are all again an important plank of the social policy agenda of the government and the triple-bottom line. In the social area, they obviously flow — like all other social policy areas do — into the economic area as well. Perhaps Mr Scott could seek more detail from the Aboriginal affairs minister or the education minister in those particular areas. It is part of A Fairer Victoria. It is a very important addition to reducing indigenous disadvantage and to giving people better opportunities, so I thank him for his question, and it is a significant contribution in the budget.

Dr SYKES — Treasurer, my question relates to regional infrastructure. I will just preface my question by indicating that the answers from you to the last two questions I have asked you have been rather generic and did not answer my specific questions. I do note by comparison that you have been able to be much more specific in your answers to questions asked by the government representatives on the committee, so perhaps I need to ask more predictable questions.

Ms MUNT — We are asking better questions, that is why.

Dr SYKES — Such as a question on the fox bounty, as you indicated earlier, you are prepared for. Having led you down that path, I am not going on fox bounties. My question relates to regional infrastructure. There have been significant cost blow-outs in previous infrastructure projects — for example, the fast rail I think blew out from 80 million to a billion; the Spencer Street railway station; myki ticketing; and, as you said, the M1 is one that is coming to blow-out. If we focus specifically on the Regional Development Infrastructure Fund — which is budget paper 3, page 152 — it is my understanding that in the term of this government, investment in the regional infrastructure fund has been announced in the budget papers as going to be $580 million, but in fact only 200 million has been spent. If we look at page 152, it appears that the allocation for the Regional Infrastructure Development Fund this year will only be 41.4 million, compared with 88.4 for the current financial year. That is an over 50 per cent drop in allocation to the Regional Infrastructure Development Fund. My question is: why is that so? Is it because of cost overruns in other projects, and will country Victoria have to wear the costs of cost blow-outs elsewhere?

Mr LENDERS — Chair, I thank Dr Sykes for his question and note that his party voted against setting up RIDF in the first place, so I will take his question in good faith, that he has now had his road to Damascus and is a total fan of RIDF and retrospectively thinks it was a good idea. It was a shame his party voted against it the first time, and it only came back when the *Weekly Times* hammered them.

As far as the forward estimates go, there is a rephasing of some RIDF projects there. I will get a more detailed answer back to Dr Sykes on this, but to my recollection I think in budget paper 2 or 4 there is a footnote. The footnote in the budget papers to RIDF will tell us there has been a rephasing of funds, some of that to do with exceptional circumstances announcements by the commonwealth — what we do or do not do within those particular areas. I will get back a more detailed response to him, but I can assure Dr Sykes that, firstly, we not only set up RIDF originally in 2000 but we also replenished it in the Moving Forward statement in 2006, where the government not only continued RIDF but put extra funding into it and into regional cities as well.

We will continue to use RIDF as a funding source for regional Victoria. Whether it be for those areas to the north-east around Dr Sykes's electorate or everywhere, we facilitate with business and with local councils on these regional infrastructure development projects which have been such a big part of growing employment in regional Victoria. We will continue to fund RIDF. There are some phase-in issues in this particular area of RIDF. No money has been taken out of RIDF to deal with cost overruns, if that is his concern. In fact we do not hear, Chair, of issues like the Hallam bypass that run 10 million under budget and three months ahead of schedule. They do not get mentioned at this committee.

Dr SYKES — Ten million is not much compared with 900 million over budget on the fast train.

Mr LENDERS — They do not get mentioned very often here, Chair. What I can assure Dr Sykes is we are committed to RIDF. We not only set up it despite opposition, we rolled it out for a further period of time. We will continue to fund it. There will always be some phase-in issues from one year to the next. One year you will have a bigger project, the next year a smaller project. Some of these issues deal with exceptional circumstances, where we match the commonwealth, and the cash flow moves around. We are committed to it, we will continue to deliver to it and it will be used for delivering projects in regional Victoria to make a difference, create jobs, grow communities, which is why it was set up and why it will continue to operate.

Dr SYKES — You have only spent 200 million of the 580 that you have committed to, and you are dropping it back in the next financial year. That does not look good, but I will look forward to the more detailed answer.

Mr LENDERS — Chair, over the forward estimates we are committed to spending RIDF.

The CHAIR — I am sure the responsible minister will give you quite an extensive answer in this area, even get in before you ask the questions, I am sure.

Mr NOONAN — Treasurer, I am going to stick with the education theme and point you towards budget paper 3, page 24. My last question was in relation to infrastructure spend in this area, so my question this time is whether you can outline the actions arising from this budget which will assist at-risk students and also increase completion rates in Victoria's schools?

Mr LENDERS — Through you, Chair, I thank Mr Noonan for his question. His earlier question was dealing with infrastructure, particularly in his electorate, but as part of the rebuilding of schools, the important one, and I guess this question is far more focused on individual needs of students. There are a couple of things, I guess, that I will address in response to Mr Noonan.

One, the government has set itself a target of 90 per cent completion by students, and that was part of Growing Victoria Together. It was part of our earlier target by 2010 to have 90 per cent of students either completing year 12 or an equivalent. We have seen that rate get progressively closer and closer to 90, and I am confident we have been leading the nation on that, or certainly we are right at the forefront of all the major jurisdictions in getting towards that.

But there is more to be done to achieve that target, particularly in times of very high employment. We are seeking to further intervene to achieve that target, and there are a number of interventions in this budget in that particular area. There is certainly 7.3 million towards increasing demand for VET in Schools subjects. That is an area which specifically assists towards that particular target. Also for at-risk students there is $33 million put in place to assist with the provision of 70 more student support service officers across schools to particularly assist with targeting students in those areas who are at risk.

All of us who have actually gone into schools where there are VET programs, VCAL programs, a range of other programs that are associated with a school or available in a school know that linking of the student to opportunities in the education system will further improve on their skills and educational opportunities. It will not only assist with achieving that target but far more significantly give that student a better opportunity and outcome.

The correlation between completing school or length of time in school and training, and active participation in the workforce, is very strong. It is not the only ingredient, but there is a very strong correlation. This extra $7 million towards VET and the extra $33 million towards student support service officers will go to both those objectives — to the target, but more significantly to those individual students to give them greater opportunities in the workforce.

This is an important investment. It builds on the investment in regeneration of schools. It is more than physical, it is also the social and organisational aspects that go around it, which is all part of us getting towards the target of 90 per cent. But these are all individuals we are talking of, and each of these programs will assist in getting those students into the system.

The CHAIR — Thank you. I am sure someone some of it will go to the rural areas as well.

Mr BARBER — I would like to ask the Treasurer what actions he will be taken to bring VicForests back into commercial viability. Specifically has he issued any directions under section 9 of their charter, and if so, which ones?

Mr LENDERS — VicForests — I think, Steve, we have a slide there, if it is still accessible, just to paint the picture of where VicForests is with the bushfires that we have had in East Gippsland and the Central Highlands over the last five years. There has clearly been a sustainability issue, that Mr Barber raises, with VicForests and with forests generally. There are clearly issues on sustainability, there are issues on how we balance it, there are issues on our auctioning system, there are issues on harvest and haul. There is a whole range of issues that arise which VicForests is tackling to commercially deal with forests. There has been a transition as we have moved to this model, and there have been issues on sustainable yield primarily through forests. If we cannot get the slide up, that is fine. I did have a map showing what area there was.

I do not recall giving any — I am just racking my brain. Over the last 10 months I do not recall any directions to VicForests. There have been a number of discussions that certainly the department, I and my office have had where we have been talking of a whole range of sustainability issues and a way forward for VicForests. I think my memory is about to be refreshed on a direction here.

Mr BARBER — It is just the *Government Gazette* order.

Mr LENDERS — Sorry, 2003 — —

The CHAIR — It is probably not to do with the estimates.

Mr LENDERS — That probably helps explain why I cannot recall giving a direction, because I was not the Treasurer in 2003.

Mr BARBER — Will you in this coming year, with the commercial issues that have arisen in the last year?

The CHAIR — Let us look to the future.

Mr LENDERS — Mr Barber asked me will I give directions on commercial issues in the next year. I certainly will have a dialogue with VicForests on how it is dealing with some of the emerging issues it has in managing timber options, in managing the harvest and haul contracts, in its strategic plan. I will do that in conjunction with advice from my department. I am not anticipating giving any direction at this stage, but I will certainly keep the committee informed if that changes. But this is anticipating giving a direction on something that may happen in the immediate future. I may see whether the secretary wishes to add anything to my answer on that particular question.

Mr HEHIR — If your question relates to directions about corporate plans and statements of corporate intent, then I think the original direction is ongoing.

Mr BARBER — That was set up — —

Mr HEHIR — Those entities provide corporate plans et cetera.

Mr BARBER — Yes. It is just that here in the budget papers you have got, under 'GBE Performance Monitoring and Financial Risk Management', 'corporate plans reviewed and assessed, 187'. I do not know what proportion that is or whether VicForests is one of those 187. It will be reviewed and assessed this year, every year?

The CHAIR — There are 300-odd entities.

Mr BARBER — A two out of three chance.

Mr HEHIR — VicForests is monitored by the department for the Treasurer, yes.

The CHAIR — Thank you for that.

Mr PAKULA — On page 24 of budget paper 3 there is a heading 'Improving school outcomes'. It goes through the *Blueprint for Government Schools* and some funding for early childhood development and school

reform. I suppose what I am interested in is, coming out of that header, what specifically within those programs does the budget do to address the apparent disparity in school performance across the state?

Mr LENDERS — Chair, through you I thank Mr Pakula for his question. Education has been the government's no. 1 priority, so I am pleased to take estimates questions on the education area and particularly out of budget paper 3. There are a number of things. In response to a number of questions we have touched on performance in schools, we have touched on the regeneration projects as, I guess, vehicles for dealing with both the physical, and organisational and academic areas of schools.

Part of this budget, which gives foundation to the existing blueprint and obviously assists with the work in the new blueprint, which is being consulted at the moment, is more than $71 million — I think that is the figure on page 24, which we are talking of — to help lower-performing schools. What we are seeking to do here is to absolutely target those lower-performing schools in the state, to assist them with giving their students the best opportunities in life that our education system can provide for them.

There are a range of things that will come into there. Some of them, in response to Mr Pakula, are issues like getting the best teachers to move to the areas where there is a greatest need of teachers. This is an area I am sure the education minister will be very enthusiastic in talking of. But we have some fantastic teachers in schools where the challenges are not as high as in some other government schools, so there are incentives in this budget, as part of this $71 million, that actually enable the best teachers to go from high-performing schools to areas that are not performing as strongly, so to assist those students in an area. Incentives for best teachers to work where they are needed most are certainly one part of it.

Another part of it is new school improvement leaders to work with schools in improving their performance. It is interesting. I guess in any organisational sense leadership in an organisation is very powerful, very strong. To actually get school improvement leaders to go into areas that are more challenged for all sorts of reasons, whether they be historical and depending on how you measure them, but getting those leaders to move to the areas where they are needed the most is another part of that. There are executive contracts for principals in some of these areas, again to get principals out there, to offer better opportunities for them, more accountabilities for them. There are executive contracts for high-achieving principals in some of the more difficult schools. They all build into this $71.4 million in this year's budget to assist with those areas.

Another part there is getting some partnerships going between high-performing and low-performing schools. We have seen lots of anecdotal evidence of this working. We have seen lots of international data on this working. This 71.4 million facilitates, offers a vehicle, for this to actually work more effectively. There is a range of things in there that are all about enhancing school performance.

There is also money for getting 75 outstanding graduates in government schools into hard-to-staff subject areas, to employ 75 graduates. There may be opportunities for some members around this table to actually go into government schools with their skills as part of those 75 high-performing, outstanding graduates in different areas. Also there is a lot of work in maintaining — $22 million into the literacy improvement teams, again to get those core skills out. If you are a student and you want to have that opportunity, the challenge for our system is how does that student come out literate, numerate, a whole range of those other attributes which are such an important part of the department's goals in education. This $71.4 million actually for school improvement in a range of these areas I have outlined, and some more I am sure the minister would be delighted to outline, will assist in giving students these opportunities.

If we drill down to the difference it can actually make, the largest of our regenerations is Broadmeadows. Historically how you measure student performance in those areas has not been strong. It has been incredibly disappointing. It is the reason this government has injected as many resources as it has to give those students the same opportunity as students in any other part of the state. You do that by good buildings, good school leadership, good teachers, good programs and other support that is necessary for the students to give them a great chance. They are opportunities. Opportunities in a place like Broadmeadows in building links with industries are very important. Broadmeadows has a very large manufacturing component.

A lot of these industries are looking for skills, and the industry and the education system can partner each other. There are a lot of opportunities here, and I think the outcomes of this will be something that we can all be proud of in years to come.

The CHAIR — Okay, thank you, Treasurer.

Mr DALLA-RIVA — Thanks, Chair. Treasurer, earlier in your presentation you went back to 1962, so I will take you back under table A.3 under the statement of finances in the budget paper, page 250, where you go back to 1999 through to this financial year.

Mr BARBER — Down the timetable.

Mr DALLA-RIVA — The employee expenses in the budget have increased at an average of 9.7 per cent per year. The latest budget has forecast — and that is on table 1.1 on page 10 — annual increases of 6.9 per cent in employee benefits over the next four years. If the actual increase in public service benefits reaches 10 per cent — or nearly 9.7 per cent, as it has in the previous years — the budget will need to find an additional $1.5 billion over the forward estimates. So can you guarantee that the budget will not exceed the annual average 6.9 per cent increase, given that no budget under this government has ever achieved that; it has always been at an average higher level?

Mr LENDERS — Chair, in commenting on government employment there are a number of comments that I would make. Firstly, if we are talking for the future I would hope to have a consistency; it is the same party that was actually calling for the highest paid teachers in the country while cutting taxes and not investing in infrastructure. But leaving that aside, going into the future, what our estimates will continue to show in employment is a range of things. Clearly when we look at the forward estimates for employment growth we factor in wages. That is obviously a component. These figures are obviously factoring in superannuation; factoring it as a component. But it also factors in ongoing increased service delivery. To stretch it over from where Mr Dalla-Riva started in 1999 to paint the picture through to the end of the forward estimates period, Chair, just to recount, this government — and it is reported in these forward estimates — has actually engaged at least 8000 nurses, 1800 doctors, 1400 police, 8000 school staff, just to start on some of the service delivery aspects that we have actually put into our budget papers.

We have also seen the state growing. Our population, as we saw in the earlier figures, is growing at 1.4 to 1.5 per cent a year right through the forward estimates period. Yes, we are seeing employment in government growing, but it is growing as, one, the state is growing — the state continues to grow in population — and, two, unashamedly we have delivered in service delivery. We got elected — and it goes to one of those five financial objectives of service delivery that you yourself drew attention to before, Chair, where we actually deliver services. And delivering services means doctors, nurses, teachers, police. So employee benefits are expected to increase over a period of time.

If we also go through to — and I would be interested in reconciling the different budget figures. We are talking about employee benefit expenses increasing by an average of 5.43 per cent a year. I would be interested in, and perhaps I will take on notice, reconciling those various tables Mr Dalla-Riva is using versus the other tables we have got. And we have got employer expenses going up. Some of this comes from government wages policy. We are adding 3.25 per cent per annum to wages; that obviously is component. We have also got commonwealth SPPs other than through on-passing, where on average we were having to put $140 million a year extra into our wages bill because of the consequences and expectations of commonwealth SPPs. So they come onto our payroll. They are funded by the commonwealth.

We have also got employee expenses associated with own-source revenue for schools, TAFEs and hospitals. That is $33 million a year on average, which you add into the equation. We have got additional employee expenses as a result of these budget decisions and again issues rising out of indexation. So they are the service delivery areas that I talked about before, and more paramedics in the ambulance service, which we announced as part of this, and more medical staff. We have got expenses as a result of policy decisions across the board. So there is a range of areas in this budget that all go to why our employee expenses are rising. But the core is we have wages policy of 3.25 per cent, our population is growing at 1.5 per cent, and in the areas like health, education and community safety there is a strong correlation — not a direct correlation, but a strong correlations — with staff numbers that arise out of that. And then there are those commonwealth SPPs which come on and the on-costs or the extra staff employed at schools, TAFEs and the like. So they paint the picture of why that line is going up.

So we will continue to deliver more services as they have been committed to. They are obviously included in the budget. We have seen in health a $700 million-plus expansion in the health budget. A lot of that is actually in service and staff numbers. That will continue to be the case. We will prudently and modestly manage these issues,

but when we are providing more services for Victorians the largest part of any budget is the wages costs of delivering those services.

The CHAIR — Thank you, Treasurer. We have time for two more quick questions. What role is the department playing in the COAG national reform agenda working groups? You and the secretary might tell us because we did not have a discussion about it yesterday.

Mr LENDERS — I might open up, Chair, and then the secretary might respond further. Certainly we payroll Victoria as a large state. Our central agencies, both DPC and DTF, play a key role in payroll in all working groups. We have a lead role on the working group dealing with deregulation, their business deregulation issue. That is a role that Victoria leads on, and it is certainly a role that we are determined to work for the reasons outlined earlier on — it deals with those whole human capital, infrastructure issues. But on the human capital and productivity issues there are enormous steps and gains that we can make by reducing regulatory burden.

We have no concern whatsoever of regulating where it is targeted. It is specific. There is a business case for it, and we offset the burden somewhere else. We have no issue with it, but we do seek to reduce unnecessary burden. So that is one of the strong focuses for Victoria. We have certainly led the way on SPPs. We are certainly leading the way on a whole lot of competition policy issues we are doing to reduce red tape. I have certainly reported. I will hand over to the secretary now, but I have certainly reported previously on the role we have played in reducing the burden in WorkCover, on removing unnecessary administrative burdens. We certainly have in the whole fair trading regime — whether it be telemarketing and others — in the past we have done a lot of work in this area. We are harmonising now on payroll tax. Victoria and New South Wales have a common outlook, which reduces the cost of business across the board, which we have led.

These areas feed very much into COAG and into the working parties. Now a number of other jurisdictions are signing on board because they can see the benefit of this work, led by Victoria and New South Wales. We will forever seize the opportunity of a new national government that wants to work collaboratively with states on a national reform agenda. We will seize the opportunity. We will participate in all the working groups. I must add that they do add stress across the board to every jurisdiction, whereas Treasury officials here are seeking to prepare budgets and do the other important things in the Victorian jurisdiction. But Grant and his team will roll up their sleeves. They will be off there at every forum to add value so that the commonwealth can learn from what Victoria has done, and we can play our part in reducing regulatory burden and assisting. I might hand over to the secretary now if he wishes to add anything.

The CHAIR — You do not have to. You can give us more detail in writing if you like.

Mr HEHIR — I think that covers it. There is a senior official from the Department of Treasury and Finance on all of the COAG working groups. We participate actively in all them. On top of that, there is a working group from the Treasurer's ministerial council on reforming specific purpose payments, which we actively participate in as well.

The CHAIR — You report by the end of the year, I think. A final question from Mr Rich-Phillips.

Mr RICH-PHILLIPS — Treasurer, just as matter of clarification, I take you to budget paper 4, page 12, which is the general government balance sheet. You will see on that that the borrowings listed for general government are listed at 6.7 billion for 08, rising to just under 15 billion for 2012, which is a 6.3 billion increase, consistent with the text. However, in budget paper 2 on page 51 the same table is reproduced. You will see the line items are the same — total assets et cetera, liabilities, financial assets and non-financial assets — but the difference is the borrowings line. In the table on page 51 borrowings are actually shown as 7.3 billion, rising to 15.6 billion, which is an increase of 8.3 billion. Can you reconcile why one table is suggesting borrowings will rise by 6.3 billion and the other is different and suggesting a rise by 8.3 billion? Given that everything else on the table is the same, why are the borrowing figures different?

Mr LENDERS — We will get back specifically to Mr Rich-Phillips, but I think we have the borrowing line and the other line on the one table, versus the single line on the other one. We will get back specifically with him on an answer to that reconciliation that he seeks. It is obviously in chapter 1 of budget paper 4, which the Auditor-General actually has formally signed off on. But I am confident that that is what it is — the two lines on the one table.

Mr RICH-PHILLIPS — So it is in essence the same table.

Mr HEHIR — It is how we have consolidated the table.

The CHAIR — So it three lines in one, and it is seven in the others. There is obviously some sort of collapsing there.

Mr RICH-PHILLIPS — Borrowings in one is not equal to borrowings in the other.

The CHAIR — You will be able to give us an explanation of how those two tables can be reconciled, please.

Mr HEHIR — It is borrowings and deposits held. The two of them actually do reconcile. Those two lines do go together.

The CHAIR — It is probably more than two because it is 15.6 in 2012.

Mr RICH-PHILLIPS — So what is shown as borrowings on page 51 is borrowings and other provisions on page 12?

The CHAIR — I think it is probably deposits held as well. Can you give us a clarification? It is probably three lines rather than just two.

Mr LENDERS — It is probably worth commenting in a sense, in closing, on that. I did not mention in here that this is the first budget where the GAAP/GFS harmonisation is actually starting trying to flow into the accounts. We have talked over a number of years about that process going through. There are a number of measures in here. They have all got the explanatory footnotes on them. The text goes through the whole way how some of the accounting standards are varying. This is very good for us in Victoria, in concluding, because we can now actually start matching far more effectively apples with apples with other jurisdictions than we previously had been able to. We had the generally accepted accounting principles. Some jurisdictions — like the commonwealth and New South Wales, notably — a few years go were just using GFS and a range of other things. Obviously at the annual financial report the accounting standards applied, but we were doing it in May of one year, the other jurisdictions were catching up 16, 18, 20 months later. So it is worth noting as we all start moving through — and this is an iterative stage on some other jurisdictions — it will be far more effective at budget time matching apples with apples than we have ever been able to before. So I guess that is a positive progression. It has been a long iteration of this happening, but Victoria has always been in the lead. Victoria and the ACT have been in the lead on this form of accounting. Finally the more recalcitrant places are finally catching up. It is good to see.

The CHAIR — This is true. This concludes the consideration of the budget estimates for the Department of Treasury and Finance, at least those parts which are the responsibility of the Treasurer. I thank the Treasurer and departmental officers for their attendance today. There will be a number of issues which are being followed up, which I am sure the Treasurer has in hand. We would appreciate it if those matters could be provided to us within 30 days.

Witnesses withdrew.

APPENDIX 2: FURTHER INFORMATION TO BE PROVIDED AND QUESTIONS ON NOTICE FOR PORTFOLIOS

2.1 Parliamentary Departments

1. Quantification of subsidies and/or concessions managed within the Parliamentary Departments.

   (Page 3 of the verified transcript)

2. Download speeds expected from the wireless broadband service.

   (Page 9 of the verified transcript)

3. Status of Melbourne's water supply requirements.

   (Page 12 of the verified transcript reference to the Environment and Natural Resources Committee relating to an inquiry into meeting*)*

2.2 Department of Education and Early Childhood Development

2.2.1 Education portfolio

1. Outline of the specific programs/initiatives which were included in previous budgets that deliver equity funding directly into schools (i.e. not via the Student Resource Package)

   Page 13 of the verified transcript)

2. Details on the number of relocatable classrooms currently out on site at schools

   (Page 16 of the verified transcript)

3. Specific details on the budget allocation made this year for interest payments on loans taken out by school councils/ co-operatives, and reasons for any change in the interest subsidy paid by the government

   (Page 20 of the verified transcript)

4. Details on the proportion of the total cost that will be paid by schools and education providers in implementing the Victorian Student Register project into their operations

   (Page 31 of the verified transcript)

5. Details of the on-going costs of running the Victorian Student Register

   (Page 31 of the verified transcript)

6. Outline of the current situation on the proposed replacement of Tawonga Primary School portables with permanent buildings

(Page 31 of the verified transcript)

2.2.2 Children and Early Childhood Development

1. Details of the 'Best Start' sites at which the supported playgroups have been extended to

(Page 3 of the verified transcript)

2. Outline of key subsidies within the portfolio

(Pages 3 - 4 of the verified transcript)

3. Details on the median age for women having their first baby, and the current fertility rate

(Pages 4 - 5 of the verified transcript)

4. Details on how many complaints have been lodged with the state and federal anti-discrimination bodies in relation to students with disabilities, and details of how many confidential settlements have been made

(Pages 8 - 9 of the verified transcript)

5. Explanation as to whether vacancies have been filled to ensure that we are able to fully implement the program in relation to prep aged students being assessed by school nurses

(Pages 11 - 12 of the verified transcript)

2.3 Department of Human Services

2.3.1 Health portfolio

1. A breakdown of subsidies and concessions.

(Pages 4-5 of the verified transcript)

2. A breakdown of the asset investment program e.g. according to what is going into acute and sub-acute case care, ambulatory services, hospital capacity, additional patients being treated; and how much TEI extends beyond the four years of the estimates.

(Pages 5-6 of the verified transcript)

3. Details regarding how St John Ambulance (Australia) Victoria integrates with the three government supported ambulance services.

(Page 12 of the verified transcript)

4. Public dental service – initiatives designed to getting to people sooner to support better health including oral health.

(Pages 12-13 of the verified transcript)

5. Breakdown of the additional 258 paramedics into operational categories.

(Pages 17 of the verified transcript)

6. Extent of independent midwives operating without professional indemnity insurance and measures taken to address this issue.

(Pages 22-23 of the verified transcript)

7. The annual replacement rate of ambulances.

(Page 31 of the verified transcript)

8. The number of ambulances set up as heavyweight vehicles to carry obese people.

(Pages 31-32 of the verified transcript)

9. Specifics of obstetric care.

(Pages 32-33 of the verified transcript)

2.4 Department of Infrastructure

2.4.1 Public Transport portfolio

1. Specific details on revenue foregone, subsidies and concessions for the portfolio overall, including details of all new items and changes to previous items

(Page 4 of the verified transcript)

2. Outline of the expected completion date of the Dynon Port Rail Link (which will include a facility for freight to be offloaded from trains directly onto ships)

(Pages 7- 8 of the verified transcript)

3. Details of the subsidies provided by the government to the Department of Infrastructure (now the Department of Transport) for the provision of additional trains for the forthcoming grain harvest season.

(Page 9 of the verified transcript)

4. Calculation of performance penalties for train delays and cancellations

(Pages 22 - 23 of the verified transcript)

5. Details of whether there is proposed to be any increases to the cap on individual trips (currently $30 per trip) under the Multi Purpose Taxi Program budget allocation, and the budgetary implications of this increase.

6. Details of the amount already spent to date and future budget allocations for country wheelchair accessible taxis.

2.4.2 Roads and Ports portfolio

1. Outline of any regulatory exemptions within the portfolio

   (Pages 4 -5 of the verified transcript)

2. Estimate of any additional income that Transurban might receive in tolling as a result of the Monash – West Gate project

   (Pages 5-7 of the verified transcript)

3. Details of the legal costs borne by the state in relation to the Channel Deepening project.

   (Page 21 of the verified transcript)

2.5 Department of Innovation, Industry and Regional Development

2.5.1 Small Business portfolio

1. Details on regulations that have already been removed and those which will be removed by July 2009 under the small business portfolio.

   (Pages 3-4 of the verified transcript)

2.6 Department of Justice

2.6.1 Corrections portfolio

1. Total number of breaches of home detention orders.

   (Page 7 of the verified transcript)

2. Extent of funding set aside for drug programs in prisons.

   (Page 10 of the verified transcript)

2.6.2 Police and Emergency Services portfolio

1. Maintenance costs of current firearms.

   (Page 23 of the verified transcript)

2. Number and cost of stress-related work claims with a duration of under 10 days in Victoria Police.

   (Page 27 of the verified transcript)

2.7 Department of Planning and Community Development

2.7.1 Multicultural Affairs portfolio

1. Is there any provision in the Budget for the creation of the Culturally and Linguistically Diverse (CALD) Older Person's Action Plan, which was described in the ALP 2006 election platform. If so, what is that provision?

2. Will funding of the New Workforce Partnerships Program continue at least until any Federal funding takes its place?

2.7.2 Veterans Affairs portfolio

1. Programs to support veterans attend medical appointments.

2.7.3 Women's Affairs portfolio

1. Results of the evaluation of the Women's Safety Strategy.

   (Page 4 of the verified transcript)

2. Timing of previously-announced review of the Prostitution Control Act having regard to the portfolio's family violence and women's safety strategies.

   (Pages 4- 5 of the verified transcript)

2.8 Department of Premier and Cabinet

2.8.1 Arts portfolio

1. Provide a list which quantifies the specific subsidies, concessions and any revenue foregone in the portfolio

   (Page 3 of the verified transcript)

2. Provide a list of recorded attendances at the Australian Centre for the Moving Image (ACMI), details of projected financial results moving forward for ACMI over the forward estimates period, and information on how the government will support ACMI if there are losses.

   (Page 3 of the verified transcript)

2.8.2 Premier's portfolio

1. Provision of information regarding the breakdown of the difference between the estimate of superannuation plan assets as outlined in the December 2007 budget update of $19.5 billion and the opening balance of plan assets for 2008-09 of $17.5 billion – clarification sought regarding the proportion of the decline attributable to losses in equity markets compared to withdrawals by beneficiaries from superannuation funds.

(Page 8 of the verified transcript)

2. Breakdown of the intended spending on advertising campaigns for 2008-09 for those that are known at the beginning of the year.

   (Page 12 of the verified transcript)

3. Expenditure on drought assistance compared to announcements.

   (Page 20 of the verified transcript)

4. Funding for the Greens

   (Pages 22-23 of the verified transcript)

2.9 Department of Primary Industries

2.9.1 Agriculture portfolio

1. Budget allocation moving forward for the enforcement of weed control on public land; expected number of prosecutions to be initiated, number of compliance officers and budget expenditure in terms of compliance

   (Pages 11 - 12 of the verified transcript)

2. Compliance with relevant industry standards for animal welfare – inspections and prosecutions

   (Page 14 of the verified transcript)

3. Administration of funding directed at the Future Farming Strategy, including a breakdown of the various components over the forward estimates

   (Page 15 of the verified transcript)

4. Clarification of the relationship between the key budget assumptions described in the response to the Committee's estimates questionnaire and the Victorian economic projections outlined in the budget papers

   (Page 23 of the verified transcript)

2.10 Department of Sustainability and Environment

The report of the hearing on this portfolio will be included in a future report of the Committee.

2.11 Department of Treasury and Finance

2.11.1 Treasury portfolio

1. Status of government action on energy, water and travel concessions for country Victorians.

   (Pages 11-13 of the verified transcript)

2. Provision of data on impact to date of congestion levy on city parking spaces and status of planned review of levy.

   (Pages 14-15 of the verified transcript)

3. Extent to which teachers' enterprise bargaining agreement will add to estimated increased expenditure in budget over the period 2007-08 to 2010-11.

   (Pages 18-19 of the verified transcript)

4. Information on changes in value of superannuation plan assets in the general government sector between the 2007-08 budget update document and the 2008-09 budget papers.

   (Pages 21-22 of the verified transcript)

5. Information on the comparative unit cost of water delivered to Melbourne via the desalination plant and north-south pipeline, and recycling and the impact of changing underlying assumptions on water savings.

   (Pages 23-24 of the verified transcript)

6. Estimated breakdown of infrastructure program of almost $30 billion over the next four years between projects under direct government procurement and those under public/private partnerships.

   (Pages 27-28 of the verified transcript)

7. Number of firms with 20 employees or less who will now pay payroll tax under existing threshold.

   (Pages 29-31 of the verified transcript)

8. Phasing of estimated expenditure under the Regional Infrastructure Investment Fund for 2007-08 and 2008-09.

   (Pages 33-34 of the verified transcript)

9. Reconciliation of different budget figures relating to employee benefit expenses.

   (Pages 37-38 of the verified transcript)

10. Reconciliation of different figures for general government sector borrowings shown in Table 1.2 on page 12 of Budget Paper 4 and Table 3.6 on page 51 of Budget Paper 2.

(Pages 38-39 of the verified transcript)

APPENDIX 3: DEPARTMENTAL REVIEWS

3.1 Parliamentary Departments

3.1.1 Departmental assumptions and performance measures

3.1.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008-09.

Response

The Premiers commitment to Web Casting Proceedings.

Sustainability initiatives including environmental and IT infrastructure.

Members requests for relocation and refurbishment of Electorate Offices.

Limiting impacts where possible of expenses in excess of DTF funding.

3.1.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

Continuing to deliver apolitical, professional and innovative services which will support our elected representatives and the Parliament as an institution.

Providing services that continue to assist members serve their constituents, through efficient and reliable budgets and budgetary procedures.

3.1.1.3 Question

What impact have developments at the Commonwealth level had on preparing the department's component of the 2008-09 state budgets?

Response

Minimal (if any) impact has resulted from development at the Commonwealth level.

3.1.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008-09 (including new and discontinued measures).

Response

Any changes to performance measures in the 2008-09 budget papers are a direct result of name changes to the measures. The same information will be reported against these new measures.

3.1.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Response

Output Group/Performance Measure	2007-08 Expected Outcome	2008-09 Target	Variance	Explanation
Legislative Assembly				
Documents Tabled within time Guidelines	99.5%	90%	10.6%	This variance is largely attributable to the dedication and professionalism of the staff who are often working under the pressure of very tight time frames. This excellent result may be impacted in 2008-09 as it is dependent on the complexity of the documents that staff is dealing with.
Parliamentary Services				
Items processed for retrieval	38,000	27,000	28.9%	The definition of this measure has been redefined to ensure relevant items such as print and electronic media are captured within the performance measure. Other incidental items have been included in previous counts.

3.1.2 Asset Funding

3.1.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008-09.

Response

Parliament House Heritage Asset Management Strategy – Phase one, year three.

Web casting of Parliamentary Proceedings – Funded through ERC process

Main elevator motor upgrade – internally funded by the Parliament

Continuation of CAT - 7 cable installation – internally funded by the Parliament

3.1.2.2 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities?

Response

1. Security for the Parliamentary Precinct and Electorate Offices

2. Continuation of the Parliament House Heritage Asset Management Strategy.

3. Development of a Parliamentary Precinct Master Plan.

3.1.2.3 Question

(b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department's operations? If so, please provide details of the findings.

Response

Yes. The Parliament is currently undertaking a review of the future infrastructure needs. This review will form the basis of the Parliamentary Precinct Master Plan.

(c) Please outline any asset investment projects of the department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives.

Response

N/A

3.1.2.4 Question

In relation to the unapplied output and asset funding carried forward to 2008-09, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives;

(b) the underlying reasons for the department's funding carryover for each category; and

(c) the intended revised timing for use of the carried forward funds.

Response

Asset Initiatives

Parliament House Heritage Asset Management Strategy

An estimated carryover of $4.5 million is anticipated to occur from the 2007-08 financial year into 2008-09. Significant delays have been experienced in completed the complex elements of this project leading to time delays. Completion of Phase one of the strategy is expected to occur prior to the end of the 2008-09 financial year.

Output Initiatives

Member Electorate Office Budgets and Allowances

An estimated carryover from 2007-08 to 2008-09 of $2.56 million has been made for the unspent Electorate Office Budgets and Allowances of Members. This funding will be made available to Members in operating their electorate offices during 2008-09.

Relocations and Refurbishment of Electorate Offices

Additional funding was provided in 2007-08 for a number of relocations and refurbishments that were required for Members offices as a result of the November 2006 election. A number of Members have been relocated or had their existing offices refurbished however due to issues in sourcing suitable premises a number of relocations are still to take place. Funding of $0.5 million is requested for carryover to 2008-09 to allow these relocations and refurbishments to take place.

3.1.3 Efficiencies and savings

3.1.3.1 Question

In relation to the estimated efficiencies to be derived in 2008-09 (including from the various measures that fall under the umbrella of the *Efficient Government* policy and the other targeted initiatives, as initially presented in the 2007-08 State Budget), please provide:

(a) a breakdown of the planned efficiency savings according to the various measures of efficiency that apply to the department's operations;

(b) an explanation of:

  (i) how decisions regarding applicable savings measures are to be made;

  (ii) the nature of their expected impact on programs such programs accelerated or deferred; and

  (iii) the basis for estimating the savings target to be achieved for each measure; and

(c) particulars of any changes to the department's allocated savings for 2008-09 from the data shown in the 2007-08 Budget.

Response

This question does not apply to the Parliamentary Departments. Any efficiencies derived from the Departments budgets are allocated to cover the unfunded component of staff salary increases.

3.1.4 Economic impacts, initiatives and improvements

3.1.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the department's budget for 2008-09:

(a) Interest rates

Response

N/A

(b) Inflation

Response

This will affect the general procurement process increasing purchasing costs above the indexation factor applied by the DTF funding model. The items likely to have the greatest impact on the Parliamentary Departments include MP's motor vehicle fleet costs such as leasing, maintenance and fuel costs. Additional expenses may also include rental agreements for Members Electorate Offices and maintenance services to these offices. Initiatives have been developed to try and limit the impact of these increases.

(c) Productivity improvement

Response

Productivity requirements on current enterprise bargaining agreements are in line with the Governments wages policy where a productivity improvement of 0.5% is required. With the electorate officers agreement and the parliamentary officers agreement all due for renegotiation in the next eighteen months, this will place significant stress on the financial resources of the Parliament.

(d) National Reform Agenda initiatives

Response

N/A

3.1.5 Environmental challenges

3.1.5.1 Question

(a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09?

The Parliament of Victoria is currently developing a sustainability framework in conjunction with Sustainability Victoria.

(b) How have these issues been addressed in the department's budget estimates for 2008-09?

No budget impacts have been identified.

(c) Please list five projects or programs worth over $1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007-08 and 2008-09 for existing projects if applicable).

Response

Not applicable to the Parliamentary Departments.

3.1.5.2 Question

What initiatives are planned to be implemented by the department in 2008-09 in order to enhance energy reporting?

Response

Data capture of usage information will continue in 2008-09 to assist with reporting of energy usage. Systems are being developed to assist with enhanced energy reporting.

The Parliament will also move to 100% green energy in the near future as announced in a recent statement by the Minister for Environment and Climate Change at the Victorian Climate Change Summit.

3.1.6 Financial information

3.1.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09 for individual outputs.

Response

Output summary

($ million)

	2007-08 Revised [(a)]	*2008-09 Budget*	*Variation [(b)] %*
Legislative Council	8.6	8.8	2.3
Legislative Assembly	17.2	17.8	3.5
Parliamentary Services	62.6	70.6	12.8
Parliamentary Investigatory Committees	6.2	6.2	0.0
Total	**94.6**	**103.4**	**9.3**

Source: Parliament of Victoria

A variation of 12.8% has occurred between the 2008-09 Budget and the 2007-08 Revised budget due mainly to the Carryover of funding for the Members Electorate Office Budget and Allowances. There is also a carryover for a number of electorate office refurbishments or relocations that where scheduled to occur in 2007-08 where completion has been delayed until the 2008-09 financial year.

3.1.6.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007-08 and the budget for 2008-09, please provide an explanation.

Response

No variance greater than 10% has arisen.

3.1.6.3 Question

Please provide a tabular dissection of the department's 2008-09 budget and expected expenditure for 2007-08 under the Government's key themes presented annually in the Victorian Budget Overview (see pp.5-7 of 2007-08 document) differentiating between new funding initiatives and ongoing funding.

Response

As this question relates to the Government's key themes, the Parliamentary Departments are not funded on this basis and can not answer this question.

3.1.7 Regional and rural considerations

3.1.7.1 Question

(a) What are the critical issues facing regional and rural communities in 2008-09 that depend on services provided by the department (please provide comment relating to particular areas of the state where applicable)?

Response

Apart from the provision of electorate offices for Members in rural and regional areas, there are no other services provided by the Parliament that are critical issues for rural and regional communities.

(b) How does the department's 2008-09 budget address these issues?

Response

N/A

(c) Please provide a table showing for up to ten of the department's largest projects (in terms of expenditure) the:

(i) budget allocation for 2008-09 dissected between new and existing projects

(ii) the purpose of each project

(iii) how the funding is to be spent

(iv) the performance measures in place to assess performance

Response

This question is not relevant to the Parliamentary Departments.

3.1.8 Communication, advertising, and promotion

3.1.8.1 Question

(a) What is the communication, advertising and promotion budget for 2008-09? Please also provide the expected actual expenditure for 2007-08.

Response

Expected Communications spend for 07-08 is expected to be around the $212,000 based on current trend 1% below budget.

	Actual 2006/07	Annualised Actual	Estimated Budget 2007/08
Legislative	$ 7,529	$ 17,795	$10,000
Legislative	-	-	$12,000
Parliamentary	$ 23,994	$ 64,631	$25,000
Committees	$ 53,176	$ 57,406	$ 60,000
Members	$ 194,826	$ 175,718	$ 190,000
Total	**$ 279,525**	**$ 315,551**	**$ 297,000**

(b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007-08 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

The 2008-09 budget estimate is almost 6% lower than the 2007-08 estimated expenditure.

3.1.9 Non government sector

3.1.9.1 Question

(a) Please provide a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09

(b) Please provide a brief description of the performance monitoring framework that will be in place during 2008-09 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose

Response

This question does not relate to the Parliamentary Departments.

3.1.10 Revenue initiatives/departmental income

3.1.10.1 Question

(a) In relation to 2008-09, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

(b) Please outline the actual and expected financial impact in 2008-09 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

This question is not applicable to the Parliamentary Departments as they are not considered revenue generating entities.

3.1.10.2 Question

For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007-08 and the budget for 2008-09.

Response

This question is not applicable to the Parliamentary Departments as they are not considered revenue generating entities.

3.1.11 Fees, fines, concessions and subsidies

3.1.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

This question is not applicable to the Parliamentary Departments as they are not considered revenue generating entities.

3.1.11.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

This question is not applicable to the Parliamentary Departments as they are not considered revenue generating entities.

3.1.12 Staffing matters

3.1.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Employment — Equivalent full-time staff

	30-Jun-07					30-Jun-08					30-Jun-09				
	(Actual) (EFT)					(Estimate) (EFT)					(Estimate) (EFT)				
Classification	**On-going**	**Fixed term**	**Casual**	**Funded vacancy**	**Total**	**On-going**	**Fixed term**	**Casual**	**Funded vacancy**	**Total**	**On-going**	**Fixed term**	**Casual**	**Funded vacancy**	**Total**
Legislative Assembly															
Grade 1	0.58				0.58	0.58				0.58	0.58				0.58
Grade 2	17.00			1.00	18.00	17.00			2.00	19.00	17.00			1.00	18.00
Grade 3	5.00				5.00	5.00				5.00	5.00				5.00
Grade 4	1.00	2.00		1.00	4.00	1.00	1.00		1.00	3.00	1.00	1.00		1.00	3.00
Grade 5	1.00				1.00	1.00				1.00	1.00				1.00
Grade 6	2.00	0.80			2.80	2.00				2.00	2.00				2.00
Executive Officer Grade 3	1.00				1.00	1.00				1.00	1.00				1.00
Executive Officer Grade 2	1.00				1.00	1.00				1.00	1.00				1.00
Members of Parliament*	71.00				71.00	71.00				71.00	71.00				71.00
Total Legislative Assembly	99.58	2.80	0.00	2.00	104.38	99.58	1.00	0.00	3.00	103.58	99.58	1.00	0.00	2.00	102.58
Legislative Council															
Grade 1	1.00				1.00	1.00				1.00	1.00				1.00
Grade 2	6.00			3.00	9.00	9.00				9.00	9.00				9.00
Grade 3	5.00				5.00	5.00				5.00	5.00				5.00
Grade 4	1.00				1.00	1.00	1.00			2.00	1.00	1.00			2.00
Grade 5	1.00				1.00	1.00				1.00	1.00				1.00
Grade 6	2.00				2.00	3.00				3.00	3.00				3.00
Executive Officer Grade 3	1.00				1.00	1.00				1.00	1.00				1.00
Executive Officer Grade 2	1.00				1.00	1.00				1.00	1.00				1.00
Members of Parliament*	37.00				37.00	37.00				37.00	37.00				37.00
Total Legislative Council	55.00	0.00	0.00	3.00	58.00	59.00	1.00	0.00	0.00	60.00	59.00	1.00	0.00	0.00	60.00
***Members of Parliament are not considered Employees of the Parliament but are recorded for remuneration purposes**															

Classification	30-Jun-07 (Actual) (EFT)					30-Jun-08 (Estimate) (EFT)					30-Jun-09 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Parliamentary Services															
Grade 1	0.00				0.00	0.00				0.00	0.00				0.00
Grade 2	16.40	2.20		0.00	18.60	15.40	1.60		3.00	20.00	15.40	1.60		3.00	20.00
Grade 3	21.40	2.60		1.00	25.00	22.50	3.60		0.00	26.10	22.50	3.60		0.00	26.10
Grade 4	13.89	1.00		0.11	15.00	19.00	1.00			20.00	19.00	1.00			20.00
Grade 5	24.40	0.60		1.00	26.00	24.80	1.00		2.00	27.80	24.80	1.00		2.00	27.80
Grade 6	14.00			1.00	15.00	15.00				15.00	15.00				15.00
Sessional Staff			5.59		5.59			5.87		5.87			5.87		5.87
Electorate Officers	204.59	7.55		8.86	221.00	245.23	4.01		7.76	257.00	245.23	4.01		7.76	257.00
Executive Officer Grade 3	3.00				3.00	3.00				3.00	3.00				3.00
Executive Officer Grade 2		1.00			1.00		1.00			1.00		1.00			1.00
Total Parliamentary Services	297.67	14.95	5.59	11.97	330.18	344.93	12.21	5.87	12.76	375.77	344.93	12.21	5.87	12.76	375.77
Joint Investigatory Committees															
Grade 1	0.00				0.00	0.00				0.00	0.00				0.00
Grade 2	2.60			1.00	3.60	2.60	0.75		0.25	3.60	2.60	0.75		0.25	3.60
Grade 3	10.00	1.6		4.50	16.10	13.00	0.40		1.20	14.60	13.00	0.40		1.20	14.60
Grade 4	0.00				0.00	1.00				1.00	1.00				1.00
Grade 5	7.40	3		4.60	15.00	9.80	6.85		2.95	19.60	9.80	6.85		2.95	19.60
Grade 6	12.80	0.2			13.00	11.00	1.00			12.00	11.00	1.00			12.00
Total Joint Invest. Committees	**32.80**	**4.80**	**0.00**	**10.10**	**47.70**	**37.40**	**9.00**	**0.00**	**4.40**	**50.80**	**37.40**	**9.00**	**0.00**	**4.40**	**50.80**

Staff increases have occurred in the following areas as a result of additional funding:

Department of Parliamentary Services – Electorate Officers has increase by a maximum of 1 additional Electorate Officer for each of the Legislative Council Members from July 1 2007.

- additional positions were created for the following positions – Budget Analyst, HR Systems Analyst, Security Coordinator and Business Continuity Project Manager

Joint Investigatory Committees – Additional funding has been received for an additional 3 staff to work on the Public Accounts and Estimates Committee Inquiries.

3.2 Department of Education and Early Childhood Development

3.2.1 Departmental assumptions and performance measures

3.2.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the Department's Budget projections for 2008-09.

Response

Output Appropriations – Current and projected government school enrolments are factored into the forward estimates, as well as the continuation of the implementation of commitments made in Labor's Financial Statement 2006 (LFS 2006) and the Government's Budget decisions. Output appropriation is also indexed at the Department of Treasury and Finance's underlying Departmental Funding Model rate for the total appropriation budget. The outcome of the new teacher Enterprise Bargaining Agreement will also be factored into the Budget and forward estimates.

Commonwealth Grants –Any Commonwealth funding received as part of the 2008-09 Commonwealth Budget will be reflected in the Department's forward estimates post-budget.

Employee Leave Provisions – These provisions are forecast on the basis of staffing profiles and current salaries and conditions. For the forecast period, employee benefits are adjusted for approved wage agreements and known oncost rates. Oncost rates are set to cover anticipated payments to employees.

Depreciation and Amortisation – All infrastructure, building, plant and equipment and other non-current physical assets are depreciated on a straight-line basis, at rates that allocate the asset's value, less any residual value, over the estimated useful life to the Department. Permanent buildings are depreciated over 60 years, relocatable and other building improvements are depreciated over 40 years and plant and equipment is depreciated from 3 to 33 years.

3.2.1.2 Question

What have been the key Budget themes/issues that have had to be taken into account in framing the Department's Budget?

Response

The key themes and issues have been formulated as part of the Blueprint for Early Childhood Development and School Reform discussion papers, currently released for comment, which propose a five year reform agenda to deliver the best possible outcomes for all our children and young people.

The reform will concentrate on three areas: system development and reform, workforce reform, and parent and community partnerships.

3.2.1.3 Question

What impact have developments at the Commonwealth level had on preparing the Department's component of the 2008-09 State Budget?

Response

Changes to the approach taken by the Commonwealth Government to distribute Specific Purpose Payments (SPP) from 2009 onwards have not been finalised. Discussions are currently being undertaken with the States on how the Specific Purpose Payments will be distributed to the States from 2009 onwards.

As changes to the way the Commonwealth will distribute SPP have not been finalised, the 2008-09 Budget has been prepared in the same manner as previous budgets with SPP continuing to be identified separately.

Indexation, based on the anticipated movement in the Average Government School Recurrent Cost (AGSRC) has been incorporated into the 2008-09 Budget and the forward estimates.

Any Commonwealth funding received as part of the 2008-09 Commonwealth Budget will be reflected in the Department's forward estimates post-budget.

3.2.1.4 Question

Please provide the rationale for any change in performance measures presented in the Budget Papers for 2008-09 (including new and discontinued measures).

Response

The rationale for changes to performance measures (including new and discontinued measures) is provided in the footnotes associated with each measure in 2008-09 Budget Paper No.3. Changes include:

- creation and deletion of measures due to machinery of government changes in August 2007;
- deletion of inappropriate or obsolete measures as programs, policies and initiatives have been revised or enhanced; and
- creation of new measures to replace deleted ones.

3.2.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Response

The following performance measures have variances of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09. The reasons for the variances are provided in the table below:

2008-09 DEECD Output	Budget Paper No.3 Performance Measures	Unit of measure	2007-08 Expected Outcome	2008-09 Target	Variance between 2007-08 expected outcome & 2008-09 target	Explanations for variances over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09
Later Years & Youth Trans.	Proportion of students leaving government schools after Year 9 but before completing Year 12 who were tracked by a school six months after exiting	per cent	78.6	60	18.6 per centage points	The high 2007-08 expected outcome of 78.6% is the final 2007-08 result and reflects successful implementation of the Managed Individual Pathways program across schools. The 2008-09 target of 60% is based on the 2007-08 target of 60% and the 2006-07 final result of 62%. If the high performance in 2007-08 can be repeated in future years, future targets will be raised accordingly.

3.2.2 Asset Funding

3.2.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008-09.

Response

The following table shows the asset investment projects that have been allocated capital expenditure in the 2008-09 Budget. The expenditure shown represents the amounts that are budgeted to occur in 2008-09.

Previous Budget Commitments	2008-09 Funding ($ million)
New and Replacement Schools (ERC 2005-06)	8.0
Academic Number	2.0
SmartOne Broadband Network for Government Schools	1.0
New Schools	34.2
Replacement Schools	14.2
Regeneration	66.2
Modernisation	94.4
Science Rooms Redevelopment (Various)	2.3
Secure the Future of Small Rural Schools	9.5
Maribyrnong SC	7.5
Technical Wings and Trade Equipment for Government (Various)	15.0
Ultranet	21.0
PRE ERC 2008-09 SUBTOTAL	**275.3**

Asset Investment Projects ERC 2008-09	2008-09 Budget Allocation ($ million)
New Schools	11.5
PV in Schools	33.6
Replacement Schools	6.5
New land for the provision of new and replacement	30.0
Regeneration	23.3
Modernisation	62.0
Better Schools Today	35.0
Secure the future of small rural schools	4.0
John Monash School	14.0
Select entry schools	10.0
Relocatable Classroom Renewal	4.2
Modernisation - Fitzroy High School	2.1
ERC 2008-09 SUBTOTAL	**236.2**
TOTAL	**511.5**

3.2.2.2 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the Department's responsibilities?

Response

The Government is committed to the integration of educational and community facilities as outlined in the LFS 2006 and *A Fairer Victoria (2007)*. The Government's commitments to the co-location of school and community infrastructure, community partnerships and joint-use agreements between schools and third parties present potential future infrastructure challenges. These potential challenges include issues relating to planning and location, ownership and control of land and buildings, governance and operational management, and resourcing. The Department is developing options to address these potential challenges.

The co-location of schools, kindergarten facilities and children's centres is considered to play a key role in the improvement of service coordination and collaboration. One challenge for co-location in terms of infrastructure is that local governments remain the primary planners and providers of a range of other community initiatives and of early childhood services (67 per cent of kindergartens are owned by local government).

Whilst the Government has committed to co-location and joint-use facilities, one important issue is to ensure that these shared facility partnerships have equitable contributions from each of the partners, particularly in terms of common standards for joint-use facilities.

Other Challenges include:

Ensuring that the ageing asset base is equipped for twenty-first century learning. The *Victorian Schools Plan* (VSP) seeks to address this problem through a commitment to modernising and rebuilding all government schools by 2016-17. The delivery of this commitment to modernise and rebuild 500 schools within budget poses additional challenges.

Changes in demographics have led to enrolments in some schools declining to the point where pockets of under-utilisation are appearing. The challenge is to ensure all schools are of adequate size to ensure a breadth of curriculum is offered.

A major infrastructure challenge is the acquisition of land for the schools announced in the *Partnerships Victoria in Schools* project. Discussions have taken place to enable the relevant developers to re-work their plans to ensure the school sites are serviced prior to construction of the new schools commencing.

Cost escalation in the building industry can also have an impact on the cost of individual projects.

(b) Has the Department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the Department's operations? If so, please provide details of the findings.

Response

The *Victorian Schools Plan (VSP)* provides $1.83 billion TEI over the next four years to enable significant progress to be made towards the long-term vision to transform education assets and provide twenty first century learning environments for all students.

As part of the VSP, *Building Futures* is the process used to guide capital investment in government school infrastructure in Victoria. Under *Building Futures*, schools receive funding to improve their facilities only when there is a clear educational link to improving student outcomes, including those in disadvantaged areas.

In reviewing future educational demand for all parts of Victoria, including areas subject to school regeneration, the Department takes into consideration a range of data. The data include the most recent Australian Bureau of Statistics Census data, Victorian future population projections, local government population projections, the Department of Sustainability and Environment's Urban Development Program, and individual and local area school enrolments by year level.

This work is carried out by Departmental staff or by independent consultants.

As with all areas of Victoria, the Department continues to monitor changes to demographic forecasts and school enrolments, and works with relevant State and local authorities to ensure that planning for future population changes occurs in a timely and appropriate manner.

Within Melbourne's Urban Growth Boundary this work has allowed the Department to identify new school requirements out to 2030.

(c) Please outline any asset investment projects of the Department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives.

Response

The acquisition of school sites at Craigieburn West and Lyndhurst for schools announced as part of the *Partnerships Victoria in Schools* project is tied into the Government's commitment to providing community infrastructure and providing a point of focus for these new and emerging communities.

3.2.2.3 Question

In relation to the unapplied output and asset funding carried forward to 2008-09, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives

Response

Capital Carryover

The estimated carry forward for asset funding from 2007-08 to 2008-09 is $54.1m, predominantly comprising:

Capital Carryover	**2008-09 Budget Allocation ($ million)**
Corporate IT Systems and Software;	9.7
SmartOne Broadband Network for Government Schools	1.0
Corporate Accommodation Works;	1.0
Modernisation Programs	16.6
Regeneration Projects	4.5
Securing the Future of Small Rural Schools	2.0
Replacement Schools	2.6
New and Replacement Schools	7.0
Community Facilities Fund	3.0
Other Corporate Works	6.7
Total	**54.1**

Operating Carryover	**2008-09 Budget Allocation ($ million)**
Language Other than English (LOTE) – s29 Commonwealth funding	10.0
Wide Area Network	15.0
Early years programs	6.0
English as a Second Language (ESL) – s29 Commonwealth funding	10.0
Teacher Development Programs & Scholarships	3.0
Youth Transitions	4.0
HRMS Upgrade	3.0

Operating Carryover	2008-09 Budget Allocation ($ million)
Leading schools fund	6.0
Other	10.0
TOTAL	**67.0**

(b) the underlying reasons for the Department's funding carryover for each category

Response

Capital Carryover

- *Corporate IT Systems & Software* ($9.7 million) - a number of proposed software development projects (including the replacement Land & Buildings Information System) have been delayed pending confirmation of whole of government requirements.
- *SmartOne Broadband Network for Government Schools* - the Department is involved with ongoing negotiations with Telstra in relation to costs associated with the delivery of this higher capacity bandwidth. It is anticipated that these negotiations will extend beyond the end of this financial year.
- *Corporate accommodation works* - some works have been delayed due to a lack of rental accommodation and the issue is not likely to be resolved prior to 30 June 2008.
- *Modernisation Programs* – a favourable tender market for contracts awarded to date has resulted in forecast under expenditure of the annual allocation. Delays for individual schools have occurred for reasons such as the complexity of the proposed work, the need for extensive consultation, and latent site conditions.
- *Regeneration Projects* - continuing discussions and negotiations with stakeholders on several major projects within the program have resulted in delays and the necessity to carry forward funds.
- *Securing the Future of Small Rural Schools* - an alternative delivery and procurement method has been developed to deliver this program in order to minimise risks associated with the diverse geographic spread of projects within the program. This has delayed project commencements; however it will reduce the design and procurement times for future tranches of projects.
- *Replacement Schools* - the estimated carry forward is due to an amended project implementation timeframe for several schools and a review of the proposed remediation strategy for Albert Park SC upon completion of a strategy report by an environmental consultant.
- *New and Replacement Schools* - the revised project timelines for the Victorian College of the Arts Secondary School is expected to result in a carry forward of funds for this project.
- *Community and Facilities Fund* - extensive negotiations are still required on a number of projects in the planning stage and/or to finalise the partnership/legal arrangements.
- *Other corporate works* - planning and design of the proposed Victorian Institute of Educational Leadership will be undertaken in this financial year with funds required to be carried forward for construction works.

Operating Carryover

- *Language Other than English (LOTE)* - Commonwealth funding and this reflects a timing difference that occurs at 30 June (on a financial year basis) whereas the program is delivered on a calendar year basis.
- *Wide Area Network* - delays in implementation arising from the whole-of-government delay in the procurement process.
- *Early years programs* - proposals for capital grants to children's centres in three municipalities are not yet accepted, thereby possibly delaying payment. Commonwealth calendar year funding for literacy, numeracy and special learning needs is to be disbursed in the second half of 2008. A proportion of funding for the program to increase kindergarten participation rates for disadvantaged and indigenous families will be disbursed after a progress report in June 2008.
- *English as a Second Language (ESL) (Commonwealth funding)* - funding for ESL from the Commonwealth was doubled in 2008 due to a substantial increase in the amount of ESL support available for new arrivals. Commonwealth funding is provided on a calendar year basis and program expenses will continue into 2008-09.
- *Teacher Development Programs and Scholarships* - a range of teacher development and scholarship programs funded annually, including Rural Teacher Retraining, Targeted Teacher Retraining and Career Change, are run on a calendar year basis and require the carryover and retention of funding for payments and bonuses in 2008-09.
- *Youth Transitions* - Commonwealth funding for Victorian Certificate of Applied Learning and other transition programs is to be spent in the second half of 2008.
- *Leading Schools Fund* - delays have occurred in disbursing grants associated with this program, which will now occur early in 2008-09.
- *HRMS Upgrade* - delays in the implementation of the new HRMS system for the Department have resulted in delayed expenditure for transition costs.

(c) the intended revised timing for use of the carried forward funds.

Response

All carried forward funding is expected to be expensed in 2008-09.

3.2.3 Efficiencies and savings

3.2.3.1 Question

In relation to the estimated efficiencies to be derived in 2008-09 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, as initially presented in the 2007-08 State Budget), please provide:

(a) a breakdown of the planned efficiency savings according to the various measures of efficiency that apply to the department's operations

Response

The Department will continue to pursue efficiencies in 2008-09 as outlined in the Government's Efficient Government policy.

The Department will be required to find additional savings through general efficiencies of $25 million in 2008-09 and ongoing. These savings will be considered within the overall context of the Department's internal Budget development.

In addition to the $10 million target set for 2007-08, the Department will implement strategies to achieve a further $4.4 million in ongoing savings during 2008-09.

The following table provides a breakdown of those planned efficiency savings.

Savings reconciliation		
LFS	**2007-08 ($ million)**	**2008-09 ($ million)**
Buying Smarter, Buying Less	7.353	9.605
Shared Services	0.648	1.635
Best Practice Grants administration	0.074	0.148
Fleet Management	0.127	0.127
Advertising and Consultancies	0.225	0.225
Grants duplication	0.250	0.250
Capping growth in Head Office VPS numbers	1.229	2.401
LFS Sub-Total	**9.906**	**14.391**

(b) an explanation of:

(i) how decisions regarding applicable savings measures are to be made

Response

Whole of Government requirements form part of the Department's overall savings program. Decisions about general efficiencies and savings measures are taken by the Department's Departmental Management Committee, on advice from the Resources Committee, as part of the development of the internal budget. Strategies are monitored and reported progressively to the Departmental Management Committee.

(ii) the nature of their expected impact on programs such programs accelerated or deferred

Response

The savings measures are targeted at efficiencies and improved management practices and are not anticipated to directly impact program delivery.

(iii) the basis for estimating the savings target to be achieved for each measure

Response

Whole of Government requirements form part of the Department's overall savings program.

(c) particulars of any changes to the Department's allocated savings for 2008-09 from the data shown in the 2007-08 Budget.

Response

As outlined in the response to part (a), the savings target for the Department will increase by an additional $4.4 million in 2008-09. The increases will apply to:

- Buying Smarter, Buying Less: a new whole of government policy approach to purchasing in order to achieve better value for money while improving quality of supply of goods and services.
- Shared Services: a whole of government approach to shared services where processes will be standardised, technology will be further standardised and resources and expertise pooled.
- Best Practice Grant Administration: implementation of best practice grants administration across all Government Departments will increase the efficiency of grants programs and improve transparency and accountability.
- Fleet management: introduce a new whole of government policy approach to management of the Government vehicle fleet which will drive savings through better use of technology, centralised databases and facilities.
- Advertising and Consultancies: reduce advertising and consultancies through a further 10 per cent reduction across the Government.
- Integrated government focus on ICT: combine the function of the Office of the Chief Information Officer and Multimedia Victoria to further improve the whole of government ICT focus.

3.2.4 Economic impacts, initiatives and improvements

3.2.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the department's budget for 2008-09:

(a) interest rates

Response

The Department's 2008-09 Budget was not affected by interest rates although consideration of interest rates is included in the calculation of the Department's employee leave provision.

(b) inflation

Response

Under the Department of Treasury and Finance's Department Funding Model, an indexation rate of 2.5 per cent is built into the Department's forward estimates.

(c) productivity improvement

Response

All new Budget initiatives, including capital funding, contribute to improved educational outcomes driving productivity improvements and economic growth as well as individual benefits such as social participation.

More recently, establishment of the new Department of Education and Early Childhood Development signalled a new approach to the role of the Government in human capital development from birth to adulthood. The new Department has a key role to play in the provision of:

- quality early childhood education and care;
- effective and innovative school education; and
- flexible pathways to work and/or further study.

Consistent with the Government's efficiency objectives, the Department has also implemented operating efficiencies and is committed to reducing the regulatory burden on schools and children's services.

(d) National Reform Agenda initiatives

Response

The Department has worked closely with the Department of Premier and Cabinet and the Department of Treasury and Finance to develop Victoria's Plan to Improve Literacy and Numeracy Outcomes and contribute to the development of multilateral reforms for the agreement and implementation by all jurisdictions.

3.2.5 Environmental challenges

3.2.5.1 Question

(a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09?

Response

The key environmental challenges for the Department in 2008-09 are associated with how the Department responds to the impacts of climate change. More specifically, they relate to managing and

planning for scarce water resources and complying with increasing energy reduction targets and costs. The major policy challenge for the Department is in meeting the whole of Victorian Government's energy reduction target of 20 per cent of 1999-2000 consumption levels by 30 June 2010 within our Corporate and regional offices and schools. The challenges relate to the following:

- Resourcing: most of the simple energy efficiency measures or 'quick wins' have already been made within the Department's corporate and regional offices and therefore, significant resources would be required to achieve further reductions. The Department has a number of financial challenges associated with the increased design costs required to ensure sustainable design principles are imbedded in the design of new and retrofitted school Infrastructure.
- Technology use: the increased 'carbon intensification' of school footprints through increased use of ICT and use of air-conditioning, for example there will be significantly more computers within schools as part of the Federal Government's National Secondary School Computer Fund.
- Conflicting policy directives: schools are encouraged to share facilities with the local community. This can significantly increase a school's energy consumption (this is a key reform as part of the Departments *Blueprint for Early Childhood Development and School Reform* 'Partnerships with parents and communities'). Mandatory safety changes for vehicles in the Government's pool are not compatible with the Department's low carbon emission fleet of hybrid LPG vehicles.
- Lack of internal systems: by striving to meet the energy and water targets there are a number of internal challenges due to the difficulty in accurately collecting, collating and quantifying data from schools. The development of a proposed Energy Reporting System should preclude this from being an issue in the future.

(b) How have these issues been addressed in the Department's budget estimates for 2008-09?

Response

The Department has a commitment to provide resources for programs associated with energy and water efficiency, the incorporation of Environmentally Sustainable Development principles within the planning of new and retrofitted schools and within schools' curriculum. Simple energy efficiency measures have already been implemented. A challenge for the Department will be to direct sufficient resources to more complex energy saving projects as more simple energy efficiency measures are progressively implemented.

(c) Please list five projects or programs worth over $1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007-08 and 2008-09 for existing projects if applicable).

Response

Building Futures Project

The Government's $1.9 billion *Building Futures* policy aims to link capital spending, improved design and educational outcomes through building or modernising 500 schools under the Victorian Schools Plan (the 'Plan') over four years.

From the middle of last year all new school buildings must comply with Section J of the *Building Code of Australia*, which provides the new minimum legal standards for energy efficiency in a range of buildings including public school buildings. Energy efficiency is also covered in the Department's own guidelines known as the *Building Quality Standards Handbook* which are consistent with the Building Code of Australia.

Many of the energy and greenhouse performance standards are being achieved through good practice passive design measures. Departmental guidelines provide that buildings are oriented correctly to maximise north–south daylight whilst also minimising east–west sunlight. As part of the design process, the Department works with schools and project managers to ensure that appropriate shading, insulation, natural cooling and ventilation, use of building materials with appropriate thermal mass, and sound landscaping are all included in the school design.

The Department has through its capital works program funded various measures including double glazing, motion controls for lighting, day lighting controls over internal lighting, thermal chimneys and ventilation to remove heat, wind turbines for energy generation, use of recycled materials, use of alternative building materials and improved roof structures.

The Department assesses all Environmentally Sustainable Development (ESD) options on a case by case basis as part of the construction planning process and aims to progress cost effective and ESD solutions.

The environmental aspects of the project cannot be accurately financially ascertained. This is because the internal systems do not currently separate these costs and because some of the initiatives are cost neutral, e.g. building orientation. However, environmental and ESD aspects are an integral part of the planning and implementation of the Plan.

Energy Upgrade Project

The Department's Corporate Services Division project manages the Energy Upgrade Project which focuses on achieving energy efficiencies within schools that are not currently on the Victorian School's Plan. To date, 72 energy audits have been undertaken in schools since 2005. The audits have led to upgrades of schools heating, ventilation, heating and cooling (HVAC) systems, lighting and office equipment.

The budget for Phases 3 and 4 during the period 2007-08 was $1,650,000. The Project will continue in 2008-09 with a similar budget.

Partnerships Victoria in Schools Project

One of the key objectives of the Partnerships Victoria in Schools Project is to ensure school facilities and their environments are ecologically sustainable and responsible. The successful private consortium building the new schools for the Project will be required to meet the Education 5 Green Star rating system (subject to Government approval). This rating system is currently in draft form but is expected to be finalised prior to school construction.

It is anticipated that the upfront capital cost premium of meeting the 5 Green Star system will be between three and six per cent. These costs will be offset over the life of the project by lower operating costs from increased environmental efficiency. In addition to strong ESD principles being one of the design drivers for the Project, this environmental philosophy will further be incorporated by encouraging schools to use the design initiatives in the school curriculum and encourage students to think more about the environment.

Schools Water Efficiency Program

The Schools Water Efficiency Program (SWEP) is a school water efficiency program designed to assist Victorian schools save water. This program is currently being rolled out across the State. The objectives are to save water in schools by maximising the use of alternatives to potable (drinking) water use and provide economic and environmental benefits to Victorian schools with no up-front costs.

SWEP involves an indoor water audit of the school site, the development of a water efficiency report outlining works by level of priority (3 levels) to improve water efficiency. Where the SWEP audit report identifies that water efficiency measures can achieve water savings of at least 5 per cent at the school, the priority one works (at the least) are implemented, for example fixing leaky taps, fitting flow-control valves and fine-tuning existing appliances and fixtures.

There are 406 Victorian government schools which have had audits and water efficiency measures completed. These audits have identified an average of 13 per cent savings. This equates to around 100 mega litres in total across all schools, or enough water to fill 30 Olympic sized swimming pools.

The program is funded through the *Our Water Our Future* program. The Department of Sustainability and Environment has provided $3 million for the program which is being rolled out over three to four years. This Department has contributed $1.9 million for the audit component of the Program.

Strategic Partnerships Program

The Department funds external organisations through the Strategic Partnerships Program (SPP) to deliver student learning programs and professional learning for teachers which are linked to Departmental priorities and initiatives.

The Department has a number of Strategic Partners which are environment and sustainability organisations. The SPP three year funding round (2006-08) incorporates the concepts of ‘sustainability’ and ‘sustainability education’ as significant overall criteria, thereby ensuring within existing budgets ongoing funding of environmental education professional development programs for both primary and secondary teachers. The Department currently funds 15 organisations, delivering 30 programs state-wide at a cost of $1.49 million per year.

3.2.5.2 Question

What initiatives are planned to be implemented by the Department in 2008-09 in order to enhance energy reporting?

Response

Financial Reporting Directive 24 Reporting

The Department will be reporting to the revised Financial Reporting Directive (FRD) 24 that now requires additional information on energy consumption trends and targets, energy management actions undertaken, and provision of greater context to the energy data reported.

Furthermore, there is now a separate section in FRD 24 that specifically deals with the greenhouse emissions associated with energy use, transport activities and waste production.

Energy Reporting System (ERS)

The Department is currently tendering for an Energy Reporting System (ERS) in order to accurately collate and measure the Department's energy use (including schools). A system is proposed to be established by the end of 2008.

The Department is also providing input to the development of a whole of government data management and reporting tool to provide greater consistency in energy reporting. Further to this, the Department has requested a technical expert from the Department of Sustainability and Environment to take part in the panel for the ERS tender.

Energy and New Schools

The Department will ensure all new schools, including those as part of the Public Private Partnerships, complete energy cost worksheets prior to the design development being approved. This means that consulting teams will report on how the school design is performing as compared to 1999 averages.

Flagship projects will use the Energy Cost Worksheets and the Green Star Education tools energy calculator for reporting.

3.2.6 Financial information

3.2.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09 for individual outputs.

Response

	2007-08 Expected Outcome ($ million)	2008-09 Target ($ million)	Variance (%)
Child Heath and Support Services	71.3	86.2	20.9
Early Childhood Education and Care	165.2	188.4	14.0
Early Childhood Intervention Services	48.7	54.0	10.9
Total Output Costs	**6,908.1**	**7,312.4**	**5.9**

Child Heath & Support Services - the 20.9 per cent increase from the 2007-08 Expected Outcome to the 2008-09 Target is a result of new 2008-09 Budget initiatives and inflation-related indexation.

Early Childhood Education and Care - the 14 per cent increase from the 2007-08 Expected Outcome to the 2008-09 Target is a result of new 2008-09 Budget initiatives and inflation-related indexation.

Early Childhood Intervention Services - the 10.9 per cent increase from the 2007-08 Expected Outcome to the 2008-09 Target is a result of new 2008-09 Budget initiatives and inflation-related indexation.

3.2.6.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007-08 and the Budget for 2008-09, please provide an explanation.

Response

	Revised Estimate 2007/08 ($ million)	Budget 2008-09 ($ million)	Variance %
Employee Benefits	3,946.7	4,146.3	5.1

3.2.6.3 Question

Please provide a tabular dissection of the Department's 2008-09 Budget and expected expenditure for 2007-08 under the Government's key themes presented annually in the Victorian Budget Overview (see pp.5-7 of 2007-08 document) differentiating between new funding initiatives and ongoing funding.

Response

	2007-08 Revised ($ million)	2008-09 Budget ($ million)
Income		
Output appropriations *	6,398.2	6,840.2
Special appropriations	0.3	0.3
Resources received free of charge or for nominal consideration	0.0	0.0
Sale of goods and services	165.3	165.5
Commonwealth grants	6.6	6.6
Revenue from other parties and other income	418.0	424.6
Total Income	**6,988.4**	**7,437.1**
Expenses		
Employee benefits	3,946.7	4,146.3
Depreciation and amortisation	216.9	259.2
Resources provided free of charge or for nominal consideration	1.4	0.0
Grants and other payments	598.8	619.9
Capital asset charge	727.3	762.0
Supplies and services	1,373.9	1,524.3
Finance costs	0.5	0.5
Total Expenses	**6,865.4**	**7,312.4**
Net result for the reporting period	**122.9**	**124.7**

* Includes the Commonwealth General Recurrent Grant of $440m and Commonwealth Specific Purpose Payments of $99.8m in 2007-08; Commonwealth General Recurrent Grant of $460m and Commonwealth Specific Purpose Payments of $117.4m in 2008-09.

The key Government theme for the Department of Education and Early Childhood Development is *Excellence in Education.*

ERC 2007-08 Initiatives	2007-08 ($ million)	2008-09 ($ million
300 Teacher Assistants	2.7	5.1
50 Science Graduate Scholarships	0.3	0.3
After Hours Ethnic Schools Program	1.0	0.7
Career Change Program	0.3	0.7
Continued Support for Non-Government Schools	20.0	20.5
Excellence in Languages	0.6	0.6
Non-Government Schools Capital Grants	7.5	7.5
Primary Welfare Officers	19.1	19.7
Schools for Innovation and Excellence	11.9	24.3
Teaching and Learning Innovation Fund	23.7	8.1
Free Fruit Today	1.6	2.7
Total	**88.6**	**90.2**

ERC 2008-09 Initiatives *	2008-09 ($ million)
A New Focus on Quality in Family Day Care and Outside Schools Hours Care	6.2
Early Childhood Education & Care for 3 yr olds Known to Child Protection	0.5
Engaging Vulnerable Families Through the Promotion of Home Learning and Supported Playgroups	2.1
Expanded Student Support Funding to meet the learning & development needs of at risk students	8.0
Helping Children make the Transition to School	1.9
Improving the Quality of Graduate Teachers	1.4
Improving Year 12 or Equivalent Completion by Young People in Victoria	7.3
Increase Access to Computers	
Literacy Improvement Teams	3.7
Maths and Science Education Strategy	2.8
Program for Students with Disabilities	70.6
Refurbishing and Rebuilding Early Childhood Services	2.6
School Maintenance	
School Reform Resourcing to Support the Blueprint	15.3
Enhancing Disability Services and Outcomes	4.2
Healthier Mothers and Babies	8.7
Improving the Lives of Indigenous Victorians	3.8
Industry Reform of Interpreting and Translating in Victoria	0.1
Refugee Support Strategy	1.6

Victorian Family Violence Reform	0.3
Total	**141.0**

* As part of the 2008-09 Budget Process, ERC approved funding in 2007-08 of $20m for Schools Maintenance; $7m for Increased Access to Computers, $1.4m for Improving the lives of Indigenous Victorians, and $0.3m for Helping Children make the Transition to School

3.2.7 Regional and rural considerations

3.2.7.1 Question

(a) What are the critical issues facing regional and rural communities in 2008-09 that depend on services provided by the Department (please provide comment relating to particular areas of the State where applicable)?

Response

There is a need to ensure the provision of high quality school and early childhood services in regional and rural communities.

(b) How does the Department's 2008-09 Budget address these issues?

Response

The need to ensure the provision of school infrastructure to better support high quality teaching and learning in regional and rural communities is a critical issue. Ensuring regional communities have access to high-quality facilities needed for education in the 21st century is a high priority for the Government as part of its commitment to rural and regional Victoria.

In order to deliver these critical services, since 1999 the Government has allocated $755 million to replace, modernise and rebuild more than 350 schools in rural and regional Victoria.

The 2008-09 State Budget delivers a total of $132.8 million for schools in rural and regional Victoria. This includes:

- $38.7 million over four years to modernise nine schools in regional Victoria
- $19 million over four years to build three replacement schools
- $49.1 million to continue or commence school regeneration programs in Colac and Bendigo
- $8 million to complete Stage 3 of Wallan Secondary College
- $18 million in 2008-09 and 2009-10 to secure the future of nine regional primary schools through the replacement of relocatable facilities with new permanent buildings.

Regional schools also share in a number of statewide programs including:

- $35 million for smaller modernisations and upgrades to up to 70 additional schools under the Better Schools Today program
- $7 million for additional computers in schools

- $33.2 million to boost the number of support staff in schools, such as guidance officers, social workers, speech pathologists and psychologists.

$22.1 million is provided over four years to maintain the employment of the existing 45 literacy specialists for an additional three years and employ an additional 15 specialists with a Koorie specific focus to deliver literacy improvement programs to Koorie students.

The need to strengthen links and engagement between schools and their communities has been addressed through the regeneration programs currently ongoing in Colac and Bendigo (see below).

The Government has also allocated $133.8 million over four years to provide a comprehensive early childhood package. Rural and regional communities will have a significant share in this package.

Specifically, an extension of supported playgroups to an additional 13 local areas will occur through the Engaging Vulnerable Families Initiative including the Rural Local Government Areas (LGAs) of Cardinia Shire, Central Goldfields, Mildura Regional, Moorabool Shire, Bass Coast Shire and South Gippsland Shire.

In the early childhood sector, the Budget also includes additional funding for:

- an expansion of Maternal and Child Health Services
- a substantial increase of 1,000 Early Childhood Intervention Services places
- implementation of an Early Childhood Specialists workforce strategy to recruit and retain Early Childhood Intervention Services workers, with a particular focus on rural and regional Victoria.

(c) Please provide a table showing for up to ten of the Department's largest projects (in terms of expenditure) the:

(i) Budget allocation for 2008-09 dissected between new and existing projects

Response

Programs 2008-09	**$**
Regeneration (Existing)	49,100,000.00
Modernisation (New)	39,000,000.00
Replacement schools (New)	19,000,000.00
Secure the future of small rural schools (New)	18,000,000.00
New schools in growth areas (Existing)	8,000,000.00
Grand Total	**133,100,000.00**

(ii) the purpose of each project

Response

Regeneration Projects

Funding is provided to complete the regeneration projects in Colac and Bendigo. Regeneration projects involve two or more school communities working together to improve education outcomes through the provision of high quality and contemporary educational facilities, to ensure schools and classrooms satisfy modern teaching requirements.

Modernisation

Funding is provided as part of the Government's overall commitment to implement the first stages of the modernisation program. This funding will contribute to the modernisation of nine regional or rural schools and will improve educational outcomes through the provision of contemporary classrooms and technology that meet current day teaching requirements. The modernisation of ageing facilities will also reduce both maintenance costs and energy consumption through improved building techniques.

Secure the Future of Small Rural Schools

Small to medium sized rural schools play a vital role in their communities. There are many with stable enrolments but with very limited or no permanent facilities. Funding is provided to replace relocatable buildings in nine small to medium rural schools.

Replacement Schools

Funding is provided for the replacement of Anglesea Primary School, Wodonga South Primary School and Bass Coast Specialist School.

New Schools in Growth Areas

Funding is provided to begin construction of a new school in the growth area in Seymour.

(iii) how the funding is to be spent

Response

Funding will be expended on public procurement process for school construction works.

(iv) the performance measures in place to assess performance

Response

Building Futures is the Department's Asset Investment policy which puts improved educational outcomes for students at the core of all planning and investment decisions. The six-stage process includes an 'Evaluation' phase which helps to measure the success of the implementation process, as well as the long-term success of individual projects in achieving their educational goals.

Evaluation of the *Building Futures* policy implementation process conducted shortly after the project has been completed by the school. It identifies the effectiveness of the implementation process, and is used to refine and improve the *Building Futures* process, guidelines and templates.

Longer-term evaluation of ongoing effectiveness is based on a rigorous application of the School Accountability and Improvement Framework. It measures the sustained achievement of educational goals

3.2.8 Communication, advertising and promotion

3.2.8.1 Question

(a) What is the communication, advertising and promotion budget for 2008-09? Please also provide the expected actual expenditure for 2007-08.

Response

The communication, advertising and promotion budget for 2008-09 is still being determined within the Department's internal budget process. Forecast expenditure for 2007-08 is $600,000.

(b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007-08 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

As the communication, advertising and promotion budget for 2008-09 is not yet determined, comparison with estimated expenditure in 2007-08 is not yet possible.

3.2.9 Non government sector

3.2.9.1 Question

(a) Please provide a summary of the funding provided through the Budget that will be disseminated by the Department through to the non-government sector in 2008-09.

Response

Approximately $411 million in State Recurrent Grants funding will be disseminated to non-government schools in 2008-09. Also approximately $8 million will be disseminated to non-government schools in 2008-09 to support targeted programs comprising support services, suicide prevention and interest subsidies. A further $7.5 million will be disseminated to non-government schools during 2008-09 to support the Needs Based Capital Assistance program.

The Office for Children and Early Childhood Development is responsible for funding or directly delivering a range of services to Victorian children and their families. Some of the services are universal in application (such as Maternal & Child Health and kindergartens), but some are targeted to those who are vulnerable and most in need.

A majority of the Budget is spent on services provided by external organisations under service agreements with the Department. These organisations include community service organisations, community health services and local government. The Office works closely with these organisations to deliver services to ensure the best possible outcomes for all Victorian children and their families.

(b) Please provide a brief description of the performance monitoring framework that will be in place during 2008-09 to enable the Department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose.

Response

Performance monitoring for non-government schools in 2008-09 currently includes:

- a Funding and Service Agreement for Victorian Government funding, which sets out terms and conditions of funding and specific accountability and reporting requirements
- provision of evidence of a school's not-for-profit status
- ongoing participation in an annual school census conducted by the Department along with any subsequent request to participate in an enrolment audit
- submission of independently audited reports that verify the financial assistance provided by the Victorian Government was spent or committed in accordance with the terms and conditions of the current Funding and Service Agreement
- a commitment to working in partnership with the Victorian Government towards the achievement of the goals and targets for education and training
- participation in statewide literacy and numeracy testing in Years 3, 5, 7 and 9 through the National Assessment Program - Literacy and Numeracy (NAPLAN) or equivalent negotiated assessment regime
- a commitment to a curriculum that prepares students for participation in contemporary Australian society - it is proposed that such a commitment be demonstrated through curriculum that reflects the key learning areas as defined by the National Goals for Schooling for the 21st Century.

3.2.10 Revenue initiatives/departmental income

3.2.10.1 Question

(a) In relation to 2008-09, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives. If applicable, please provide details of these initiatives together with anticipated revenue collections.

Response

The Department does not envisage any new significant revenue raising initiatives or major changes to existing revenue initiatives and does not have any significant revenue initiatives in its own right. School councils are able to charge voluntary fees and undertake local fundraising activities. The level of fees and the activities is set at the local level and school councils are required to comply with the Department's guidance in relation to fundraising activities.

(b) Please outline the actual and expected financial impact in 2008-09 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the Department.

Response

The Department does not charge fees as such.

3.2.10.2 Question

For the Department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007-08 and the Budget for 2008-09.

Response

	Revised Estimate 2007-08 ($ million)	Budget 2008-09 ($ million)	Variance %
Annual appropriation revenue	6,398.2	6,840.2	6.9
Special appropriations	0.3	0.3	0.0
Sale of goods and services	165.3	165.5	0.1
Commonwealth grants	6.6	6.6	0.0
Other grants	3.2	2.1	-34.4
Other revenue and revenue from other parties	414.7	422.5	1.9
Total Revenues	**6,988.4**	**7,437.1**	**6.4**

* Includes the Commonwealth General Recurrent Grant of $440m and Commonwealth Specific Purpose Payments of $99.8m in 2007-08; Commonwealth General Recurrent Grant of $460m and Commonwealth Specific Purpose Payments of $117.4m in 2008-09.

Funding for the 'Premiers Reading Challenge Book Fund' to school libraries of $1 million was for 2007-08 only, hence the decrease from 2007-08 to 2008-09.

3.2.11 Fees, fines, concessions and subsidies

3.2.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the Department and the expected revenue from each of these in 2008-09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

The Department does not raise taxes, duties or fines. The only fees raised within the Department relate to the operation of the International Division which includes the placement of overseas students in Victorian schools. These fees are in the main collected on behalf of the schools with international students. All other receipts are reimbursements for costs incurred.

International student fees are reviewed on an annual basis taking into account market conditions across Australia.

3.2.11.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the Department in 2008-09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

Subsidy or Concession	Average Subsidy/ Concession $	08-09 Estimated Number of Students	Total Cost $'000s
Education Maintenance Allowance	Primary: $215 Secondary $430	213,000	60,700
School Start Bonus[1]	$300	130,000	40,200
Pre-School Subsidy	$730	16,712	12,200
Conveyance Allowance	$633	45,380	28,735
School bus service for students attending special schools[2]		6,400	38,000

(1) School Start Bonus funding includes an administration component.

(2) This is a free service provided to eligible students

3.2.12 Staffing matters

3.2.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimates of EFT staff numbers (non-executive officers, executive officers and Departmental Secretary classifications) at 30 June 2008 and 30 June 2009 for the Department and its major Budget funded agencies.

Response

Employment — Equivalent full-time staff

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Teaching Service															
Principal Class	2,901.3	0.0			2,901.3	2,920.0	0.0			2,920.0	2,920.0	0.0			2,920.0
Leading Teacher Class	4,037.9	0.0			4,037.9	3,930.0	0.0			3,930.0	3,950.0	0.0			3,950.0
Teacher Class	25,975.1	7,381.0			33,356.1	26,200.0	7,300.0			33,500.0	26,250.0	7,350.0			33,600.0
Instructor Class	115.5	119.3			234.8	125.0	125.0			250.0	125.0	125.0			250.0
Total All Teaching Staff*	**33,029.8**	**7,500.3**			**40,530.1**	**33,175.0**	**7,425.0**			**40,600.0**	**33,245.0**	**7,475.0**			**40,720.0**
School Services Officers															
SSO3-8	59.8	2.3			62.1	75.0	5.0			80.0	80.0	5.0			85.0
SSO3-7	89.1	12.4			101.5	105.0	15.0			120.0	110.0	15.0			125.0
SSO3-6	238.2	46.1			284.3	270.0	60.0			330.0	270.0	60.0			330.0
SSO2-5	401.5	92.3			493.8	410.0	95.0			505.0	420.0	95.0			515.0
SSO2-4	543.5	87.4			631.0	595.0	95.0			690.0	580.0	95.0			675.0

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
SSO2-3	850.7	173.8			1,024.5	890.0	165.0			1,055.0	890.0	165.0			1,055.0
SSO1-2	1,423.7	366.2			1,789.9	1,560.0	420.0			1,980.0	1,560.0	420.0			1,980.0
SSO1-1	2,644.5	3,506.9			6,151.4	2,700.0	3,430.0			6,130.0	2,720.0	3,525.0			6,245.0
Other	0.4	0.0			0.4	0.0	0.0			0.0	0.0	0.0			0.0
Total all School Services Officers**	**6,251.5**	**4,287.4**			**10,538.8**	**6,605.0**	**4,285.0**			**10,890.0**	**6,630.0**	**4,380.0**			**11,010.0**
Victorian Public Service Staff															
Executive Officers															
Secretary	1.0	0.0			1.0	1.0	0.0			1.0	1.0	0.0			1.0
EO1	3.0	0.0			3.0	3.0	0.0			3.0	3.0	0.0			3.0
EO2	28.0	0.0			28.0	30.0	0.0			30.0	30.0	0.0			30.0
EO3	26.0	0.0			26.0	27.0	0.0			27.0	27.0	0.0			27.0
Executive Officer Subtotal	**58.0**	**0.0**			**58.0**	**61.0**	**0.0**			**61.0**	**61.0**	**0.0**			**61.0**
Victorian Public Service Staff															
Senior Technical Specialist	2.0	1.0			3.0	3.0	1.0			4.0	3.0	1.0			4.0
VPSG6	186.8	9.3	2.5		198.6	215.0	15.0	2.0		232.0	210.0	10.0	2.0		222.0
VPSG5	415.6	43.4	1.0		460.0	505.0	45.0	1.0		551.0	500.0	35.0	1.0		536.0
VPSG4	206.7	17.8	1.1		225.6	250.0	20.0	1.0		271.0	245.0	20.0	1.0		266.0
VPSG3	255.1	40.6	5.6		301.3	290.0	55.0	5.0		350.0	285.0	50.0	5.0		340.0
VPSG2	133.3	30.5	1.2		165.0	140.0	45.0	1.0		186.0	135.0	45.0	1.0		181.0
VPSG1	11.6	3.6	0.4		15.6	10.0	5.0	1.0		16.0	10.0	5.0	1.0		16.0
Graduate Recruits	0.0	8.0			8.0	7.0	0.0			7.0	0.0	10.0			10.0
AH4	119.2	1.6			120.8	115.0	5.0			120.0	115.0	5.0			120.0

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
AH3	140.9	45.3			186.2	205.0	45.0			250.0	205.0	50.0			255.0
AH2	46.4	40.8			87.2	95.0	45.0			140.0	95.0	45.0			140.0
AH1						1.0	0.5			1.5	1.0	0.0			1.0
CPW5						1.0	0.0			1.0	1.0	0.0			1.0
CPW4						0.5	0.0			0.5	0.5	0.0			0.5
CPW3						0.5	0.0			0.5	0.5	0.0			0.5
CPW2						1.0	0.0			1.0	1.0	0.0			1.0
Juvenile Justice Worker						1.0	0.0			1.0	1.0	0.0			1.0
Senior Nurse						1.0	0.0			1.0	1.0	0.0			1.0
Secondary School Nurse						90.0	15.0			105.0	90.0	15.0			105.0
Primary School Nurse						60.0	10.0			70.0	60.0	10.0			70.0
Maternal & Child Health Nurse						15.0	0.5	2.0		17.5	15.0	0.0	2.0		17.0
Yes Trainee						0.0	1.0			1.0	0.0	1.0			1.0
Victorian Public Service Staff Subtotal***	1,517.5	241.9	11.8		1,771.2	2,006.0	308.0	13.0		2,327.0	1,974.0	302.0	13.0		2,289.0
Total All Public Service Staff	**1,575.5**	**241.9**	**11.8**		**1,829.2**	**2,067.0**	**308.0**	**13.0**		**2,388.0**	**2,035.0**	**302.0**	**13.0**		**2,350.0**
Other	3.0	2.0			5.0	4.5	1.0			5.5	4.5	1.0			5.5
Total All DoE Staff**	**40,859.7**	**12,031.6**	**11.8**		**52,903.1**	**41,851.5**	**12,019.0**	**13.0**		**53,883.5**	**41,914.5**	**12,158.0**	**13.0**		**54,085.5**

Notes: For 30 June 2007 actual

1. The above table categorises the number of FTE staff into ongoing and fixed-term which was not reported in Appendix 4 of DoE's Annual Report 2006-07.

2. Casual staff in the Department of Education and Early Childhood Development are employed at the school or work unit level. Centralised records for school based staff are not maintained on such employment and cannot be provided at this time. Therefore only non-school based casual staff are included here.

3. Victorian Public Service staff numbers include VPS staff employed in central and regional locations, including Student Support Services Officers in schools. Similarly, Teaching Service staff numbers include TS staff employed in schools as well as central and regional locations. School Services Officer staff include SSO staff employed in schools and a small number of SSO staff employed in regional offices.

Reconciliation with Annual Report

* The FTE of teaching service staff of 40,530.2 includes school based teaching staff of 40,410.7 FTE plus non school based teaching service staff of 119.5 FTE.

** The FTE of School Services Officer staff of 10,538.8 includes school based SSO staff of 10,532.8 FTE, non school based SSO staff of 6.1 FTE .

***The FTE of Victorian Public Service staff of 1,817.4 includes VPS staff in schools of 448.6 FTE, non school based VPS staff of 1,360.8 FTE and 8.0 FTE graduate recruits.

**** The total FTE of all DoE staff (52,903.1) is equivalent to the total of all staff reported in Appendix 4 of DoE's Annual Report 2006-07 (52,903.2) with the difference due to rounding.

Notes: For 2007-2008 estimates

1. Casual staff in the Department of Education and Early Childhood Development are employed at the school or work unit level. Centralised records for school based staff are not maintained on such employment and cannot be provided at this time. Therefore only non-school based casual staff are included here.

2. Victorian Public Service staff numbers include VPS staff employed in central and regional locations, including Student Support Services Officers in schools. Similarly, Teaching Service staff numbers include TS staff employed in schools as well as central and regional locations. School Services Officer staff include SSO staff employed in schools and a small number of SSO staff employed in regional offices.

3. Other staff of 5.0 FTE includes: 2.0 FTE Ministerial Transport Officers, 1 LOTE Curriculum Advisor, 2 chairs of statutory and other bodies in the portfolio and 0.5 other in Office of Early Childhood Development.

3.3 Department of Human Services

3.3.1 Departmental assumptions and performance measures

3.3.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008-09.

Response

The 2008-09 Budget Submission of the Department of Human Services is focussed on achieving Government goals as expressed in Growing Victoria Together, ie. providing high quality, accessible health and community services; building friendly, confident and safe communities; and advancing a fairer society that reduces disadvantage and respects diversity. In particular the department's budget submission has been developed with reference to the following:

- Implementing Government's 2008-09 Budget priorities and public policy, including implementing the balance of election commitments.
- Agreed outcomes for Australian Industrial Commission, Australian Fair Pay Commission and Enterprise Bargaining Agreements for the Human Services Sector
- Implementing whole-of-government initiatives promoting the health and wellbeing of all Victorians, and continuing Commonwealth agreement commitments.
- Managing service systems and administration over the forward estimates period within the provisions of Treasury's Departmental Funding Model, which provides forward year escalation funding on a no-policy-change basis to provide departments with funding certainty and future spending capacity in the forward estimates budgets.

3.3.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

Strategically the challenges for human services involve the management of demand for services; the impact of disadvantage on the need for, and access to, services; the viability and productivity of services receiving public funds to deliver services; the need to use early opportunities to effectively influence health and wellbeing outcomes; and addressing emerging health and social issues. The department's submission to the 2008-09 Budget process sought funding to address these challenges.

3.3.1.3 Question

What impact have developments at the Commonwealth level had on preparing the department's component of the 2008-09 state budget?

Response

On 20 December 2007, COAG agreed to a new model of cooperation underpinned by more effective working arrangements. COAG identified seven areas for its 2008 work agenda: health and ageing; the productivity agenda – including education, skills, training and early childhood; climate change and water; infrastructure; business regulation and competition; housing; and Indigenous reform.

Seven working groups were established, each overseen by a Commonwealth Minister, with senior departmental level deputies nominated by the States and Territories. The Secretary, Department of Human Services is a health and ageing workgroup representative and facilitates a constructive working relationship with the Commonwealth in health and ageing and across the breadth of human services. The Director of Housing is a Victorian representative on the Affordable Housing working group.

COAG has also agreed to begin changing the nature of Commonwealth-State funding arrangements by focusing more on outputs and outcomes, underpinned by a commitment from the Commonwealth Government to provide incentive payments to drive reforms. This will include reform of Specific Purpose Payments (SPP). The proposed SPP reforms are expected to require less onerous reporting and concentrate on outputs and outcomes, and new National Partnership Payments (NPPs) will include incentive reform type payments which may be subject to more detailed accountability and reporting.

Areas of COAG focus include:

- Tackling elective surgery waiting times
- Investing in public dental programs
- Nursing workforce
- Preventative health care
- GP superclinics.

The department's funding submission to the 2008-09 State Budget provided for existing Commonwealth/State agreement commitments and related activities including:

Elective Surgery

The Commonwealth and States have signed the Commonwealth 2008 Elective Surgery Waiting List Reduction Plan funding agreement. Victoria will be funded $34.2 million to perform an additional 5,908 elective surgery procedures by 31 December 2008.

Chronic Disease

Recent COAG initiatives have sought to improve health outcomes associated with chronic disease. An explicit agenda to increase the focus on prevention and early intervention underscores the Australian Better Health Initiative (ABHI) and the human capital stream of the National Reform Agenda (NRA). Both initiatives have been key drivers for plans to develop a Victorian Integrated Chronic Disease Plan and roll out of associated activities in 2008-09.

The existing focus on an integrated approach to chronic disease in Victoria will contribute to meeting health outcomes of ABHI and the NRA along the care continuum from the well population to those with advanced chronic conditions.

Oral Health

Australia's National Oral Health Plan 2004-13, endorsed by all health ministers, sets out an action area to extend water fluoridation around Australia.

HIV/AIDS and Hepatitis C

Commonwealth funding provided to the State in relation to HIV/AIDS and Hepatitis C has had no growth component for a number of years.

Workforce

The Commonwealth government's announcement of 1500 additional university nursing places across Australia from 2009 is welcomed but will require Victorian public health services to create additional clinical placements for the new nursing students. This will make it more important for public hospitals to be able to offer high quality teaching facilities, including teaching rooms, teaching equipment, and audiovisual and simulation tools.

Mental Health

The development of the new Victorian mental health strategy builds on a new framework for joint Commonwealth-State responsibilities for mental health service provision. These shared and complementary responsibilities were progressed through the COAG *National Action Plan on Mental Health* and continue to be developed through the Victorian COAG Mental Health Group and a range of other intergovernmental structures.

In addition, Victoria has commenced working with the Commonwealth in the early stages of implementing the Commonwealth Government's commitment on peri-natal mental health.

Housing

The Commonwealth Government's focus on increasing housing affordability and ameliorating homelessness aligns with the Victorian Government's objectives in this area.

The Commonwealth has announced a *National Rental Affordability Scheme* to grow the supply of affordable housing in Australia. This builds on the Victorian Government's commitments to grow affordable housing supply for low-income people, including the ongoing delivery of units associated with the $500m boost for social housing announced in the 2007-08 State Budget.

The Commonwealth's *A Place to Call Home* initiative, which aims to provide homeless people with immediate access to long-term housing, complements work being done in Victoria to provide better access to housing and homelessness services and prevent people becoming homeless in the first place.

3.3.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008-09 (including new and discontinued measures).

Response

The rationale for developing departmental performance measures presented in the budget papers is to provide a public record of achievement and future goals in service delivery and operations supporting human services in Victoria. Performance measures also provide a basis to identify key service statistics and trends for use in management decision-making. The rationale for changes in annual

performance measures is to ensure that the measures accurately reflect achievement and target outcomes in key areas of service performance.

3.3.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Response

The department is currently finalising its 2008-09 Budget Paper output statements, in accordance with Department of Treasury and Finance (DTF) requirements and timelines.

The department will respond to this question upon conclusion of the above authorisation processes.

3.3.2 Asset Funding

3.3.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008-09.

Response

The table below shows new and existing projects in the 2007-08 financial year for which expenditure will be incurred in 2008-09.

Project Name	**TEI ($'000)**
New Works announced in the 2007-08 State Budget (with expenditure budgeted to occur in 2008-09)	
Medical Equipment Replacement Program	145,000
Statewide Infrastructure Renewal Program	80,000
Frankston Hospital Stage 2A (Op Theatre Expansion and Critical Care Redevelopment)	45,000
Caulfield General Medical Centre Redevelopment - Stage 2	28,000
Northern Hospital - Mental Health Expansion and Short Stay Unit	27,900
Western Hospital (Footscray) Redevelopment Stage 1	24,800
Stawell Health & Community Centre Redevelopment	20,000
Sunshine Hospital Expansion and Redevelopment - Stage 1	20,000
Nathalia District Hospital and Aged Care Redevelopment	18,000
Royal Melbourne Hospital Brickwork Rectification	31,075
Alfred Centre Development*	17,000
Warrnambool Hospital Redevelopment - Stage 1	16,000
Disability Shared Supported Accommodation SRRP Stage 2	15,000
Placement and Support Residential Facility Renewal Strategy	14,200
Peninsula Community Health Service (Hastings) Redevelopment	13,000

Project Name	TEI ($'000)
Leongatha Hospital Campus - Stage 1 Residential Aged Care	10,000
Prevention and Recovery Care Services (PARCS) - Deer Park	9,640
Air Ambulance Victoria Fixed Wing Facility (Essendon Airport)	8,340
Maroondah Hospital Expansion	8,000
Metropolitan and Rural Ambulance Services - Station Upgrades	10,030
St Vincent's Elective Surgery Centre	7,000
Parkville Comprehensive Cancer Centre*	5,000
Microbiological Rapid Testing Equipment for Hospitals	5,000
Aged Care Land Bank - Stage 2	4,500
Ballarat Hospital Redevelopment	4,500
Short Stay Units, Day Treatment Centres and Medi-Hotels	4,000
Air Ambulance Victoria	3,700
Murtoa Community Health Centre Redevelopment	2,500
Barwon Health - Geelong Hospital Masterplan	2,000
Bendigo Health Care Group - Bendigo Hospital Planning and Development	2,000
Monash Medical Centre Children's Facility - Planning and Development	2,000
Heidelberg Repatriation Hospital Veterans Mental Health Facility - Prelim Works	1,500
Sunbury Day Hospital - Planning and Development	1,000
** These projects were announced after the release of the 2007-08 State Budget*	
Total New Works	**605,685**
Works in Progress announced prior to the 2007-08 State Budget (with expenditure budgeted to occur in 2008-09)	
Health ICT Strategy	138,500
Kew Residential Services Redevelopment	86,500
2003-04 ERC Submission Royal Women's Hospital (October 2003)	65,058
Royal Melbourne Hospital Emergency Department Redevelopment	56,300
Royal Children's Hospital Redevelopment (Revised 2008)	47,115
Super Clinics	42,000
Box Hill Hospital-Outpatients & Dialysis Centre and Associated Works	38,200
Casey Residential Aged Care	33,300
Eastern Health Mental Health Redevelopment Stage One	32,100
Barwon Health, Geelong Hospital Emergency Department Redevelopment	26,100
Kingston Centre Kitchen Upgrade and Associated Works	26,700
McKellar Centre Aged Care Facility - Grovedale	25,000
Caulfield General Medical Centre Logistics Building and Associated Works	23,500
Warracknabeal Redevelopment, Stage 1 Nursing Home	21,800
Rochester Theatre & Hospital Redevelopment	21,700

Project Name	TEI ($'000)
Hospitals Electronic prescribing	21,000
Alfred Hospital Intensive Care Unit Redevelopment	20,240
North Richmond Community Health Centre	19,000
Northeast Health Wangaratta, Nursing Home Redevelopment	10,585
Heidelberg Repatriation Hospital Mental Health Stage 1	9,000
Eastern Health, Central East Community Care Unit	6,400
Brunswick Human Services Precinct - The Bouverie Centre	5,000
Community Facility Redevelopment Initiative	5,000
Koori Youth Alcohol and Drug Healing Service	3,700
Environmental Sustainability Action Statement - Public Hospitals & Aged Care	3,290
Total Existing Projects	**787,088**

3.3.2.2 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities?

Response

The department is facing infrastructure challenges arising from:

- the size and age of the existing asset base, as well as the annual asset investment requirements to sustain the base at appropriate standards for efficient health and other human services service delivery and associated risk levels;
- service demand pressures requiring additional assets to provide appropriate service capacity, as service demand has been increasing at approximately 4% per annum over the last 10 years;
- service reconfiguration requirements to cater for new technologies, models of care and redistribution of departmentally funded services to meet changing community needs;
- the need to invest in more efficient plant and equipment to achieve government environmental policy / climate change objectives.

(b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department's operations? If so, please provide details of the findings.

Response

The Victorian health system utilises a large asset base for the delivery of health services, with a current replacement value estimated at $16 billion. The department assesses asset condition using the Department of Treasury and Finance Asset Investment Allocation Modelling System (AIAMS) fabric assessment model. The AIAMS modelling indicates that the public hospital sector has a significantly

higher propensity for obsolescence compared to other Government assets. This process is also applied to non-health sector assets.

The economic / functional life is used to determine the optimal age at which an asset should be replaced. This is determined using a whole of life costing approach that can be carried out at varying levels of sophistication. For major assets, the asset is split into components reflecting the typical manner in which they are redeveloped over their life. These have been developed under the AIAMS project to allow comparison of assets in a comparable manner across government.

The overall functional life of the asset is calculated using the average life for each component and averaging these based on their percentage of the overall replacement cost of the asset. This represents an average life based on facilities being well maintained and can reasonably be used across a whole asset portfolio for strategic planning.

The department has undertaken a review of the economic / functional life parameters for various types of facilities. While the structures of many health assets have a long life (up to 60 years) many internal high cost components (such as clinical fit out) require more frequent replacement. Seventy-five per cent of the useful life of a hospital is fully consumed within 20-25 years, resulting in an average economic life of approximately 30 years.

Many existing Victorian health facilities were designed and built 40-60 years ago and despite investment over that time across the asset portfolio this ageing contributes to the pressures noted in (a) above.

The department undertakes regular condition assessments for all facilities. These are being updated over the next year for health related assets (representing a significant portion of the DHS asset portfolio), to reflect changes to the asset base resulting from funded capital projects, more recent or detailed assessments (where available) and condition decline over time.

The department is currently undertaking research to establish a new method of forecasting demand for Youth Justice custodial and non-custodial services to meet needs over the next ten years. The department is also developing a 15-year strategic asset management and a 5-year maintenance plan for Youth Justice establishments. Fabric audits of the custodial centres are also conducted to inform both capital development and maintenance plans.

This information will be incorporated in the department’s longer term asset requirements as part of the DHS Asset Strategy, which informs State Budget deliberations and details the scope and composition of the DHS Asset portfolio across all DHS responsibilities.

The department has also undertaken an extensive assessment of future housing needs and development of social housing acquisition targets. In its 2007-08 State Budget, the Government committed $500 million over four years to expand and improve the quality of social housing properties to align the supply of stock with the future needs of clients. This strategy focuses on acquiring new social housing stock in areas of high demand, based on public housing applications and numbers of private renters experiencing housing stress, as well as taking into account transit city and population growth area policies, regional planning policies, and the Melbourne 2030 visions.

(c) Please outline any asset investment projects of the department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives.

Response

Under the Government's Asset Management Framework, the department identified the following two programs as part of a longer term asset management strategy. Both are four year programs, approved in 2007/08.

Project Name	TEI ($'000)
2007-08 Medical Equipment Replacement Program This program is designed to replace medical equipment items across the acute public hospital system and in the non-acute areas, in order to improve service quality and availability.	145,000
2007-08 Statewide Infrastructure Renewal Program This program is designed to improve the quality and standard of health and community services assets by addressing immediate infrastructure risks and critical renewal programs across the state.	80,000

3.3.2.3 Question

In relation to the unapplied output and asset funding carried forward to 2008-09, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives;

(b) the underlying reasons for the department's funding carryover for each category; and

(c) the intended revised timing for use of the carried forward funds.

Response

Output Appropriations	$m
Commonwealth Programs	20.7
State Programs	19.8
	40.5
Asset Investment Appropriations	
Commonwealth Programs	2.1
State Programs	19.7
	21.8

The estimated carryover of $40.5 million for output initiatives represents approximately 0.3% of 2007-08 Output Appropriations. The underlying reasons for the estimated carryover relates to activity timing issues or funding provided ahead of need. For specific Commonwealth Programs ($20.7 million) funds are specifically tied to designated Commonwealth programs and cannot be used for any other purpose. The remaining estimated carryover relates to specific State programs ($19.8 million).

It is intended that all output carryover funds will be expended in 2008-09 to complete or continue specific output initiative programs.

The estimated carryover of $21.8 million for the Asset Investment Program represents approximately 4% of the expected cash flow for 2007-08. The underlying reasons for the estimated carryover relates to the impacts of factors like prolonged planning and construction processes, town planning issue resolution, rectification of latent soil conditions and / or inclement weather.

It is intended that the carryover funds will be expended in 2008-09 to complete or continue the implementation of the specific asset investments.

3.3.3 Efficiencies and savings

3.3.3.1 Question

In relation to the estimated efficiencies to be derived in 2008-09 (including from the various measures that fall under the umbrella of the *Efficient Government* policy and the other targeted initiatives, as initially presented in the 2007-08 State Budget), please provide:

(a) a breakdown of the planned efficiency savings according to the various measures of efficiency that apply to the department's operations;

(b) an explanation of:

(i) how decisions regarding applicable savings measures are to be made;

(ii) the nature of their expected impact on programs such programs accelerated or deferred; and

(iii) the basis for estimating the savings target to be achieved for each measure; and

(c) particulars of any changes to the department's allocated savings for 2008-09 from the data shown in the 2007-08 Budget.

Response

SAVINGS - DHS	
	2008-09 $m
Efficient Government Policy	
Buying Smarter, Buying Less	10.7
Shared Services	4.4
Grant Administration	0.4
Fleet Management	0.9
Advertising and Consultancies	1.2
Sub-total Efficient Government Policy	**17.6**
Other Efficiencies	
Grant Duplication	0.6
Head Office Staffing	4.8
Sub-total Other Efficiencies	**5.4**
Total Efficiency Savings	**23.0**

Savings have been apportioned to programs and regions in accordance with specific criteria for each initiative and each area of the department has been tasked with identifying and implementing savings in the specified manner.

It is not expected that the nature and implementation of the savings will have a direct impact on delivery of programs; rather the savings relate to real efficiency measures in delivery of programs.

The basis of estimating the savings target was determined through the Government's Efficient Government policy as part of the 2007-08 Budget. The amounts apportioned to the Department of Human Services were based on a distribution of the savings for each initiative as determined by Government.

DHS budget savings were increased as follows:

Buying Smarter, Buying Less	1.1
Advertising and Consultancy	0.1
Total	1.2

3.3.4 Economic impacts, initiatives and improvements

3.3.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the department's budget for 2008-09:

(a) interest rates

(b) inflation

(c) productivity improvement

(d) National Reform Agenda initiatives

Response

Rises in interest rates and inflation carry a high potential to create social stress and hardship in the community through increased prices in the basic staples of life, mortgage stress, unemployment and homelessness. In a climate of rising interest rates and inflation and uncertainty in economic forecasts and stability, DHS budget initiatives for 2008-09 have been developed with regard to the risks of such an environment, especially in areas such as homelessness and social housing, and the increasing costs of out of home childcare. DHS budget initiatives also reflect the need for a skilled and expanded health workforce and accessible tertiary and preventative services and support the human capital element of the National Reform Agenda (NRA), which is founded on the evidence that a healthy and skilled population secures a strong economy, through increased workforce participation and productivity. DHS budget initiatives seek to provide all Victorians with the opportunity to enjoy full and active participation in our economy and society.

3.3.5 Environmental challenges

3.3.5.1 Question

(a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09?

Response

Key environmental issues for DHS are as follows:

- Initiating the planning of the rollout of the Environmental Management water consumption reporting program to 75% of non-office locations
- Achieving the 20% government energy reduction target by 2010
- Addressing potential climate change impacts, in particular reducing CO2 emissions and carbon trading scheme implications for our service delivery portfolio
- Improving the efficiency of water usage in DHS funded services
- Reducing waste generation in DHS funded services.

(b) How have these issues been addressed in the department's budget estimates for 2008-09?

Response

All DHS asset investment (capital works) project budgets include a 2.5% budget allowance for improving the environmental outcomes from DHS funded projects. The Department is also implementing energy efficiency and water saving projects in health facilities through the Environmental Improvement Fund (EIF) and the Environmental Sustainability Action Statement (ESAS).

Government has provided in-principle support to implementing the Environmental Management water reporting program to 75% of non office locations, the budget implications of this are currently being researched and estimates will be based on the research findings.

(c) Please list five projects or programs worth over $1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007-08 and 2008-09 for existing projects if applicable).

Response

The DHS Asset Investment Program has been funded for specific environmental projects as follows, please note 6(b) above:

- The EIF program was funded $3.5 million to create a rolling loan fund in 2005
- The ESAS energy efficiency program was funded $3.29 million in 2007
- The ESAS water saving program was funded $3.9 million in 2007
- All DHS asset investment (capital works) project budgets include a 2.5% budget provision for ecologically sustainable development.

3.3.5.2 Question

What initiatives are planned to be implemented by the department in 2008-09 in order to enhance energy reporting?

Response

The Department of Human Services is actively engaged in improving our environmental profile and to further build on our achievements such as reducing office-based energy consumption by 55 percent since 2003-04.

In 2008-09 the department will be enhancing its reporting to accord with revision to Financial Reporting Directive No. 24 (FRD 24), which now requires provision of additional information on: energy consumption trends and targets, energy management actions undertaken, and greater contextual support to the energy data reported.

In the newly revised FRD 24 there is now a separate section that specifically deals with the greenhouse emissions associated with energy use, transport activities and waste production.

The department is also providing input to the development of a whole of government data management and reporting tool to provide greater consistency in energy reporting.

Other initiatives include:

- feasibility assessment of purchasing an electric car fuelled by renewable energy,
- behavioural change project on the staff uptake and ownership of environmental initiatives
- fleet remodelling program to reduce greenhouse gas emissions
- rollout of a waste recycling program to DHS offices.

3.3.6 Financial information

3.3.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09 for individual outputs.

Response

The department's target measures will be published in Budget Papers to be tabled in Parliament on 6 May 2008.

3.3.6.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007-08 and the budget for 2008-09, please provide an explanation.

Response

It is not expected that any variance between 2007-08 and 2008-09 Employee Benefits expenses will exceed 10 percent.

3.3.6.3 Question

Please provide a tabular dissection of the department's 2008-09 budget and expected expenditure for 2007-08 under the Government's key themes presented annually in the Victorian Budget Overview (see pp.5-7 of 2007-08 document) differentiating between new funding initiatives and ongoing funding.

Response

The department's 2008-09 budget will be published in Budget Papers to be tabled in Parliament on 6 May 2008.

3.3.7 Regional and rural considerations

3.3.7.1 Question

(a) What are the critical issues facing regional and rural communities in 2008-09 that depend on services provided by the department (please provide comment relating to particular areas of the state where applicable)?

Response

Critical issues facing regional and rural communities in 2008-09 include:

- Drought and climate change and their impact across regional and rural communities including quantities and quality of drinking water available and fluoridation of water supplies to improve oral health.
- Rural workforce shortages, particularly in health, which impact on access to appropriate hospital, primary health, and community health services; chronic disease management; HIV education and prevention, and sexual health promotion services.
- Improving and expanding physical capacity and the fabric of rural hospitals/health services to address physical and mental health issues.
- Building capacity in access to dental services and reducing waiting lists.
- Providing for a growing older population and increased demand for community and residential aged care services including HACC services.
- Meeting social housing needs, and maintaining and strengthening social and economic inclusion.

The department is responding to these issues by continuing to invest in rural and regional communities and working with rural and regional communities, local government and other departments.

In the 2008-09, the department will work with the Department of Sustainability and Environment (DSE) and local water businesses to ensure that adequate supplies of drinking water are available to regional and rural communities where rainfall continues to be critically below average. The department will implement the Human Health and Climate Change component (Action 3.4) of the *Our Environment Our Future Sustainability Action Statement 2006* building on the Human Health and Climate Change conference and commencing heatwave planning through local governments in Victoria.

The department will continue to improve access to hospital services through investment to: maintain and reform health service performance and infrastructure, deliver community based health services across the state through a range of health service providers including allied health, nursing and counselling, and improve access to and delivery of public dental services.

On this front the Government has allocated $500,000 to oral health scholarships to provide incentives and supports for graduates to enter the public dental workforce and dental health agencies in rural regions will secure oral health scholarship graduates. In 2008-09 agencies will implement a new planning framework to improve communication and coordination between community dental clinics within regions, focusing on management of waiting lists.

In 2008-09, departmental efforts will also focus on implementing a workforce recruitment and retention strategy to address workforce issues in rural and regional Victoria, and developing an oral health promotion plan that will target regions with the highest dental Ambulatory Care Sensitive Conditions admissions, of which the top 3 regions are rural.

The department is continuing to address the health needs of rural and regional Victorians with chronic disease by making early intervention and self-management services more accessible through implementation of the Early Intervention in Chronic Disease Program in 18 sites across the State including one in each rural region, and supporting the implementation of Diabetes self management programs in rural Primary Care Partnership areas.

The department will continue to invest HACC funding according to a method that seeks to match growth in the target population to growth in funds to sustain access to services across Victoria in 2008-09.

The Corio/Norlane Project - Regeneration and Urban Renewal has been initiated to address critical issues facing communities in the regional centre of Greater Geelong, which include inadequate appropriate housing to meet demand need, and lack of social and economic inclusion for residents.

Within this context, rural people with or developing a severe mental illness endeavour to learn to optimally manage their illness and its consequences. In order to do this they need to be assured of access to the full range of specialist mental health as well as other related services.

Equitable access to services and early intervention are key principles underpinning the 2008-09 mental health budget 'Seeding mental health reform'. A particular focus will be child and adolescent mental health services and 'front end services' that provide guidance for potential and existing mental health clients. Previous mental health budgets have directed resources to rural services in order to strengthen their core services and introduce new initiatives. The forthcoming budget builds on this foundation

(b) How does the department’s 2008-09 budget address these issues?

Response

The department’s 2008-09 budget will be published in Budget Papers to be tabled in Parliament on 6 May 2008.

(c) Please provide a table showing for up to ten of the department’s largest projects (in terms of expenditure) the:

(i) budget allocation for 2008-09 dissected between new and existing projects

(ii) the purpose of each project

(iii) how the funding is to be spent

(iv) the performance measures in place to assess performance

Response

The DHS projects indicated below are amongst the largest currently funded in the Victorian rural health sector. The purpose of each is described in the section following the table.

Budgets will be spent on the design and development of each of the facilities, through procurement of consultancy and construction related services, building assets, and other ancillary expenditure such as specialist equipment and fittings.

The performance of each project is measured against agreed time and cost parameters, as reported to Government. The facilities will be designed in accordance with the DHS Design Guidelines, ensuring quality parameters are met, with the progress of each project overseen by a Project Control Group consisting of representatives from DHS capital, program and regional areas, together with representatives from the relevant health service/agency.

Project Name	TEI ($'000)	2008-09 budget
New Works announced in the 2007-08 State Budget (with expenditure budgeted to occur in 2008-09)		
Stawell Health & Community Centre Redevelopment	20,000	12,000
Nathalia District Hospital and Aged Care Redevelopment	18,000	7,000
Warrnambool Hospital Redevelopment - Stage 1	16,000	10,000
Leongatha Hospital Campus - Stage 1 Residential Aged Care	10,000	8,500
Works in Progress announced prior to the 2007-08 State Budget (with expenditure budgeted to occur in 2008-09)		
Barwon Health, Geelong Hospital Emergency Department Redevelopment	26,100	4,940
McKellar Centre Aged Care Facility - Grovedale	25,000	5,129
Warracknabeal Redevelopment, Stage 1 Nursing Home	21,800	992
Rochester Theatre & Hospital Redevelopment	21,700	7,200
Northeast Health Wangaratta, Nursing Home Redevelopment	10,585	600

Stawell Health & Community Centre Redevelopment

Funding was provided for the redevelopment of the former Stawell Technical College “Golf Reef Campus” for community and health services. The new building will include services delivered by Grampians Community Health Centre, allied health, specialist medical services (including a GP medical clinic), and primary care services delivered by Stawell Regional Health, and recreation facilities for older persons assisted by Northern Grampians Shire.

Nathalia District Hospital and Aged Care Redevelopment

The project will provide a new integrated 26-bed health service, comprising aged residential and acute beds, primary care, GP clinic and ancillary needs such as a laundry and kitchen. This integrated service will meet the changing needs of the community, deliver improvements to service delivery and ensure that the building and infrastructure complies with current standards.

Warrnambool Hospital Redevelopment - Stage 1

Stage 1 of the redevelopment at South West Healthcare's Warrnambool Hospital campus includes an ambulance station and construction of a new extended care unit providing 5 additional mental health beds. This funding will also provide a new kitchen for the hospital and essential engineering infrastructure relocations and upgrades, in preparation for the next stage of the redevelopment.

Leongatha Hospital Campus - Stage 1 Residential Aged Care

Stage 1 of the redevelopment of Leongatha Hospital includes the construction of a new 36-bed aged residential facility, temporary relocation of pathology services, demolition of the existing nursing home and construction of a new associated car park. The initiative will allow essential site infrastructure to be developed and facilitate the next stage of the hospital redevelopment.

Barwon Health, Geelong Hospital Emergency Department Redevelopment

This project provides a new and expanded emergency department at Barwon Health's Geelong Hospital. It provides a new street-front address and allows for future expansion of facilities to address increasing service complexity, demand and advances in technology.

McKellar Centre Aged Care Facility – Grovedale

Funding was provided to develop a new 108-bed high care nursing home in Grovedale. The new facility will replace outmoded and inflexible facilities at Grovedale and Belmont, and one ward at the McKellar Centre in Geelong.

Warracknabeal Redevelopment, Stage 1 Nursing Home

Stage 1 of the redevelopment of the Warracknabeal campus of Rural Northwest Health will deliver 60 new aged care beds, including 30 high and 30 low care beds, new site infrastructure including electrical, water and drainage services and construction of a new store, engineering works and food services.

Rochester Theatre & Hospital Redevelopment

The redevelopment of the Rochester campus of the Rochester and Elmore District Health Services, includes a new acute services wing, new ambulatory care complex including a theatre and emergency department, 30 new residential aged care beds, new primary care, kitchen and support services and a range of ancillary facilities including administration.

Northeast Health Wangaratta, Nursing Home Redevelopment

This project provides for the construction of a new 60 high care residential aged care facility to replace the existing nursing home in Wangaratta. The redevelopment of aged care beds will ensure that the facility meets 2008 Commonwealth Certification requirements and addresses current building and regulatory requirements and standards.

Corio/Norlane Neighbourhood Renewal

In 2008-09 the department will be allocating part of $40 million secured for the regeneration strategy in Norlane. This strategy will result in the building of 200 new social housing homes and upgrade of 100 existing homes over four years.

In addition to this, the department will be allocating funding of over $2.2 million in 2008-09 for Corio/Norlane Neighbourhood Renewal. This funding will deliver further capital improvements to improve parks and playgrounds, support targeted employment programs, and implement a range of programs that will assist in improving social and economic inclusion.

Budget allocation (existing)	Purpose of the funding	How will the funding be spent	Performance Measures
$40M over 4 years - commencing work in June 2008	To expand and improve social housing in the Norlane area to meet Housing client demand	Contracts for upgrade and construction will be tendered out	Contract management and reduction in the waiting list

3.3.8 Communication, advertising and promotion

3.3.8.1 Question

(a) What is the communication, advertising and promotion budget for 2008-09? Please also provide the expected actual expenditure for 2007-08.

Response

Advertising and promotions funding for the Department of Human Services (DHS) is included within overall policy and program budgets allocated via the annual government appropriations process. At this stage, funding for communication, advertising and promotion has not been allocated for 2008-09 and figures for expenditure are not able to be estimated.

Expenditure is allocated on a case by case basis, via Whole-of-Government approval processes. Spend is recommended and allocated based upon individual program stated objectives, target markets and recommended media.

There is no centralised budget for communication, advertising and promotions in DHS.

The year to date expenditure is $9,309,379 as at 29th February 2008. Final expenditure for the period will not be available until end of financial year figures are released.

(b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007-08 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

As funding for 2008-09 has not been allocated this comparison cannot be made.

3.3.9 Non government sector

3.3.9.1 Question

(a) Please provide a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09

Response

The department's 2008-09 budget will be published in Budget Papers to be tabled in Parliament on 6 May 2008.

(b) Please provide a brief description of the performance monitoring framework that will be in place during 2008-09 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose

Response

The Monitoring Framework (the Framework) for the health, housing and community service sectors was implemented during 2005-06, introducing a uniform overarching framework for use by Department of Human Services' (DHS) staff to monitor the funded non-government sector. The Framework will continue to be used in 2008-09.

The Framework applies risk management principles to monitor organisation service sustainability, to assist the department in early identification of risks, and to enable the department to ensure the ongoing provision of quality human services and avoid the costs associated with service failure.

The Framework was developed based on principles of partnership, and recognises the independence of funded organisations. It is focussed on ensuring the effective delivery of services, the safety and well-being of clients, and the sustainability of the sector, through the further development of a relationship of partnership and collaboration with the funded sector.

The Framework provides for DHS Program and Service Advisers (PASAs) to conduct an annual Desktop Review for each funded non-government organisation. The Desktop Review is a risk assessment tool that considers a series of risk factors, including the organisation's performance against service delivery targets set out in the service agreement. The financial sustainability of the organisation is also examined as part of the Desktop Review.

Where the Desktop Review identifies areas of concern, DHS staff will meet with key staff from the non-government organisation in a Service Review. The focus of the Service Review is on resolving any issues identified, and is conducted in the spirit of collaboration and partnership.

Where collaborative approaches to resolving issues fail, the Department can use its right, under the service agreement, to undertake further intervention, including independent audit and potentially termination of the agreement. However, in the vast majority of cases, the collaborative approach has been found to be most effective.

3.3.10 Revenue initiatives/departmental income

3.3.10.1 Question

(a) In relation to 2008-09, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

(b) Please outline the actual and expected financial impact in 2008-09 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

The department's 2008-09 revenue initiatives will be published in Budget Papers to be tabled in Parliament on 6 May 2008.

3.3.10.2 Question

For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007-08 and the budget for 2008-09.

Response

The department's 2008-09 budget will be published in Budget Papers to be tabled in Parliament on 6 May 2008.

3.3.11 Fees, fines, concession and subsidies

3.3.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

DHS Fees, fines and charges

		2007-08 Budget $'000	2008-09 Budget $'000	Variation $'000	Variation %	
Occupational Based License Fees - Radiation, Legionella, Pesticides	Public Health	-1,600	-1,100	500	-31	Reduction in 2008-09 reflects that the Health (Medical Radiation Technologists) (Fees) regulations were repealed and the department is no longer involved in this function. A new external independent board has been formed under provisions of the Health Practitioner Registration Act.
Safe Drinking Water Regulatory Fees	Public Health	-1,000	-1,100	-100	10	
Occupational Based License Fees - Poisons	Drug Services	-400	-400	0	0	
Sales of Goods and Services - Acute	Acute Health	-450	-461	-11	2	
Sales of Goods and Services - Aged and Home Care	Aged and Home Care	-65	-67	-2	3	
Sales of Goods and Services - Mental Health	Mental Health	-20	-21	-1	5	
Sales of Goods and Services - Disability (Institutions)	Disability Services	-2,300	-1,700	600	-26	Reduction in 2008-09 reflects the forecast transfer of the remaining Kew Residential Services clients to the on-site community based houses
Sales of Goods and Services - Adoption Fees	Child Protection and Placement	-500	-513	-13	3	
Total		**-6,335**	**-5,362**	**973**	**-15**	

3.3.11.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

A detailed listing of concessions available in Victoria is contained in the DHS publication 'A guide to concessions in Victoria: A resource for assisting people on low incomes'. This can be accessed online at

www.office-for-children.vic.gov.au/__data/assets/pdf_file/0011/85484/a_**guide**_to_consessions_in_**victoria**.pdf

The principle concessions administered by the department include:

- Mains Electricity Concessions
- Mains Gas Concessions
- Non-mains Energy Concessions
- Water and Sewerage Concessions
- Pensioner Concessions for Municipal Rates and Charges

An annual report is also released each year on State Concession and Hardship Programs and this report, along with the DHS annual report, provides detailed information on individual concessions. The department's 2008-09 budget, including 2008-09 targets and output costs for the Concessions to Pensioners and Beneficiaries output group, will be published in Budget Papers to be tabled in Parliament on 6 May 2008. Note that the concessions program is an entitlement program and 2008-09 actual costs will not be known until providers supply details of the value of the bills paid for eligible recipients.

3.3.12 Staffing matters

3.3.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Response

Employment — Equivalent full-time staff

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
	xx.x	xx.x	xx.x	xx.x	xx.x										

Department of Human Services staffing

Table 1 indicates actual Departmental EFT staff numbers at June 2007 and March 2008.

It should be noted that the March numbers exclude some 535 FTE staff involved in machinery-of-government transfer of Early Childhood Services to the Department of Education and Early Childhood Development (DEECD), including 190 EFT Nurses, 123 EFT Allied Health workers, and 212 EFT Victorian Public Service officers.

In line with Government policy, the Department will adjust staffing levels to meet service delivery and associated support requirements as the need arises, however March numbers are not expected to change significantly and have been used as an estimate for June 2008. Based on staffing statistics for the past 5 years, it is estimated that the June 2009 FTE will be 11,314.

TABLE 1

	period								
	(1).Jun 2007				(2).Mar 2008				
	Type				Type				
	1.Ongoing	2.Fixed Term	3.Casual	total	1.Ongoing	2.Fixed Term	3.Casual	total	% change
Classification Group									
1.Disability development & support officers	3259	496	498	4253	3295	511	462	4267	0.3%
2.Child Protection and Juvenile Justice officers	1467	193	78	1739	1493	216	96	1805	3.8%
3.Housing services officers	372	63	.	435	405	52	.	457	5.1%
4.Allied health workers	346	85	1	432	246	65	.	311	-28.0%
5.Nurses	170	18	2	190	3	.	.	3	-98.4%
6.Victorian Public Service officers	3661	499	29	4189	3556	493	23	4071	-2.8%
7.Executives	.	110	.	110	.	111	.	111	0.9%
8.Other/various	86	51	0	137	77	47	.	124	-9.5%
9.Facility Services Officers	29	1	0	31	27	4	.	30	-3.2%
DHS total	9391	1515	609	11515	9100	1498	581	11180	-2.9%

*Note: rounding of actual FTE numbers for presentation reflected in totals.

Public Hospitals and Aged Care Centres staffing

Table 2 shows June 2007 FTE staffing for hospital and aged care agencies that has been collected either electronically from payroll providers or by survey from hospitals. Estimates of EFT staff numbers for 30 June 2008 and 30 June 2009 are 68,014 (+2.3%) and 69,274 (+1.9%) respectively.

The Department has been working with the major payroll providers that supply payroll services to public hospitals and has implemented a new minimum workforce database (MDS) that provides for the collection of a wider range of staffing profiles and payroll data on a regular basis. At present 43 agencies (~50%), are reporting through the MDS. All payroll providers have completed necessary IT specification work and the software is currently being tested at lead agencies by payroll providers yet to come online. The Department is working closely with these providers to complete the rollout of MDS to all agencies.

TABLE 2

Human Services Portfolio	30.6.07 FTE Actual
Major External Agencies	
Public Hospitals and Aged Care Centres	
Doctors, etc	6,081
Nursing	29,215
Medical Support	12,565
Other	18,607
Sub Total - Public Hospitals and Aged Care Centres	**66,468**

3.4 Department of Infrastructure

3.4.1 Departmental assumptions and performance measures

3.4.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008-09.

Response

The key assumptions underpinning the Department's contribution to the 2008-09 State Budget are:

- Government funding based on current policy settings and approved budget initiatives;
- Motor vehicle taxation estimates based on DTF modelling of demand for car purchases and registration;
- Continuation of public transport contract arrangements including partnership agreements; and
- Continuation of strong demand for materials and skills which places pressure on prices for capital projects.

3.4.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

Strong population, economic and jobs growth is resulting in more personal, freight and commercial travel.

The key priority is to reduce the effects of congestion on transport networks by maximising their capacity and improving the performance of services on those networks. In particular, core economic journeys, including getting people to work, must be further facilitated.

Key initiatives to increase road capacity and better manage road congestion include the new Congestion Plan, which includes $46.6m over four years for the Congestion Measures Package, $37.8m over four years for the Tram and Bus Priority Program and $28.2m over four years for the Walking and Cycling Infrastructure Program. Other initiatives to improve road capacity and congestion include the Outer Metropolitan Roads Program $85m TEI, and Rural Roads Program $224m TEI.

A critical portfolio challenge is the performance of the metropolitan train system. Demand has increased significantly above expectations over recent years and is expected to continue to increase. More trains have been ordered and key capacity constraints in the rail network must be addressed to enable more services to be run. Initiatives to assist in increasing capacity in key areas include Laverton Rail Upgrade $92m TEI, Craigieburn Station Track Upgrade $30m TEI, Dandenong Rail Corridor Stage 2 – Westall Rail Upgrade $151m TEI. To assist in easing pressure on the morning peak, the Early Bird Fare Initiative has been extended to the train network. To cater for increased demand on the tram network, additional trams have been leased.

$64.3m over four years has been provided for New Metropolitan Bus contracts that assist in providing enhanced service planning and delivery of Bus Services.

While much has been done in recent years to improve safety on transport networks, the safety of people using transport networks and services remains paramount and needs to be maintained and improved where possible. A key component of improving transport safety is to reduce the number of people killed and seriously injured on Victoria's roads. A key initiative is *arrive alive II* with an additional $50m provided over three years. Also funding has been provided for Train Station Upgrades at Windsor, Prahran and Noble Park.

Many assets, particularly on the rail network, are ageing or past the date of their most effective use. Assets no longer suitable for the task need to be replaced or improved. Key measures for Asset maintenance and renewal include the Country Passenger Rail Network $142.3m TEI and $112.2m over four years, Country Rail Freight $42.7m and Tram Electrical Upgrade and Maintenance $11.7m.

Extensions to transport networks and services are necessary in some areas to meet population growth in those corridors.

Efficient, reliable transport networks and services in the future require good planning now. The benefits of growth can only be sustained with sound planning and strong infrastructure investment. Key initiatives are Transport Connections and Corridor Planning with funding of $4m and South Morang Rail Extension development funding of $10.4m.

DOI must contribute to the achievement of whole of Government initiatives and objectives, including matters relating to climate change.

A further issue relates to cost pressures being experienced in capital projects, driven by strong demand for materials and skills. This is especially relevant for major infrastructure projects with long lead times as well as for road maintenance contracts.

3.4.1.3 Question

What impact have developments at the Commonwealth level had on preparing the department's component of the 2008-09 state budget?

Response

During the federal election the Commonwealth Government agreed to provide funding of $2.7 billion to Victoria for 23 AusLink 2 projects between 2009- 2014.

These projects will be funded in partnership with the Victorian Government. They will enhance the efficiency of Victoria's transport network and facilitate economic development, regional growth and export activity. The Victorian Government is keen to commence delivery of these projects as quickly as possible.

Victoria has sought Commonwealth funding for Auslink 2 projects in the federal 2008-09 Budget. The Victorian and Commonwealth Governments are working in partnership to address the gaps and bottlenecks in the national transport system and generate new jobs, investment and prosperity for Victorians.

3.4.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008-09 (including new and discontinued measures).

Response

Refer Appendix A.

3.4.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Response

Refer Appendix B.

3.4.2 Asset funding

3.4.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008-09.

Response

Asset investment projects for which capital expenditure greater than $1 million is budgeted to occur:

DOI Asset Investment Program

Accessible Public Transport in Victoria - DDA Compliance for Train, Tram & Bus

Clifton Hill to Westgarth Track Duplication

Coolaroo Station

Counter Terrorism and Public Transport Security Package

Country Passenger Rail Network Maintenance and Renewal

Country Rail Freight Network Renewal and Maintenance

Craigieburn Station Track Upgrade

Dandenong Rail Corridor - Stage One - Cranbourne Stabling and Station Upgrade

Dandenong Rail Corridor - Stage Two – Westall Rail Upgrade

Dynon Port Rail Link

Geelong Rail Access Improvement Program

Hallam Park and Ride

Laverton Rail Upgrade

Level Crossing Safety Package - 2007

Linking the Suburbs - Craigieburn Rail Project

Metropolitan Park and Ride Program – Stage 2

Metropolitan Train Control Reliability Systems Upgrade (METROL)

Metropolitan Train Rolling Stock Procurement

Metropolitan Train Safety Communications System

Mildura Rail Corridor - Freight Upgrade

New Ticketing Solution

Noble Park Train Station Upgrade

North Melbourne Station Interchange Upgrade

Partnership Agreement Works

Princes Pier Restoration

Public Transport Security Package

Railway Crossing Upgrade Program

Regional Train Rolling Stock Procurement

SmartBus Green Orbital - Nunawading to Airport West

SmartBus Red Orbital - Box Hill to Altona

SmartFreight – Connect Freight

South Gippsland Public Transport Service Improvement Package

South Morang Rail Extension Development Package

Stations and Modal Interchanges Upgrade Program

Tram Electrical Upgrade and Maintenance

Tram and Bus Priority Program

Transit Cities - Ballarat Second Station

Vigilance Control and Event Recording System (VICERS) on Metro Trains

Wodonga Rail Freight and Urban Redevelopment

VicRoads Capital Program

Barwon Heads Bridge Replacement (Barwon Heads)

Bass Highway Duplication - Grantville to King Rd

Bass Highway Duplication - King Rd to Woolmers Rd

Berwick-Cranbourne Rd Duplication - Pound Rd to Thompsons Rd (Cranbourne North, Clyde North)

Breakwater Rd Upgrade (Belmont, Geelong)

Calder Highway Sec 2 - Faraday to Ravenswood

Calder Highway Upgrade - Kyneton to Faraday

Congestion Improvements Program

Congestion Measures

Cranbourne Frankston Rd – Carriageway Duplication – Centre Rd to Western Port Hwy

Cranbourne-Frankston Rd Duplication - Scott St to Hall Rd (Cranbourne)

Cranbourne-Frankston Rd Duplication – Hall Road to Western Port Highway (Cranbourne)

Derrimut Road Duplication - Hogans Rd to Sayers Rd (Hoppers Crossing)

Electronic Variable Speed Limits

Ferntree Gully Road Widening – Jells Road to Stud Road

Geelong Ring Road

Goulburn Valley Highway Upgrading

Hume Highway - Donnybrook Road grade separation

Kings Road Duplication - Melton Hwy to Taylors Rd (Sydenham)

Kororoit Creek Road Duplication – Grieve Parade to Millers Road

Narre Warren – Cranbourne Road Duplication – Centre Road to Pound Road (Narre Warren)

Nepean Hwy Bridge Replacement - Mordialloc Creek (Kingston City)

Pound Road – South Gippsland Highway / South Gippsland Freeway Upgrade

Princes Highway East (Via Bruthen) - Buchan Road to Princes Hwy

Princes Highway West Duplication Stage 1 – Waurn Ponds to Winchelsea

Registration and Licensing Project – Stage 1

Road Safety Infrastructure Program 3

South Road New Road Construction - Warrigal Rd to Old Dandenong Rd (Heatherton)

Taylors Road Bypass

Thompson Road Duplication (Carrum Downs)

Thompson Road Duplication (Cranbourne)

Tram and Bus Priority Program

Tullamarine - Calder Freeway Interchange

Vineyard Road (Obeid Drive and Mitchells Lane, Sunbury)

Wellington Road Widening - Huntingdale Station to Stud Rd (Metro Various)

Western Highway: Deer Park Bypass and Leakes Rd Interchange Upgrade (Deer Park)

Western Highway Realignment: Anthony's Cutting

Western Port Hwy Duplication – Cranbourne Frankston Road to North Road

West-Gate Monash Freeways Improvement Project

3.4.2.2 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities?

Response

Providing the transport infrastructure (and services) to cater for future transport demand arising from population, economic and jobs growth.

Catering for different transport needs arising from demographic change, climate change predictions, changes in people's travel requirements, and catering for people with particular transport needs.

(b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department's operations? If so, please provide details of the findings.

Response

The Department of Infrastructure (DOI) works to deliver infrastructure and services to meet Government objectives.

The Government has in place a number of key overarching strategies with relevance for DOI's future infrastructure provision and operations. These include *Growing Victoria Together*, *Melbourne 2030*, *A Fairer Victoria*, *Building One Victoria*, *Victoria: Leading the Way*, *Moving Forward: Making Provincial Victoria the Best Place to Live, Work and Invest* and *The Greenhouse Challenge for Energy*.

The Government also has key long-term transport-specific strategies and plans of key relevance for the Department's operations. These include:

- Meeting Our Transport Challenges
- Linking Melbourne: Metropolitan Transport Plan
- Victorian Ports Strategic Framework
- arrive alive 2008-17

DOI works with other departments, agencies and external bodies such as transport operators and local government in assessing future transport needs. An example, is the work undertaken in conjunction with the Department of Planning and Community Development concerning long-term urban and transport development, which uses that Department's population projections to assess likely future transport needs.

The Department contributes to the Government consideration of recommendations and implications of key long term infrastructure reviews undertaken by Government, for example, the Fischer report on Victorian Rail Freight Network Review and Sir Rod Eddington's report on the East West Link Needs Assessment. The Department is undertaking work on a response to the Eddington report.

The Department examines transport research and undertakes traffic and transport modelling on an ongoing basis.

Key findings and implications are contained in strategies and plans and the three year departmental strategy is detailed in the Department's *Strategic Directions 2007-10*.

(c) Please outline any asset investment projects of the department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives.

Response

Country Rail Freight Network Renewal and Maintenance

Counter Terrorism and Public Transport Security Package

Level Crossing Safety Package

Transit Cities – Ballarat Second Station

3.4.2.3 Question

In relation to the unapplied output and asset funding carried forward to 2008-09, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives;

Response

For Output Purposes:	
Local Metropolitan Bus Reviews	$5m
Boating Safety Grants	$4m
Local Area Access Demonstration Project	$1m
TravelSmart Project	$1m
Total	**$11m**

For Capital Purposes:	
Clifton Hill to Westgarth Track	$10m
Geelong Bypass – Stage 4A	$12m
Metropolitan Train Control Reliability	$28m
Monash – WestGate Upgrade	$52m
Vigilance Control and Event Recording	$19m
Wodonga Rail Freight	$21m
Other	$10m
Total	**$152m**

(b) the underlying reasons for the department's funding carryover for each category;

Response

Output carryover

Factors include:

- Changes in project scheduling following stakeholder consultation
- Project payments rescheduled in line with project milestones of successful applicants

Capital carryover

Factors include:

- Project scope and design further refined
- Changes in project scheduling following stakeholder consultation
- Changes to availability of contractor

- Extended negotiation and consultation processes
- Finalisation of planning permits
- Changes to project milestones following awarding of contracts

(c) the intended revised timing for use of the carried forward funds.

Response

The carryover funding is intended to be used in 2008-09.

3.4.3 Efficiencies and savings

3.4.3.1 Question

In relation to the estimated efficiencies to be derived in 2008-09 (including from the various measures that fall under the umbrella of the *Efficient Government* policy and the other targeted initiatives, as initially presented in the 2007-08 State Budget), please provide:

(a) a breakdown of the planned efficiency savings according to the various measures of efficiency that apply to the department's operations;

Response

The *Efficient Government* policy and other targeted initiatives requires DOI to achieve savings through implementation of the following measures:

A 'Buying Smarter, Buying Less' purchasing framework which applied to all purchases of operating supplies and consumables from 1 July 2007;

Head Office savings including those delivered through Shared Services functions such as Corporate Services (Finance, HR) and ICT (Desktop, Applications, Infrastructure);

Reduction in advertising and consultancies expenditure;

Increased operational efficiencies via Best Practice Grant Administration;

Reduction in fleet management costs through better use of technology, centralised databases and facilities; and

Reduction in WorkCover and insurance premiums.

(b) an explanation of:

(i) how decisions regarding applicable savings measures are to be made;

(ii) the nature of their expected impact on programs such programs accelerated or deferred; and

(iii) the basis for estimating the savings target to be achieved for each measure; and

Response

All programs and activities of the Department are reviewed to identify potential savings areas. A large proportion of the Department's budget is committed to contractual public transport payments, high priority services and essential transport infrastructure projects. These areas are protected from savings measures. Exceptions to this are where efficiencies can be achieved through system, procurement and productivity improvements. Savings are generally targeted to areas of discretionary activity that will not impact on service and project delivery.

(c) particulars of any changes to the department's allocated savings for 2008-09 from the data shown in the 2007-08 Budget.

Response

The 2008-09 State Budget includes a new efficiencies savings requirement for the Department of $12.5 million per annum.

3.4.4 Economic impacts, initiatives and improvements

3.4.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the department's budget for 2008-09:

(a) interest rates

Response

Not applicable.

(b) inflation

Response

Strong demand for materials and skills will continue to place pressure on prices for capital projects.

(c) productivity improvement

Response

The savings and efficiencies targets required of the Department will be achieved, in part, through productivity improvements in areas such as information technology.

(d) National Reform Agenda initiatives

Response

In February 2006, the Council of Australian Governments committed to deliver a new National Reform Agenda (NRA) comprising three streams: human capital, competition and regulatory reform. COAG saw these streams as vital to lifting productivity, workforce participation, effective functioning of markets and reducing the regulatory burden on businesses. Measures taken under the three streams will raise living standards in Australia over the next decade and beyond.

Most of the transport infrastructure aspects of the NRA fall under the competition stream, where COAG agreed to:

ask the Productivity Commission to develop proposals for efficient pricing of road and rail infrastructure. The Department of Infrastructure (DOI) contributed to Victoria's submission to this inquiry.

harmonise and reform rail and road regulation within five years. DOI has taken a strong role in leading inter-jurisdictional work in this area.

strengthen transport planning and project appraisal processes by adopting the Australian Transport Council-endorsed national guidelines for evaluating road and rail infrastructure projects. DOI has prepared revised project appraisal guidelines which are consistent with the national guidelines.

reduce current and projected urban transport congestion. In September 2006, the Victorian Competition and Efficiency Commission released its report on managing transport congestion, and the Victorian Government issued its response in March 2007. Victoria participated strongly in the national review of urban congestion that COAG released in April 2007, and the Premier convened a congestion workshop in January 2008.

The NRA also required each State to prepare the first of a series of five-yearly infrastructure reports to COAG by early 2007, and DOI coordinated the preparation of Victoria's report.

All of this work in response to the NRA has been undertaken within DOI's budget.

3.4.5 Environmental challenges

3.4.5.1 Question

(a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09?

(b) How have these issues been addressed in the department's budget estimates for 2008-09?

Response

The Victorian Government is committed to reducing the environmental impact of Victoria's transport system through implementing key strategies, including *Meeting Our Transport Challenges (MOTC)*, designed to respond to and encourage greater use of public transport, cycling and walking and better manage congestion

Public transport improvements under *Meeting Our Transport Challenges (MOTC)* that increase the choice for sustainable travel by promoting and catering for increased use of public transport include:

- metropolitan train infrastructure to address overcrowding and eliminate bottlenecks, and to provide more trains, trams and late night services;
- expanded local bus services and extended SmartBus routes;
- making public transport easier, safer and more accessible;
- focus on rail safety;
- better transport connections in regional Victoria; and
- 5,000 park-and-ride spaces so people can catch the train for part of their journey.

Under *MOTC*, the Government has committed to develop and promote smarter, healthier travel choices. This is being delivered through the TravelSmart program which encourages people to reduce their dependence on cars and choose sustainable travel alternatives like cycling, walking and public transport.

Congestion on public transport, especially trains, has become of increasing concern and, as well as increasing services, the Victorian Government has taken a number of steps to help alleviate these issues, including introducing an Early Bird Metcard giving the user free travel between any two stations on the Connex electrified network before 7am on weekdays – thus helping to spread the peak period in the mornings and encourage a mode shift away from private vehicles. Train timetables will also be reviewed and adjusted to provide a more efficient use of trains and to increase services.

The Government is committed to reducing greenhouse gas emissions and other environmental impacts from the public transport sector by:

- trialling new hybrid electric bus technology with a view to including these buses in the bus fleet into the future;
- installing coach/bus shelters capable of collecting and storing rainwater;
- use of regenerative braking by train and tram fleets;
- construction of stormwater tanks at Southern Cross Station that will save up to 20 million litres of water every year;
- fully integrated eco-efficient and sustainable operating practices at the East Preston and Malvern Tram Depots (known as the *greendepot* project – soon to be rolled out across the rest of the tram network);
- trialling up to 50 hybrid (electric/petrol) taxis through the current peak service taxi-cab licence scheme (announced February 2008). A similar scheme will be available for hire car operators; and
- trialling the use of renewable energy for electrified public transport operations through the wind powered tram.

(c) Please list five projects or programs worth over $1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007-08 and 2008-09 for existing projects if applicable).

Response

TravelSmart – a travel behaviour change program focussed on workplaces and educational institutions with the aim of encouraging less dependence on cars. The program budget is approximately $3m in 2008-09.

Walking and Cycling Infrastructure Program – which provides improved facilities to support increases in walking and cycling. This year's budget includes $28.2m over four years for this initiative.

Keeping Melbourne Moving – aimed to ease congestion in the short term while medium and longer term solutions are underway. A $112.7m package (including the $28.2m for walking and cycling) was approved in this year's budget.

Melbourne's bus fleet complies with the international (Euro) standards with respect to new acquisitions. An additional 75 new buses will be acquired in 2008-09.

Road construction projects undertaken by VicRoads take into consideration its Environment Strategy for 2005–15. One of the key goals of this strategy is to achieve a *Net Gain*, where overall gains in native vegetation are greater than overall losses, and where individual losses are avoided where possible. All costs of this policy are incorporated into individual project budgets.

3.4.5.2 Question

What initiatives are planned to be implemented by the department in 2008-09 in order to enhance energy reporting?

Response

DOI and VicRoads will be reporting under the revised Financial Reporting Directive (FRD) 24C which now requires information on energy consumption trends and targets, energy management actions undertaken, and additional explanatory text in reference to the data provided in the annual report. Furthermore, there is now a separate section in FRD 24 that specifically deals with the greenhouse emissions associated with energy use, transport activities and waste production.

This year's report from DOI will include the energy saving initiatives at the 121 Exhibition Street building i.e. light switches that are sensitive to movement and energy saving appliances, as well as DOI's rationalisation of peripheral devices such as printers and copiers on all floors. Further initiatives to reduce energy consumption of equipment through the automatic shutdown of printers, screens and computers over weekends and other appropriate times are being investigated.

VicRoads currently reports on energy consumption associated with all offices and depots and has estimated readings for street lighting. Throughout 2008-09, efforts will be focussed on reconciling some anomalies between energy billing data and the asset inventory to improve the accuracy of street and traffic lighting energy consumption.

3.4.6 Financial information

3.4.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09 for individual outputs.

Response

Output	2008-09 Target ($ million)	2007-08 Expected Outcome ($ million)	Variance %	Explanation of variance
Public Transport Safety and Regulation	23.2	29.9	(22.4)	2007-08 Expected Outcome includes additional level crossing safety initiatives announced in the Level Crossing Safety Package including advance warning signs and rumble strips.
Road Safety and Regulation	114.2	139.0	(17.8)	This output includes projects delivered under the Safer Roads Infrastructure Program. These projects can be either operating or capital depending on the nature of the works. In 2008-09 there will be a higher proportion of capital type work than in 2007-08. In addition, the Safer Roads Infrastructure Program Stage 2 will be completed in 2008-09.
Vehicle and Driver Regulation	159.7	140.8	13.4	The 2008-09 State Budget includes new initiatives for VicRoads' registration and licensing function – Customer Services and Registration and Licensing Project – Stage 1. In addition, there will be a step-up in spending on the Graduated Licensing System.
Infrastructure Security and Emergency	3.8	5.1	(25.5)	The Counter Terrorism initiative announced in the 2006-07 State Budget will finish in 2007-08.
Public Transport Infrastructure Development	114.6	79.6	44.0	Additional spending in 2008-09 primarily reflects the next stages of the Public Transport Ticketing Solution.
Freight, Logistics, Ports and Marine	56.8	69.6	(18.4)	2007-08 Expected Outcome includes spending on maintenance on the rail freight network carried over from 2006-07.
Public Construction and Land Development	10.4	24.7	(57.9)	Variation primarily reflects completion of activities in 2007-08.

3.4.6.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007-08 and the budget for 2008-09, please provide an explanation.

Response

Not applicable. The variation is less than 10 percent.

3.4.6.3 Question

Please provide a tabular dissection of the department's 2008-09 budget and expected expenditure for 2007-08 under the Government's key themes presented annually in the Victorian Budget Overview (see pp.5-7 of 2007-08 document) differentiating between new funding initiatives and ongoing funding.

Response

	2007-08 Expected Outcome ($ million)	2008-09 Budget ($ million)
Driving jobs growth and competitive, innovative businesses	165	65
Meeting the Growing Demand for Transport	45	302
Securing a Prosperous Future for Provincial Victoria	15	112
Building Thriving, Liveable Communities	-	-
Total	**225**	**479**

3.4.7 Regional and rural considerations

3.4.7.1 Question

(a) What are the critical issues facing regional and rural communities in 2008-09 that depend on services provided by the department (please provide comment relating to particular areas of the state where applicable)?

Response

A critical issue for people in regional and rural areas is access to workplaces, social and community services and facilities, including educational and health facilities.

Providing the necessary roads and public transport services is critical to enable people to have this access.

Key regional public transport services provided include Regional Fast Rail services between regional centres and Melbourne and bus services that connect with these services and provide transport within regions and regional centres.

Innovative and flexible transport services are also provided in areas where the economic provision of conventional public transport services is difficult (for example, through the Transport Connections program)

A further critical issue is the ability of regions to develop economically. This is assisted through the provision of freight and commercial transport infrastructure that connect regions to markets.

The provision of freeways, arterial roads, bridges capable of carrying freight vehicles and the upgrading of rail freight lines all assist a region's economic development.

Catering for the additional transport demands arising in regional areas from population, economic and jobs growth is also critical.

As regional Victoria continues to grow, regional roads continues to be a focus. Rural Victoria plays a vital role in the economies of Victoria and Australia, particularly in areas of manufacturing, agriculture and tourism. Efficient movement of goods, people and information must be assured if the state is to be competitive at all levels. Victoria's rural roads carry a high proportion of the State's road freight and at the same time, these roads are heavily used by increasing numbers of tourists and for private travel.

Despite the negative effects of recent drought and bushfires, expansion in provincial Victoria is being underpinned by strong population and employment growth. Continued improvement in road network connections between Melbourne and the regional centres and also between regional centres is critical in supporting this growth trend.

By 2031, provincial Victoria is projected to grow by more than 350,000 people – more than the current combined populations of Ballarat, Bendigo and Geelong. The pattern of growth is expected to reinforce the trends of recent years, with provincial cities and areas of high natural amenity and reasonable proximity to Melbourne continuing to grow strongly.

The Victorian Government's investment in the regional arterial road network is ongoing and vital to improve overall road safety, freight efficiency, economic growth and regional development in rural Victoria. The investment supports competitive logistics chains to help achieve the government's export targets and also facilitates tourism access to Victoria's key tourist attractions. It also creates better links between regional centres and improves the liveability of regional communities.

Reducing the State's road toll is a high priority for the Government. Key departmental activities to achieve this outcome include road safety improvements which respond to Victoria's commitment identified in the *arrive alive 2008-17* strategy to reduce fatalities and serious crash injuries.

Major improvement have been made to rail services between Melbourne and regional centres with the introduction of Regional Fast Rail services and improved bus services in key regional centres.

(b) How does the department's 2008-09 budget address these issues?

Response

The 2008-09 State Budget includes the following specific regional and rural initiatives:

- **Country Passenger Rail Network Renewal and Maintenance**, $254.5m, for the renewal and maintenance of all regional passenger rail lines
- **Maintenance of V/Locity Cars**, $22.6 m
- **Rail Freight Support Package**, $21.4m, to ensure that the agricultural industry can continue to access rail freight options
- **Regional Train Rolling Stock Procurement**, $40m, to purchase an additional eight carriages, stabling and associated operating costs for the VLocity regional rail fleet
- **Rural Roads Program**, $224m, including duplication of Princes Highway West between Waurn Ponds and Winchelsea, duplication of the section of the Western Highway between Melton and Bacchus Marsh and the Yarra Glen Truck Bypass
- **South Gippsland Public Transport Service Improvement Package**, $14.7m, which will upgrade coach services in Gippsland and Bass Coast Shire
- **Upgrade and Maintenance of Key Freight Lines**, $68.4m, including funding announced under the Future Farming Strategy

(c) Please provide a table showing for up to ten of the department's largest projects (in terms of expenditure) the:

(i) budget allocation for 2008-09 dissected between new and existing projects

(ii) the purpose of each project

(iii) how the funding is to be spent

Response

Project	2008-09 Budget ($ million)	Comment
Bass Highway Duplication (King Road to Woolmer Road) (existing)	10	This is one stage of the duplication of Bass Highway to Phillip Island project. Funding is provided for capital expenditure.
Breakwater Road Duplication (existing)	10	This project will construct an elevated roadway on a new alignment to replace the existing section of Breakwater Road between Tucker Street and east of Barwon Heads Road. Funding is provided for capital expenditure.
Calder Highway Duplication (existing)	18	This project involves the construction of a four lane highway on a new alignment between Kyneton and Ravenswood. Funding is provided for capital expenditure.

Project	2008-09 Budget ($ million)	Comment
Country Passenger Rail Network Renewal and Maintenance (new)	65	This project involves the maintenance and renewal of country passenger rail network. Funding is a mixture of capital and operating.
Country Rail Freight Network Renewal and Maintenance (new)	44	This project will upgrade Victoria's rail freight network and undertake maintenance works on the freight network during 2008-09. Funding is a mixture of capital and operating.
Geelong Ring Road Stage 4 (existing)	14	This project will connect the Geelong Ring Road to Anglesea Road. Funding is provided for capital expenditure.
Geelong Rail Access Improvement Project (existing)	19	Provision of a standard gauge rail connection into the northern part of the Port of Geelong. Funding is provided for capital expenditure.
Mildura Rail Corridor Upgrade (existing)	38	This project will upgrade the standard of the Mildura Rail Line track to allow greatly improved freight services to north-west Victoria. Funding is provided for capital expenditure.
Regional Train Rolling Stock Procurement (new and existing)	24	This project involves the purchase of additional carriages, stabling and associated operating costs for the VLocity regional rail fleet. Funding is provided for capital expenditure.

(iv) the performance measures in place to assess performance

Response

Project evaluation will assess a range of performance measures including travel time, safety (accident rates etc.) and accessibility.

3.4.8 Communication, advertising and promotion

3.4.8.1 Question

(a) What is the communication, advertising and promotion budget for 2008-09? Please also provide the expected actual expenditure for 2007-08.

Response

	2007-08 Expected Actual ($ million)	2008-09 Budget ($ million)
DOI	3.4	4.7
SEITA	0.6	0.4
VicRoads	10.0	10.4

(b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007-08 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

DOI: The Department's estimated 2008-09 communication, advertising and promotion budget includes additional spending on the Rail Crossing Safety campaign and provision for advice to the public on service and infrastructure changes arising from the implementation of MOTC projects.

SEITA: There is a reduction in expenditure in the 2008-09 budget reflecting the fact EastLink will move from the construction to operating phase.

VicRoads: VicRoads' communication, advertising and promotion budget covers a diverse range of programs such as the Safer Vehicles and Think Tram programs. There is only a minor increase in spending expected in 2008-09.

3.4.9 Non government sector

3.4.9.1 Question

(a) Please provide a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09

Response

There is very little funding provided by the Department to the non government sector. In 2008-09, the only significant allocation is for the Boating Safety and Facilities Program of approximately $2.5 million.

(b) Please provide a brief description of the performance monitoring framework that will be in place during 2008-09 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose

Response

All applications for the Boating Safety and Facilities Program are assessed against specific criteria by expert panels. Applications must demonstrate that the proposed project will meet one or more of the objectives stated below:

- decrease in boating incidents and fatalities;
- promote increased safety, education and training;
- highlight the importance of vessel maintenance and operating knowledge;
- provide improved boating safety services and/or search and rescue services;
- involve communities – support the long-term involvement of community groups and local organisations in the planning, implementation and management of marine safety projects;
- improve boating navigation aids and signage;
- ensure safe access to waterways;

- improve boating facilities; and
- improvements to marine communications.

Successful applicants must abide by the terms and conditions of the funding approval which covers payment and acquittal processes.

3.4.10 Revenue initiatives/departmental income

3.4.10.1 Question

(a) In relation to 2008-09, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

Response

There are no new revenue raising initiatives or major changes to existing revenue initiatives in the 2008-09 State Budget for the Department.

(b) Please outline the actual and expected financial impact in 2008-09 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

There are no revenue foregone initiatives in the 2008-09 State Budget for the Department.

3.4.10.2 Question

For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007-08 and the budget for 2008-09.

Response

	2007-08 Revised ($ million)	2008-09 Budget ($ million)	Variance %	Explanation of variance
Resources received free of charge or for nominal consideration	83.0	-	(100)	The State will receive an estimated $83m in assets from ConnectEast associated with the EastLink project. This includes the Dandenong Bypass.
Commonwealth Grants	4.4	17.0	286	The 2008-09 figure includes an estimate for the compensation payment associated with the personal property securities reforms.

3.4.11 Fees, fines, concessions and subsidies

3.4.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

Controlled Operating Statement Items

	2007-08 Revised ($ million)	2008-09 Budget ($ million)	Variance ($ million)	Variance %
Fines and fees				
Administrative charges associated with vehicle and driver registration and licensing	*71.3*	*69.7*	*(1.6)*	*(2)*
Total	**71.3**	**69.7**	**(1.6)**	**(2)**

Administered Items

These items relate primarily to taxation and fees associated with VicRoads' vehicle and driver registration and licensing function.

	2007-08 Revised ($ million)	2008-09 Budget ($ million)	Variance ($ million)	Variance %
Taxes				
Motor Vehicle Registrations, Transfers etc.	*789.2*	*837.0*	*47.8*	*6*
Stamp Duty	*556.8*	*575.4*	*18.6*	*3*
Concession Notes Revenue	*20.1*	*7.2*	*(12.9)*	*(64)*
Taxes sub-total	**1,366.1**	**1,419.6**	**53.5**	**4**
Fines				
Transport Infringements	*14.4*	*15.8*	*1.4*	*10*
Transport Infringements Accounting Adjustment	*8.0*	*-*	*(8.0)*	*(100)*
Fines sub-total	**22.4**	**15.8**	**(6.6)**	**(29)**
Fees				
Driver Licences	*35.4*	*39.2*	*3.8*	*11*
Regulatory Fees	*16.7*	*16.6*	*(0.1)*	*(1)*
Fees sub-total	**52.1**	**55.8**	**3.7**	**7**
Total	**1,440.6**	**1,491.2**	**50.6**	**4**

3.4.11.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

Public Transport

Concessions on metropolitan and regional public transport are available for children under the age of 15, students, senior citizens, health care card holders and war veterans/widows.

The revenue foregone in 2008-09 is estimated to be $123 million.

VicRoads

VicRoads administers the collection of certain fees, licences and duties on behalf of the Victorian Government and Transport Accident Commission. Pensioner, health care and Department of Veteran's Affairs gold cardholders receive a 50 per cent concession on their motor registration fee. Pensioner concession cardholders also receive a 50 per cent discount on compulsory third party insurance. From 1 January 2006, drivers who have not received any demerit points in the previous years receive a 25 per cent discount when they renew their driver's licence.

During 2008–09, net revenue foregone from collections on behalf of the Victorian Government is estimated to be $61.7 million and the number of transactions is expected to be 836,422 – a 3 per cent increase compared to the previous year.

The following table lists the concessions to be provided in 2008-09.

Concessions Issued		
Registration Type	**Concession Type**	**Frequency**
New	Health Care Card	12 Monthly
Second Hand	Health Care Card	12 Monthly
Renewal	Health Care Card	12 Monthly
New	Health Care Card	6 Monthly
Second Hand	Health Care Card	6 Monthly
Renewal	Health Care Card	6 Monthly
Renewal	Pensioner Concession	6 Monthly
Second Hand	Health Care Card	6 Monthly
Renewal	Health Care Card	6 Monthly
Renewal	Recreational Use Health Care Card	12 Monthly
Renewal	Private or Business Use – French Island	6 Monthly
Second Hand	Pensioner Concession	12 Monthly
Renewal	Pensioner Concession	12 Monthly
New	Pensioner Concession	6 Monthly
Second Hand	Pensioner Concession	6 Monthly
Renewal	Pensioner Concession	6 Monthly
New	Department of Veterans' Affairs	12 Monthly
Second Hand	Department of Veterans' Affairs	12 Monthly
Renewal	Department of Veterans' Affairs	12 Monthly
Car	25% Driver Licence Discount Scheme	10 Monthly
Car	25% Driver Licence Discount Scheme	3 Monthly
Cycle	25% Driver Licence Discount Scheme	10 Monthly
Cycle	25% Driver Licence Discount Scheme	3 Monthly

Concessions Issued		
Registration Type	**Concession Type**	**Frequency**
Dual	25% Driver Licence Discount Scheme	10 Monthly
Dual	25% Driver Licence Discount Scheme	3 Monthly

Excludes regulatory exemptions relating to Government/Consular groups, charitable organisations, special purpose vehicles, French Islanders, farmers.

3.4.12 Staffing matters

3.4.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Response

Employment — Equivalent full-time staff

DOI

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
EO		55.7		4.3	60.0		54.0		6.0	60.0		60.0			60.0
VPS STS	8.0	1.0			9.0	10.0	1.0		2.0	13.0	13.0				13.0
VPS PS		8.0			8.0	11.8				11.8	18.8				18.8
VPS GR6	250.1	31.6		4.0	285.7	286.5	28.7		4.0	319.2	298.6	30.7		2.0	331.3
VPS GR5	183.3	38.2		5.0	226.5	212.9	20.5		8.0	241.4	221.5	22.5		3.0	247.0
VPS GR4	138.7	20.5		3.0	162.2	160.9	28.7		2.0	191.6	169.4	26.7		3.0	199.1
VPS GR3	186.9	34.1		15.6	236.6	245.2	19.2		3.0	267.4	248.7	23.2		1.0	272.9
VPS GR2	52.4	13.4			65.8	69.1	7.0			76.1	71.5	8.0		1.0	80.5
VPS GR1	2.0	4.0			6.0	5.0	3.0			8.0	5.0	3.0			8.0
Total	**821.4**	**206.5**	**0.0**	**31.9**	**1,059.8**	**1,001.4**	**162.1**	**0.0**	**25.0**	**1,188.5**	**1,046.5**	**174.1**	**0.0**	**10.0**	**1,230.6**

SEITA

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009* (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
EO		8.0			8.0		9.0			9.0		8.0			8.0
STS	2.0				2.0	2.0				2.0	2.0				2.0
VPS 6	10.4				10.4	9.4				9.4	9.4				9.4
VPS 5	3.0				3.0	3.0				3.0	3.0				3.0
VPS 4	1.0				1.0	2.0				2.0	2.0				2.0
VPS 3	5.0				5.0	4.0				4.0	4.0				4.0
VPS 2	2.4		0.5		2.9	2.4		0.5		2.9	2.4				2.4
Total	**23.8**	**8.0**	**0.5**	**0.0**	**32.3**	**22.8**	**9.0**	**0.5**	**0.0**	**32.3**	**22.8**	**8.0**	**0.0**	**0.0**	**30.8**

* Eastlink is expected to be operational during 2008-09, however most staff will return to DOT/VicRoads.

VicRoads

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
EO		67.6		0.4	68	0	64.0			64	0	65.0			65
VRO6	125.3	1.0			126.3	139	2.0			141	152	2.0		5.0	159
VRO5	340.4	3.0		0.6	344	363	3.0			366	386	2.0		5.0	393
VRO4	771.3	1.0		21.7	794	804	2.0		18.0	824	849	5.0		5.0	859

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
VRO3	676.9	1.0		35.1	713	652	6.0			658	644	5.0		10.0	659
VRO2	492.3			26.7	519	554	3.0		29.0	586	688	5.0		15.0	708
VRO1	128.6			36.4	165	125	3.0		5.0	133	55	5.0			60
Total	**2,534.8**	**73.6**	**0.0**	**120.9**	**2,729.3**	**2,637**	**83.0**	**0.0**	**52.0**	**2,772**	**2,774**	**89.0**	**0.0**	**40.0**	**2,903**

The proposed EFT increase of 131 staff predominately relates to better staffing of the Call Centre and Customer Service Centres where service functions are currently under significant pressure as the business seeks to deal with the increasing volume and complexity of enquiries and transactions, address the Ombudsman's own motion study into VicRoads licensing arrangements that noted a number of deficiencies in the customer service delivery environment and ramping up various major road projects (e.g. Monash Westgate Freeway upgrade). This increase also reflects the increase in project activity associated with the WoVG Registration & Licensing Project.

3.4.13 Appendix A

The 2008-09 departmental output statements are detailed in Chapter 3 of the 2008-09 Budget Paper No. 3.

The department made a change to its output structure in 2008-09 by restructuring the previous Road System Management and Traffic and Transport Management outputs to the new Road Network Improvements and Road Asset Management outputs. This was done to provide an improved focus on managing congestion, long term planning and asset management of Victoria's road network.

Other changes to the Department's performance measures can be broadly categorised into:

new performance measures to reflect new or changed activities, or the next phases of multi-year projects;

improvement in the description of performance measures to better reflect activities undertaken; and

discontinued measures to reflect the actual completion of the activity, activities no longer applicable (such as regulatory change), or where the measure has been replaced with a new/improved performance measure.

Further details of these changes can be found in Chapter 3 and Appendix C of the 2008-09 Budget Paper No. 3. A summary from this document of discontinued and new performance measures is provided below.

Discontinued performance measures

The following table is an extract from the 2008-09 Budget Paper No.3, Appendix C – Discontinued Outputs and/or Measures.

In addition to the discontinued performance measures outlined below, there were four measures relating to Transit Cities in the Public Construction and Land Development output that have been transferred to the Department of Planning and Community Development following the Machinery of Government changes in August 2007.

Major Outputs/Deliverables Performance Measures	**Existing Unit Of Measure**	**2006-07 Actual**	**2007-08 Target**	**2007-08 Expected Outcome**
Public Safety and Security				
Public Transport Safety and Regulation				
Quantity				
Train and tram safety compliance inspections (unannounced audits) undertaken where an Improvement Notice or non conformance/compliance is issued at an audit [(a)]	per cent	99	100	n/a
Quality				
Train and tram safety: audit non conformance/compliance addressed within agreed timeframes [(b)]	per cent	74	100	n/a

Major Outputs/Deliverables Performance Measures	**Existing Unit Of Measure**	**2006-07 Actual**	**2007-08 Target**	**2007-08 Expected Outcome**
Train and tram safety: application for a material change (to a safety management system of an accredited rail organisation) reviewed within 30 days [(c)]	per cent	100	100	n/a
Timeliness				
Train and tram safety: all accredited organisations audited annually [(d)]	per cent	100	100	n/a
Bus safety: all accredited organisations audited every two years [(e)]	per cent	52.2	50	50
Transport and Marine Safety Investigations				
Timeliness				
Investigation of accidents/incidents completed within agreed timeframes[(f)]	per cent	nm	80	40
Marine Safety and Regulation				
Quantity				
Safety audits performed on vessels: recreational vessels [(g)]	per cent	5	5	1.3
Public Transport Services				
Specialist Transport Services				
Quantity				
Disability Discrimination Act (DDA) compliance for public transport infrastructure: V/Line stations upgraded to meet DDA requirements [(h)]	number	3	5	7
Infrastructure Planning, Delivery and Management				
Integrated Transport Policy and Planning				
Quantity				
Local Area Access Program evaluation framework developed [(h)]	per cent	nm	100	100
Completion of Auslink corridor strategies involving Victoria [(h)]	number	nm	8	8
Timeliness				
East-West Link Needs Assessment - Final report to Government (h)	date	nm	qtr 3	qtr 3
Public Transport Infrastructure Development				
Quantity				
Craigieburn Rail Project construction projects – contract completion: major works packages [(i)]	per cent	95	100	100
Dandenong Rail Corridor: project scoped and costed for funding decisions [(h)]	per cent	75	100	100

Major Outputs/Deliverables Performance Measures	**Existing Unit Of Measure**	**2006-07 Actual**	**2007-08 Target**	**2007-08 Expected Outcome**
Projects continuing: Country rail services: Mildura and Leongatha[(j)]	number	2	2	2
Timeliness				
Craigieburn rail project: Craigieburn and Roxburgh Park stations complete [(h)]	date	qtr 4	qtr 1	qtr 1
Track duplication - Clifton Hill to Westgarth • main works contract awarded [(h)]	date	nm	qtr 2	qtr 3
Track duplication - Clifton Hill to Westgarth • signalling contract awarded[(k)]	date	nm	qtr 3	qtr 3
Development of new integrated public transport ticketing solution • commence customer education program[(h)]	date	nm	qtr 1	qtr 1
Development of new integrated public transport ticketing solution • commence metropolitan installation[(h)]	date	nm	qtr 2	qtr 2
Metropolitan Train Communications System replacement • request for tender issued [(h)]	date	nm	qtr 1	qtr 2
Metropolitan Train Communications System replacement • tender awarded [(h)]	date	nm	qtr 3	qtr 4
Metrol Replacement • design completed for core Metrol systems [(h)]	date	nm	qtr 4	qtr 4
North Melbourne Station Interchange Upgrade • commence works on concourse [(h)]	date	nm	qtr 2	qtr 2
Vigilance Control and Event Recording System (VICERS) • complete wiring on Comeng fleet for installation of VICERS units [(h)]	date	nm	qtr 1	qtr 3
Vigilance Control and Event Recording System (VICERS) • complete VICERS unit installation on Comeng fleet [(h)]	date	nm	qtr 2	qtr 4
Vigilance Control and Event Recording System (VICERS) • commence installation on Siemens/Xtrapolis fleet [(h)]	date	nm	qtr 2	qtr 4
Smartbus: Red Orbital - Box Hill to Altona • construction works commence on road priority treatments [(h)]	date	nm	qtr 2	qtr 1

Major Outputs/Deliverables Performance Measures	**Existing Unit Of Measure**	**2006-07 Actual**	**2007-08 Target**	**2007-08 Expected Outcome**
Smartbus: Red Orbital - Box Hill to Altona • construction works commence on bus stop upgrade works (h)	date	nm	qtr 4	qtr 4
Road Network Improvements (formerly Road System Management)				
Quantity				
Eastlink Project: Community Advisory Group (including concessionaire) meets to address community issues (l)	number of meetings	11	10	11
Eastlink Project: land acquisitions completed (h)	per cent	100	100	100
Road Asset Management (formerly Traffic and Transport Management)				
Quantity				
Road user facilities improvement projects (m)	number	53	48	35
Length of cycling paths and lanes completed (n)	km	nm	18.35	20.5
Travel time improvement projects for high occupancy vehicles (m)	number	26	30	15
Quality				
Projects delivered in accordance with agreed scope and standards (o)	per cent	100	100	100
Timeliness				
Program works completed within agreed timeframes (p)	per cent	100	100	100
Freight, Logistics, Ports and Marine Development				
Timeliness				
Channel Deepening: project approval (h)	date	nm	qtr 2	qtr 2
Mildura Rail Corridor Freight Upgrade project • Sleeper contract commenced (h)	date	nm	qtr 1	qtr 1
Mildura Rail Corridor Freight Upgrade project • construction commenced (h)	date	nm	qtr 2	qtr 2
Public Construction and Land Development				
Timeliness				
Flinders Street West Precinct Urban Redevelopment: finalising remaining scope of project works with VicRoads and Public Transport Division (h)	date	n/a	qtr 2	qtr 2
Princes Pier: commencement of deck demolition (h)	date	nm	qtr 2	qtr 2
Parkville Gardens: completion of retrofit works (h)	date	nm	qtr 1	qtr 1

Notes:

(a) Replaced by new measure entitled "Train and tram safety compliance audits/inspections conducted in accordance with legislative requirements". This measure uses "number" as the unit rather than "per cent". The change in unit of measure allows for a more efficient reporting mechanism as required by the Rail Safety Act 2006.

(b) This measure is discontinued as the current legislation, the Rail Safety Act 2006, does not require non conformance or compliance audits to be undertaken.

(c) This measure is discontinued as under the current legislation, the Rail Safety Act 2006, the Director Public Transport Safety Victoria now approves "Variations" to operators' existing terms and conditions of accreditation.

(d) This measure is discontinued and replaced with a new measure entitled "Train and tram accreditations processed on time" as under the current legislation, the Rail Safety Act 2006, timeframes can often be extended periods and therefore could outlast the duration of a year.

(e) This measure is discontinued as with the National Model Bill soon to be implemented, Public Transport Safety Victoria will no longer be required to undertake at least one annual safety audit of accredited organisations. It will be replaced with the requirement to undertake compliance inspections instead of audits.

(f) This measure is discontinued and replaced with an improved measure entitled "Completion of investigations measured against benchmark timeframes".

(g) This percentage performance measure is discontinued and replaced by a number measure of same name. The unit of measure has been changed due to fluctuations in the size of the recreational vessel fleet.

(h) This measure was/is expected to be completed in 2007-08.

(i) This measure is discontinued as the Craigieburn Rail Project achieved Practical Completion on 30 September 2007 with the commencement of electrified services.

(j) This measure is discontinued as services for Leongatha will be provided by coach services, and are reflected in the 2008-09 target for "Total kilometres scheduled: V/Line train and coach", under the Rural and Regional Public Transport Services output.

(k) A signalling contract was not awarded for the Clifton Hill to Westgarth track duplication project. In its place, pursuant to the powers in the Infrastructure Lease, a written Project Agreement was executed in December 2007 between the Director of Public Transport and Connex Melbourne Pty Ltd for Connex to provide signalling, service relocation works and overhead traction design and construction for this project.

(l) This measure is discontinued as the meetings will not be held in 2008-09 with the Eastlink project nearing completion.

(m) This measure is discontinued and replaced with new measures entitled "Congestion projects completed" and "Bus/tram route and other high occupancy vehicle improvements".

(n) This measure has been superseded with improved measures for the Road Networks Improvement output.

(o) This measure is discontinued as another similar measure exists from the restructure of previous 'Road System Management' and 'Traffic and Transport Management Outputs'.

(p) This measure is discontinued as it overlaps with the existing measure "Annual maintenance program completed within agreed timeframes".

New performance measures

The following table is an extract from the *2008-09 Budget Paper No.3, Chapter 3 – Departmental Output Statements.*

Major outputs/Deliverables Performance Measures	**Unit of Measure**	**2008-09 Target**	**2007-08 Expected Outcome**	**2007-08 Target**	**2006-07 Actual**
Public Transport Safety and Regulation					
Quantity					
Train and tram safety compliance audits/inspections conducted in accordance with legislative requirements[(a)]	number	40	nm	nm	nm
Bus safety accreditation compliance audits/inspections conducted in accordance with regulatory policy[(b)]	per cent	100	nm	nm	nm
Timeliness					
Train and tram accreditations processed on time[(c)]	per cent	100	nm	nm	nm
Bus safety accreditations processed on time[(d)]	per cent	100	nm	nm	nm
Marine Safety and Regulation					
Quantity					
Safety audits performed on vessels:					
• recreational vessels[(e)]	number	1000	nm	nm	nm
Transport and Marine Safety Investigations					
Timeliness					
Completion of investigations measured against benchmark timeframes[(f)]	index	1	nm	nm	nm
Public Transport Infrastructure Development					
Quantity					
Projects continuing:					
• Country rail services: Mildura[(g)]	number	1	nm	nm	nm
Timeliness					
Laverton Rail Upgrade: award contract[(b)]	date	qtr 3	nm	nm	nm
Craigieburn crossovers and signalling: concept design completed[(b)]	date	qtr 4	nm	nm	nm
Dandenong Rail Corridor Stage 2 – Westall Rail Upgrade: award contract[(b)]	date	qtr 4	nm	nm	nm
Development of new integrated public transport ticketing solution[(h)]:					
• Customer involvement in regional bus pilot	date	qtr 2	nm	nm	nm
Metropolitan Train Communications System replacement[(h)]:					
• detailed system design completed	date	qtr 4	nm	nm	nm
Metrol Replacement[(h)]:					
• interface demonstrations completed for core Metrol systems	date	qtr 3	nm	nm	nm

Major outputs/Deliverables Performance Measures	Unit of Measure	2008-09 Target	2007-08 Expected Outcome	2007-08 Target	2006-07 Actual
North Melbourne Station Interchange Upgrade[(h)]:					
• completion of works on concourse	date	qtr 4	nm	nm	nm
Vigilance Control and Event Recording System (VICERS)[(h)]:					
• Completion of commissioning of VICERS on Comeng fleet	date	qtr 2	nm	nm	nm
SmartBus: Red Orbital - Box Hill to Altona[(h)]					
• construction works completed for bus stop upgrade works	date	qtr 3	nm	nm	nm
• services commence	date	qtr 3	nm	nm	nm
• construction works completed for on road priority treatments	date	qtr 4	nm	nm	nm
SmartBus: Green Orbital Stage 2 – Nunawading to Airport West [(h)]					
• construction works commence on road priority treatments	date	qtr 2	nm	nm	nm
• construction works commence on bus stop upgrade works	date	qtr 4	nm	nm	nm
Road Network Improvements					
Quantity					
Congestion projects completed[(i)]	number	18	nm	nm nm	
Bus/tram route improvements and other high occupancy vehicle improvements[(i)]	number	10	nm	nm nm	
Quality					
Operating and Service delivery issues for Eastlink progressively identified with Concessionaire[(h)]	per cent	100	nm	nm	nm
Freight, Logistics, Ports and Marine Development					
Quantity					
Channel Deepening: Project Implementation[(h)]	per cent	70	nm	nm	nm
Timeliness					
Planned infrastructure asset renewal activities are delivered within project timelines[(b)]:					
• country freight rail network	per cent cumulative	90	nm	nm	nm
Mildura Rail Corridor Upgrade project[(h)]					
• construction completed	per cent	90	nm	nm	nm
Public Construction and Land Development					
Timeliness					
Princes Pier: commence reinstatement of deckworks[(h)]	date	qtr 1	nm	nm	nm
Parkville Gardens: commence Stage one construction of 650 apartments[(h)]	date	qtr 2	nm	nm	nm

Notes:

(a) New performance measure that replaces the previous performance measure entitled "Train and tram safety compliance inspections (unannounced audits) undertaken where an Improvement Notice or non conformance/compliance is issued at an audit" to align with the requirements of the Rail Safety Act 2006.

(b) New performance measure, reflecting the activities to be undertaken in 2008-09.

(c) New performance measure that replaces the previous performance measure entitled "Train and tram safety: all accredited organisations audited annually". Train and tram accreditations are required to be processed within six months or the period extended in accordance with Section 44 of the Rail Safety Act 2006.

(d) New performance measure that replaces the previous performance measure entitled "Bus safety: all accredited organisations audited every two years". Bus safety accreditations are required to be processed within six weeks from receipt of required documentation and fee.

(e) The 2008-09 target unit measure has been changed from percentage to number as there is a high seasonal variation in the number of recreational vessels registered in Victoria. The target has also been revised in 2008-09 to no longer include audits undertaken and reported separately by Victoria Police.

(f) New performance measure that replaces the previous performance measure "Investigation of accidents/incidents completed within agreed timeframes". The new measure is a more effective measurement of performance against benchmark timeframes, and is based on a weighted average index across all investigations undertaken.

(g) New performance measure that replaces the previous performance measure entitled "Projects continuing: Country Rail Services: Mildura and Leongatha". Services for Leongatha will be provided by coach services, and are reflected in the 2008-09 target for "Total kilometres scheduled: V/Line train and coach", under the Rural and Regional Public Transport Services output.

(h) New performance measure reflects the next phase of the project.

(i) New performance measures that replace the previous performance measures entitled "Road user facilities improvement projects" and "Travel time improvement projects for high occupancy vehicles". The new measures better reflect the tasks undertaken.

3.4.14 Appendix B

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Major outputs/Deliverables Performance Measures	**Unit of Measure**	**2008-09 Target**	**2007-08 Expected Outcome**	**Reason for variance**
Road Safety and Regulation				
Road Safety projects/initiatives completed:				
• safe roads	number	258	152	The 2008-09 Target includes projects under the Commonwealth Accident Blackspot Program which were previously not reported.
• safe road users	number	48	34	A larger number of lower complexity projects than previous years.
Vehicle and Driver Regulation				
Driver licences renewed	number ('000)	352	294	Due to the steady growth of the 3 year licence renewals and the gradual effect of 10 year licence renewals becoming due.
Vehicle and driver information requests processed	number ('000)	3 091	2 502	Due to the opening of Eastlink.
Commercial passenger vehicles inspected – taxis, hire cars etc	number	10 000	8 500	In 2007-08, all Transport Safety Officers participated in extensive and enhanced training to enable them to undertake more detailed compliance and safety inspections as well as checks relevant to the Taxi Industry Accreditation regime. This impacted on the time available to undertake inspections.
Customers served within 10 minutes in VicRoads licensing and registration offices	per cent	80	70	The increased target primarily reflects the impact of the 2008-09 budget initiative for VicRoads customer services.
Calls answered within 30 seconds in VicRoads call centres	per cent	80	53	The increased target primarily reflects the impact of the 2008-09 budget initiative for VicRoads customer services.
Taxi services complaints investigated and closed within 30 days of receipt	per cent	>60	50	The Victorian Taxi Directorate has provided additional resources for the complaints handling team.

Major outputs/Deliverables Performance Measures	Unit of Measure	2008-09 Target	2007-08 Expected Outcome	Reason for variance
Transport and Marine Safety Investigations				
Proportion of accident/incidents involving identified multiple safety system failures investigated	per cent	90	100	In 2007-08, 100 per cent of multiple safety system failures are expected to be investigated, due to the fact that the failures differed in nature. Where a number of accidents have the same multiple safety system failures, a proportion of those accidents are investigated.
Integrated Metropolitan Public Transport Services				
Payments made for:				
• bus services	$ million	441	380	The higher target reflects the full year impact of improvements to bus services introduced in 2007-08 and improvements to be introduced in 2008-09.
Rural and Regional Public Transport Services				
Payments made for:				
• country bus services	$ million	89	80	The higher target reflects the full year impact of improvements to bus services introduced in 2007-08 and improvements to be introduced in 2008-09.
Specialist Transport Services				
Disability Discrimination Act (DDA) compliance for public transport infrastructure:				
• level access tram stops built	number	52	40	The increased target reflects the close co-operation between DOI, the operator, VicRoads, councils and contractors to secure the timely approval for and delivery of accessible tram stops.
• number of accessible bus stops built	number	1 500	3 000	The lower target in 2008-09 is due to the increased complexity of works at bus stops.
Multi Purpose Taxi Program applications assessed and completed within ten working days	per cent	80	50	New practices and increased resources expected to increase performance in 2008-09.
Public Transport Infrastructure Development				
Track duplication – Clifton Hill to Westgarth: main works packages	per cent	80	20	Reflecting next stage in the project.

Major outputs/Deliverables Performance Measures	Unit of Measure	2008-09 Target	2007-08 Expected Outcome	Reason for variance
Projects progressed to agreed plans and timeframes	per cent	100	75	Minor delays have been experienced with the Clifton Hill – Westgarth track duplication, Metropolitan train communications system replacement and the Vigilance Control and Event Recording System.
Road Network Improvements				
Major road improvement projects completed:				
• regional	number	2	1	An additional project to be completed in regional Victoria.
Other road improvement projects completed:				
• metropolitan	number	6	11	Targets are lower, as the projects within this measure are likely to span multiple years due to size and complexity.
• regional	number	6	15	Targets are lower, as the projects within this measure are likely to span multiple years due to size and complexity.
Bridge strengthening and replacement projects completed:				
• metropolitan	number	4	2	Increased to reflect the current needs assessment across the network.
• regional	number	11	3	Increased to reflect the current needs assessment across the network.
Local road projects completed:				
• regional	number	18	15	Increased to reflect the current needs assessment across the network.
Cycling projects completed	number	12	15	The lower target in 2008-09 is due to the increased complexity of projects commencing in 2008-09.
Road Asset Management				
Pavement resurfaced:				
• metropolitan	m^2 ('000)	1 583	2 218	Lower target as a result of a reprioritisation of works due to a higher identified need in rural Victoria compared to the metropolitan area.

Major outputs/Deliverables Performance Measures	**Unit of Measure**	**2008-09 Target**	**2007-08 Expected Outcome**	**Reason for variance**
Freight, Logistics, Ports and Marine Development				
Quantity				
Dynon Port Rail Link: design and construction of bridge, road and rail works (excluding signalling)	per cent	90	40	Reflecting next stage in the project.
Geelong Port Rail Access: planning and construction	per cent	100	40	Reflecting next stage in the project. The contract has now been awarded and is scheduled for completion in 2009.
Road-based freight accessibility and reliability improvement projects completed	number	13	9	The 2007-08 expected outcome has been reduced due to the number of complex, higher cost projects commencing in 2007-08.

3.5 Department of Innovation, Industry and Regional Development

3.5.1 Departmental assumptions and performance measures

3.5.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008/2009.

Response

The key assumptions that have been used to develop the Department's budget projections for 2008/2009 are as follows:

- Estimated carryover of $9.2 million;
- Budget escalation factor as applied by the Department of Treasury and Finance;
- New initiatives endorsed by ERC; and
- Savings of $31.2 million.

3.5.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

The Department has taken into account the Government priorities, Departmental strategies and any savings requirements in developing the Department's budget for the 2008/2009 financial year.

3.5.1.3 Question

What impacts have developments at the Commonwealth level had on preparing the department's component of the 2008/2009 state budget?

Response

Developments at the Commonwealth level have had minimal impact, however there is the potential for future impact in relation to proposed changes to the negotiation of Commonwealth Specific Purpose Payments and changes in relation to Tertiary Education funding.

3.5.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008/2009 (including new and discontinued measures).

Response

The changes in performance measures presented in the budget papers for 2008/2009 are shown in the tables below:

New/Changed Performance Measures:

Performance Measure	Unit of Measure	2008/2009 Target	2007/2008 Expected Outcome	Explanation
Innovation				
Develop information resource products, standards and guidelines in response to identified Government requirements	per cent	90	90	Performance measure transferred from the Department of Planning and Community Development as part of machinery of Government changes effective November 2007.
Information Victoria public contact per contact officer per day	number	41	38	
Victoria Online – increase in usage	per cent	20	36	
Timely provision of public information	per cent	95	95	
Assessment of quarterly monitoring reports for grant agreements undertaken	per cent	100	nm	New performance measure established to be consistent with improved grant management practice.
Payments made according to contracts, provided grant recipients meet contract terms	per cent	100	nm	
Science and Technology				
Biotechnology projects and programs underway	number	11	nm	New performance measure is a consolidation of previous measures 'Biotechnology partnerships facilitated' and 'Victorian participation in international biotechnology forums led by Government'.
Operational Infrastructure Support grants under management	number	13	nm	New performance measure established recognising major medical research grants under management.
Assessment of quarterly monitoring reports for grant agreements undertaken	per cent	100	nm	New performance measure established to be consistent with improved grant management practice.
Payments made according to contracts, provided grant recipients meet contract terms	per cent	100	nm	
Strategic Policy				
Development of whole-of-government information and service access strategic directions relating to improvements in service performance and greater public participation	number	1	1	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective November 2007. This performance measure replaces the 2007/2008 performance measure

Performance Measure	Unit of Measure	2008/2009 Target	2007/2008 Expected Outcome	Explanation
				'Development of strategic directions (whole-of-government) relating to improvements in service performance and greater public participation'. The 2008/2009 performance measure is the same as the 2007/2008 measure except for the addition of 'information and service access' and measures the exact same activity as per the performance measure in 2007/2008.
Regional Infrastructure Development				
RIDF projects funded (excluding Small Towns Development Fund)	number	15	36	This performance measure corrects the 2007/2008 performance measure 'RIDF projects funded (excluding Gas Towns Development Fund)'. The 2008/2009 performance measure is the same as the 2007/2008 measure except for the replacement of 'Gas Towns' with 'Small Towns' and measures the exact same activity as per the performance measure in 2007/2008.
Regional Economic Development, Investment and Promotion				
Projects to support growth in Victoria's Food Industry	number	25	nm	New performance measure in 2008/2009 with a focus on the food industry.
Workforce Participation				
Government Youth Employment Scheme – apprenticeships and traineeship commenced	number	450 - 550	450 - 550	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective August 2007.
Global Skills for Victoria – average number of unique visitors per month to the Live in Victoria website	number	60000 - 70000	65000	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective August 2007. This performance measure replaces the 2007/2008 performance measure 'Skilled Migration Program – average number of unique visitors to the website per month'. The 2008/2009 performance measure is the same as the 2007/2008 measure except for a name change to reflect the new Global Skills for Victoria strategy and measures the exact same activity as per the performance measure in 2007/2008.
New Workforce Partnerships - jobseekers who achieve sustainable employment outcomes (minimum of 16 weeks)	number	350 - 450	nm	New measure replacing 'Workforce Participation Partnerships – job seekers who achieve sustainable employment (minimum of 16 weeks)'. New Workforce

Performance Measure	Unit of Measure	2008/2009 Target	2007/2008 Expected Outcome	Explanation
				Partnerships is a new program replacing the Workforce Participation Partnerships program.
Global Skills for Victoria – client satisfaction with services provided	per cent	85	85	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective August 2007. This performance measure replaces the 2007/2008 performance measure 'Skilled Migration Program – client satisfaction with services provided'. The 2008/2009 performance measure has a broader scope and includes additional services provided under the new Global Skills for Victoria Strategy.
Client satisfaction with targeted employment initiatives	per cent	80	nm	This new performance measure is a consolidation of existing performance measures capturing client satisfaction across a broad range of programs - Experience Counts Program, Disability Trainee Scheme, Youth Employment Scheme, Moving Forward Skills and Jobs for Disadvantaged Workers.
Global Skills for Victoria – average processing time for state sponsorship applications	working days	25 - 30	25	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective August 2007. This performance measure replaces the 2007/2008 performance measure 'Skilled Migration Program – average processing time for state sponsorship applications'. The 2008/2009 performance measure is the same as the 2007/2008 measure except for a name change to reflect the new Global Skills for Victoria strategy and measures the exact same activity as per the performance measure in 2007/2008.
Tourism				
Visitvictoria.com annual visits to site	number ('000)	5400	5200	This performance measure replaces the 2007/2008 performance measure 'Visitvictoria.com annual visitors to site'. The 2008/2009 performance measure is the same as the 2007/2008 measure except for the replacement of the word 'visitors' with 'visits' and measures the same activity as the performance measure in 2007/2008.

Discontinued Performance Measure

Performance Measure	Unit of Measure	2007/2008 Expected Outcome	Explanation
Investment Attraction and Facilitation			
Client satisfaction rating by businesses with investment facilitation services	per cent	n/a	Performance measure discontinued for 2008/2009. Survey was not undertaken for 2006/2007 as survey was unable to provide sufficient sample size to ensure integrity of data.
Science and Technology			
ICT research projects underway	number	1	Performance measure has been consolidated with 'ICT projects and programs underway' measure.
Assessment of quarterly monitoring reports for ICT grant agreements undertaken	per cent	100	Performance measure has been replaced by a performance measure with a broader scope: 'Assessment of quarterly monitoring reports for grant agreements undertaken'.
Payments made according to contracts, provided ICT grant recipients meet contract terms	per cent	100	Performance measure has been replaced by a performance measure with a broader scope: 'Payments made according to contracts, provided grant recipients meet contract terms'.
Biotechnology partnerships facilitated	number	5	Performance measure has been consolidated into 'Biotechnology projects and programs underway' measure.
Victorian participation in international biotechnology forums led by Government	number	6	
Businesses/researchers accessing Science Technology and Innovation (STI) funded infrastructure	number	300	Performance measure discontinued as STI program is ceasing.
STI infrastructure projects under management	number	44	
Value of projects attracted by STI funding	ratio	3.5:1	
Patents sought by STI funded organisations	number	25	
Skills expansion – PhDs commenced in STI funded projects	number	200	
Sector Development			
Attendees at presentations by keynote speakers	number	860	Performance measure discontinued as commercial conference organisers have offset the need for the Department to support to previous levels. The 2007/2008 expected outcome reflects only the Association for Manufacturing Excellence conference which was delayed from 2006/2007.
High performance consortia supported	number	0	Performance measure discontinued in 2008/2009. The Agenda for New Manufacturing programs have been altered to reflect the Department's desire to move from delivering small grants to individual companies in favour of larger grants to service providers.
Participant satisfaction with Advanced Manufacturing programs	per cent	0	
Initiatives completed by Melbourne Centre for Financial Studies	number	6	Performance measure discontinued as the final payment to the Melbourne Centre for Financial Studies (MCFS) under the DIIRD funding agreement took place prior to 30 June 2007. The

Performance Measure	Unit of Measure	2007/2008 Expected Outcome	Explanation
			agreement specified minimum outcomes in terms of initiatives to be implemented by the MCFS, with no upper limit placed on the actual numbers. This is consistent with the MCFS mission statement.
Regional Economic Development, Investment and Promotion			
Participant satisfaction with Regional Business Investment Ready program	per cent	75	Performance measure discontinued. As the Regional Business Investment Ready program is in final stages of delivery, this measure can no longer be applied.
Workforce Participation			
Overseas Qualifications Unit – client services provided (by phone, in person or in writing)	number	4500	Performance measure transferred from the Department of Planning and Community Development as part of machinery of Government changes effective August 2007. Performance measure discontinued as Overseas Qualifications Unit is undergoing program redesign in 2008/2009.
Workforce Participation Partnerships – job seekers who achieve sustainable employment (minimum of 16 weeks)	number	1500-1550	Performance measure transferred from the Department of Planning and Community Development as part of machinery of Government changes effective August 2007. Performance measure discontinued as Workforce Participation Partnerships Program has been replaced with New Workforce Partnerships Program.
Experience Counts Program – commencements	number	20	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective August 2007. Performance measure has been replaced by a consolidated performance measure capturing client satisfaction across a broad range of programs - Experience Counts Program, Disability Trainee Scheme, Youth Employment Scheme, Moving Forward Skills and Jobs for Disadvantaged Workers.
Disability Trainee Scheme – commencements	number	25	
Government Youth Employment Scheme – participants who completed and are in employment, education or training three months after leaving program	per cent	80	
Employment Initiatives – client satisfaction with services provided through Workforce Participation Partnerships and Moving Forward Skills and Jobs initiative – job seekers and employers	per cent	80	
Experience Counts Program – participants in employment, education or training three months after leaving the program	per cent	55	
Disability Trainee Scheme – participants in employment, education or training three months after leaving the program	per cent	50	
Skills			
Minimum target for TAFE students funded through Youth Pathways Program	number	2100	Performance measure discontinued as program now merged into 'Guaranteed Place for Youth in TAFE'.

3.5.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007/2008 and the target for 2008/2009, please provide the reasons for the variance.

Response

Where there is a variance of over 10 per cent between the expected outcome for 2007/2008 and the target for 2008/2009, the reasons for the variance are shown in the table below:

Performance Measure	Unit of Measure	2008/2009 Target	2007/2008 Expected Outcome	Explanation
Sector Development				
Additional employment from production supported by Film Victoria	number of FTEs	2340	5400	2007/2008 expected outcome reflects large scale projects commenced in the second and third quarters of 2007/2008.
Value of film, television and new media production supported by Film Victoria production	$ million	78	180	
Small Business				
Agencies participating in World Class Service initiative	number	140	80	Increase in 2008/2009 target is consistent with business case and reflects project phasing and maturity.
Business interactions (call, web, in person)	number	180000	140000	Increase in 2008/2009 target in line with business case and reflects increased usage following greater functionality.
Registration for online services	number	50000	30000	
Businesses participating in the My Business My People Program	number	300	200	Increase in 2008/2009 target reflects project phasing and increased activity.
Victorian Small Business Commissioner – proportion of business disputes successfully mediated by Commissioner	per cent	60	78	2007/2008 target exceeded due to the nature of the disputes and the quality of the mediators involved.
Innovation				
Victoria Online – increase in usage	per cent	20	36	The 2008/2009 target and 2007/2008 expected outcome reflects the introduction of citizen-centric content onto the portal.
Design Sector Initiative: Lectures, seminars and workshops held	number	25	20	Machinery of government changes and changes in governance arrangements resulted in late contract finalisation with the service provider. The resultant contract stipulates increased targets for 2007/2008 and 2008/2009.
Design Sector Initiative: People participating in lectures, seminars and workshops	number	2400	1300	
Strategic Policy				
Number of major research and evaluation projects completed	number	12	8	The 2008/2009 target has been increased to reflect additional evaluation activity to be undertaken.

Performance Measure	Unit of Measure	2008/2009 Target	2007/2008 Expected Outcome	Explanation
Exports				
Number of firms participating in individual export specific programs	number	800	700	The 2008/2009 target has been adjusted to reflect both Opening Doors to Export program usage and the additional budget to support the Victorian Export Network (VEN), due for launch in mid 2008.
Trade fairs and missions supported	number	29	37	The 2007/2008 Expected Outcome reflects additional Trade Fairs and Missions supported. Not all Trade Fairs and Missions required full budget in 2007/2008 enabling additional activity.
Regional Infrastructure Development				
RIDF projects funded (excluding Small Towns Development Fund)	number	15	36	The 2007/2008 expected outcome reflects increased activity associated with new RIDF initiatives, such as the Local Roads to Markets Program, that support a higher volume of smaller projects.
Regional Economic Development, Investment and Promotion				
Jobs created in regional Victoria	number	1000	1200	Jobs target in 2007/2008 is expected to be met, although actual result may vary depending on the Department's success in facilitating further investments.
New exports facilitated in regional Victoria	$ million	150.0	520.0	The 2007/2008 expected outcome reflects a small number of larger export projects.
Projects to support Councils plan for growth and change	number	25	32	The 2007/2008 expected outcome reflects the status of the Planning for Growth initiative, with a number of projects that had previously been under development reaching a stage where they are able to attract funding.
Provincial Economic Partnerships – Projects supported	number	25	35	The 2007/2008 expected outcome reflects greater interest in and focus on the Provincial Economic Partnerships initiative. The 2008/2009 target has been increased to reflect this change.
Number of people assisted by Returning to Earning Program	number	2500 - 3500	2000 - 3000	The 2007/2008 expected outcome and 2008/2009 target reflect the level of current and anticipated program activity.
Tourism				
Value of media coverage generated: International	$ million	80 - 120	110 - 120	The 2008/2009 Target has been reduced due to Tourism Australia scaling back its Visiting Journalist Program, which significantly reduces the leveraging opportunities for Victoria.

3.5.2 Asset funding

3.5.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008/2009.

Response

The current approved projects for which there is expected to be some expenditure in the 2008/2009 year are listed in the following table.

Gordon Institute of TAFE – Wool Classing
Automotive Centre of Excellence – Kangan Batman Docklands
Nursing Centre of Excellence – Box Hill
Improving TAFE Equipment (Various)
Swinburne University (TAFE) – Wantirna Sustainability and Land Management (Wantirna)
Technical Education Centres (Various)
Ballarat University – School of Mines Amenities and Car Park Redevelopment
Geelong Future City Master Plan – Cultural Precinct Stage 1
Northern Melbourne Institute of TAFE – Epping Campus Redevelopment Stage 1
TAFE Student Management System Replacement
Wodonga Institute of TAFE – National Logistics and Skills Training Centre

3.5.2.2 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities

Response

Asset management challenges within the DIIRD portfolio in the immediate to long-term include:

- Responding to changes in demographic profile with increasing populations in the growth areas of Whittlesea, Werribee, Melton and Pakenham. This requires DIIRD to be pro-active in identifying service demands and Asset/Infrastructure solutions;
- Increasing complex and diverse community needs, desires and service delivery expectations;
- Responding to the Government's policy agenda, particularly in relation to changing rural populations and service delivery needs;
- Responding to, and implementing new technologies to enhance service delivery. These technologies include ICT, equipment, etc;
- The need to be innovative in seeking alternatives to existing delivery of services;
- Improvement in the utilisation of existing facilities; eg TAFE Institutes;
- Occupational health and safety issues which impact on employees and users facilities; and
- Responding to the increasing scarcity of financial and human resources through the exploration of alternative funding sources and reducing asset lifecycle costs.

(b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department's operations? If so, please provide details of the findings.

Response

The Department is progressively implementing the requirements of Government's Asset Management Framework. The strategy is intended to provide Government and Departments with an immediate to long-term view of the strategic options for meeting Government's desired outcomes and priorities. The scope of the strategic package provides for an Asset Strategy.

The Asset Strategy summarises the direction intended to be taken to drive and steer asset management over a rolling 10 year horizon, provides Government with a preferred direction that identifies what is achievable in asset holdings and advises on their preferred mix over time, given known and emerging constraints; and provides the reference to better identify and develop asset, asset-related and non-asset proposals.

(c) Please outline any asset investment projects of the Department to be undertaken in 2008/2009 that are linked to whole of government infrastructure initiatives.

Response

There are currently no approved projects that form part of a whole of Government initiative.

3.5.2.3 Question

In relation to the unapplied output and asset funding carried forward to 2008/2009, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives;

Response

The estimated carried forward to 2008/2009 of $9.2 million is made up of the following output initiatives:

Four Seasons Energy Pilot	$0.4 million
Business Development Regional investment Initiative	$0.3 million
Living Regions Living Suburbs	$2.1 million
Farmers Markets	$0.3 million
CRISP Bushfire	$0.7 million
Tiger Teams and Victorians Abroad	$0.2 million
eResearch	$1.0 million
Connecting Victoria - ICT Business Assistance	$0.4 million
Connecting Victoria – Innovative Market Solutions	$0.4 million
Agenda for New Manufacturing	$0.2 million
Opening Doors Export Plan	$0.2 million
Trades Bonus	$2.0 million
Completion Bonus	$1.0 million

The Department is not estimating any carried over funding for asset initiatives.

(b) the underlying reasons for the department's funding carryover for each category; and

Response

The underlying reasons for the Department's funding carryover for each category; and reasons for the Department's funding carryover are:

- grant recipients not achieving milestones in line with payment schedules;
- delays in finalising grant contracts; and
- delays in starting of new initiatives (relating to recruitment of staff to administer programs, etc).

(c) the intended revised timing for use of the carried forward funds.

Response

It is anticipated that the carry over funding will be used in 2008/2009.

3.5.3 Efficiencies and savings

3.5.3.1 Question

In relation to the estimated efficiencies to be derived in 2008/2009 (including from the various measures that fall under the umbrella of the *Efficient Government* policy and the other targeted initiatives, as initially presented in the 2007/2008 State Budget), please provide:

(a) a breakdown of the planned efficiency that apply to the department's operations;

Response

The Department's total 2008/2009 savings as presented in the 2007/2008 State Budget was $16.3 million. A breakdown of these savings is as follows:

Buying Smarter Buying Less	$3.39 million
Shared Services	$0.20 million
Grant Administration	$3.23 million
Fleet Management	$0.03 million
Advertising and Consultancies	$0.82 million
Integrated Focus on ICT	$2.02 million
Grants Duplication	$5.47 million
VPS Increases	$1.16 million

(b) an explanation of:

(i) how decisions regarding applicable savings measures are to be made;

Response

Applicable savings are to be made by way of the following measures:

Buying Smarter, Buying Less

Savings have been applied according to procurement capacity.

Shared Services and Fleet

The 2008/2009 savings are $199,000 and are being met across the Department.

Grant Administration and Grant Duplication

The Department reviewed the capacity to absorb grant savings across programs while delivering on commitments. Savings have been applied accordingly.

Integrated Focus on IT

These savings are being met from the Innovation and Technology grant programs.

Consultancies & Advertising

Savings on consultancies and advertising have been applied.

(ii) the nature of their expected impact on programs such programs accelerated or deferred;

Response

There will be no deferral or acceleration of programs as a result of these efficiencies. They will be achieved by a reduction in administrative costs or minor reductions in grant payments to external organisations.

(iii) the basis for estimating the savings target to be achieved for each measure;

Response

The savings targets above are consistent with the savings levied during the development of the 2007/2008 budget or any changes which have taken place during the 2007/2008 financial year.

(c) particulars of any changes to the department's allocated savings for 2008/2009 from the data shown in the 2007/2008 Budget.

Response

The savings in 2008/2009 are now $31.2 million. Changes to the Department's allocated savings for 2008/2009 from the data shown in the 2007/2008 budget is as follows:

State Purchasing Contract	$1.0 million
Workcover Savings	$1.1 million
VMIA Insurance	$0.2 million
Machinery of Government transferred Savings	$1.6 million
Grants Consolidation Additional savings	$2.6 million
Efficient Government Policy Additional Savings	$0.1 million
Further Savings relating to 2008/2009 Budget Initiatives	$8.3 million

3.5.4 Economic impacts, initiatives and improvements

3.5.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the Department's budget for 2008/2009:

(a) interest rates:

Response

Interest rates have minimal effect when framing the Department's budget.

(b) inflation

Response

The Department takes CPI into consideration when preparing for the budget, as some of our longer term contracts have cost increases subject to CPI movements.

(c) productivity improvement

Where appropriate, the Department considers productivity improvement particularly during the development of new initiatives. Most DIIRD initiatives or programs also seek to address productivity improvement; for instance, through developing skills and promoting innovation among firms.

(d) National Reform Agenda initiatives

Response

DIIRD is involved in three areas related to the National Reform Agenda. These are as follows:

Business Licensing

DIIRD has led work to identify areas on which a review of business licensing in which case there has been marginal impact on the Department's budget.

ABN/Business Names

The World Class Service project is involved in the Small Business Ministerial Council ABN/Business Names project. This also has minimal effect on the
2008/2009 Departmental budget.

Apprenticeships, Training and Skills Recognition

The Commonwealth committed $2.747 million (excluding GST) over 3 years to improve skills recognition in Victoria, subject to matched Victorian funding. Victoria matched this funding through its $23 million Skills Stores initiative announced in the 2006/2007 Victorian Budget. This has seen twelve Skills Stores throughout Victoria during 2007 and 2008 The thirteenth will be open in Central Melbourne in July 2008. The Budget allocation for 2008/2009 is $7.650 million, which will predominately be used to facilitate the uptake of Recognition of Prior Learning (RPL).

3.5.5 Environmental challenges

3.5.5.1 Question

(a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008/2009?

Response

The Department recognises a number of environmental challenges that will continue to impact on its operations, including:

- ongoing impact of drought on regional communities and industry;
- climate change;
- water pricing and availability;
- energy pricing, efficiency and emissions;
- waste charges;
- increased environmental legislation; and
- ensuring Victoria has a skilled workforce to fulfil emerging environmental sector needs.

(b) How have these issues been addressed in the department's budget estimated for 2008/2009?

Response

These issues are being addressed through various ongoing programs aimed at making industry more resource efficient, assisting communities to manage the impact of drought, and positioning Victoria to benefit from the opportunities that will emerge in addressing environmental issues such as climate change. Continuing initiatives include:

- Enhancing Sustainability in New Investment;
- Water for Industry, to support the reduced consumption of town water of key regional industries;
- Biofuels Infrastructure Grants to support implementation of the Biofuels Industry Roadmap, encouraging use of alternative energy;
- Funding through Regional Development Victoria, to support regional communities and industries to plan and manage change associated with drought and climate change;
- Continued focus of the Small Towns Development Funds on locally driven water efficiency initiatives in smaller regional communities; and
- Specialist Centres in Sustainability such as the Green Plumbing Training Centre which will focus providing training on energy saving, waste reduction and water conservation to domestic and international students.

The Department is also ensuring that identified environmental challenges are recognised and addressed as part of its policy development function.

(c) Please list five projects or programs worth over $1 million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007/2008 and 2008/2009 for existing projects if applicable).

Response

<table>
<tr><th>Initiative</th><th>Total Funding</th><th>2007/2008 Budget</th><th>2008/2009 Budget</th></tr>
<tr><td>Enhancing Sustainability in New Investment</td><td>$3.5 million</td><td>1.2 million</td><td>1.3 million</td></tr>
<tr><td>Water for Industry</td><td>$10 million</td><td colspan="2" rowspan="3">These initiatives are part of the Regional Infrastructure Development Fund. Funding is available until June 2010 unless fully allocated prior to this date.</td></tr>
<tr><td>Biofuels Infrastructure Grants</td><td>$5 million</td></tr>
<tr><td>Small Towns Development Fund (drought component)</td><td>$5 million</td></tr>
<tr><td>Planning for Change</td><td>$2 million</td><td colspan="2">This initiative is part of the Provincial Victoria Growth Fund. Funding is available until June 2010 unless fully allocated prior to this date.</td></tr>
</table>

3.5.5.2 Question

What initiatives are planned to be implemented by the Department in 2008/2009 in order to enhance energy reporting?

Response

DIIRD will be reporting to the revised Financial Reporting Directive (FRD) 24 which now requires the Department to provide additional information on:

- energy consumption trends and targets;
- energy management actions undertaken;
- provision of greater context to the energy data reported; and
- greenhouse emissions associated with energy use, transport activities and waste production.

In addition, DIIRD is also providing input to the development of a whole-of-Government data management and reporting tool to provide greater consistency in energy reporting.

DIIRD will continue to work closely with energy suppliers and building management to maintain and improve information flows. The Department regularly monitors and reports on its energy consumption throughout the year.

3.5.6 Financial information

3.5.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007/2008 and the target for 2008/2009 for individual outputs.

Response

Please refer to the table below:

Output	2007/2008 Revised Outturn	2008/2009 Target	Variance %	Variance $
Sector Development	35,058,129	33,084,678	-5.63%	-1,973,451
Small Business	28,611,497	24,128,064	-15.67%	-4,483,433
Innovation	83,967,212	39,138,171	-53.39%	-44,829,041
Science and Technology	140,203,779	124,729,663	-11.04%	-15,474,116
Strategic Policy	7,042,771	5,148,511	-26.90%	-1,894,260
Investment Attraction & Facilitation	28,208,593	67,843,286	140.51%	39,634,693
Exports	10,648,692	11,568,365	8.64%	919,672
Regional Infrastructure Development	88,409,679	41,353,890	-53.22%	-47,055,789
Regional Economic Development, Investment and Promotion	49,009,403	48,690,687	-0.65%	-318,716
Skills	1,617,737,625	1,659,922,146	2.61%	42,184,521
Industrial Relations	12,462,110	11,719,195	-5.96%	-742,915
Workforce Participation	28,985,673	18,467,500	-36.29%	-10,518,173
Tourism	69,923,407	79,350,723	13.48%	9,427,316
	2,200,268,571	**2,165,144,878**		**-35,123,693**

Notes:

Small Business Output Variance -$4.5 million (-15.67%)

- Transfer of funding for Koorie Business Network from DPCD $0.9 million
- Additional funding for Reducing the Regulatory Burden $0.6 million

Offset by:

- Actual carryover in 2007/2008 -$2.2 million
- Annual fluctuations of funding for initiatives under Small Business Statement -$2.7 million
- Annual fluctuations of funding for initiatives under Skills Statement -$0.5 million
- Savings -$0.2 million
- Overhead reduction -$0.4 million

Innovation Output Variance -$44.8 million (-53.39%)

- New funding for initiatives to be announced post budget $11 million
- Additional funding for Service Victoria $2 million

Offset by:

- Cessation of funding for non recurring initiative - $50 million
- Net effect carryovers $2.6 million
- Annual fluctuation in funding for e-Research -$0.8 million
- Annual fluctuation in funding for Treasurer's Advance for Service Victoria -$2.4 million
- Reduction due to 2008/2009 Savings -$2 million

Science and Technology Output Variance -$15.5 million (-11.04%)

- Additional funding for initiatives to be announced post budget $27 million

Offset by:

- Actual carryover in 2007/2008 -$18 million
- Annual fluctuation in funding for STI initiative after approved re-phasings -$17 million
- Reduction in funding for Vicstart after approved re-phasings -$1 million
- Reduction due to 2007/2008 Treasurer's Advance funding for VESKI -$0.2 million
- Savings -$4 million
- Overhead reallocation -$2.3 million

Strategic Policy Output Variance: -$1.9 million (-26.9%)

- Additional funding for Major Events Post Event Evaluation $0.3 million

Offset by:

- Actual carryover in 2007/2008 -$0.2 million
- Funding for IEAB -$1.1 million
- Corporate overhead reallocation -$0.9 million

Investment Attraction and Facilitation Output Variance: - $39.6 million (140.51%)

- Increase in the capability of the Government to position Victoria as a world class investment location. - $37.1 million
- Additional funding for Greensborough Redevelopment $2 million
- Additional funding for World Expo Shanghai $0.5 million

Regional Infrastructure Development Output Variance:-$47.1 million (-53.2%)

- Annual fluctuation in funding for Regional Infrastructure Development Fund -$46 million consistent with its budget funding profile and cessation of drought initiative.
- Overhead reallocation -$1.1 million

Workforce Participation -$10.5 million (-36.29%)

- Additional funding for New Workforce New Workplace $5 million
- Additional funding for Indigenous Your Employment Program $0.5 million

Offset by:

- Cessation of funding for Workforce Participation Partnerships net of savings -$13 million
- Reduction relating to 2007/2008 carryover -$3 million

Tourism Output Variance: - $9.4 million (13.48%)

- Additional funding for Business Events $2.7 million net impact
- Additional funding for Promoting Tourism, Skills Trade and Investment $2.8 million
- Additional funding for Australian Tourism Exchange $3 million
- Additional funding for Regional Marketing $1 million
- Re-phasing of funding for South Wharf Sheds $5.4 million

Offset by:

- Reduction in funding for MECC Project management costs -$1.5 million
- Reduction relating to budgeted expenditure against prior year surplus -$1.9 million
- Reduction relating to 2007/2008 carryover -$1 million
- Reduction relating to Major Events Cap – $0.5 million
- Savings -$0.4 million
- Overhead reallocation -$0.2 million

3.5.6.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007/2008 and the budget for 2008/2009, please provide an explanation.

Response

The variation in 'Employee Benefits' expenses is less than 10 per cent.

3.5.6.3 Question

Please provide a tabular dissection of the department's 2008/2009 budget and expected expenditure for 2007/2008 under the Government's key themes presented annually in the Victorian Budget Overview (see pp.5-7 of 2007/2008 document) differentiating between new funding initiatives and outgoing funding.

Response

Please see the table below:

	Total State Appropriation Budget (Output Appropriation) ($ million)	2008/2009 Output Initiatives ($ million)	2008/2009 Asset Initiatives ($ million)
A Competitive Business Environment	1,395,037,223	128,491,000	12,480,000
Provincial Victoria	90,044,577	4,358,000	1,964,000
	1,485,081,800	**132,849,000**	**14,444,000**

3.5.7 Regional and rural considerations

3.5.7.1 Question

(a) What are the critical issues facing regional and rural communities in 2008/2009 that depend on service provided by the department (please provide comment relating to particular areas of the state where applicable)?

Response

Critical issues facing regional and rural communities in 2008/2009 include:

- Drought and Climate Change;
- Skills;
- Tourism;
- Industry Development;
- Infrastructure; and
- Growth and Change.

(b) How does the Department's 2008/2009 budget address these issues?

Response

The Department will address these issues in the following ways:

Drought and Climate Change:

The Regional Infrastructure Development Fund (RIDF) will continue to support projects under the "Water for Industry" program, to facilitate more efficient use of water by large regional industries.

The Small Towns Development Fund (STDF) will provide assistance to communities for local water saving initiatives.

The Provincial Victoria Growth Fund (PVGF) includes initiatives to assist regional and rural communities to manage the impact of drought and plan for the future.

Skills:

The budget in 2008/2009 includes initiatives to enable provincial Victoria to capitalise on skilled migration, support industry to train new staff, boost leadership and attract and retain skills in key sectors.

This includes, the Green Plumbing Centre, which will provide a response to an identified gap in the sustainability skills of plumbers. This will enable the plumbing industry to rapidly respond to the challenges of climate change by focusing on energy saving, waste reduction and water conservation to domestic and international students.

In addition to this, the budget will show investment into two key capital development projects to enhance skills infrastructure.

The University of Ballarat's TAFE division will also receive $3.25 million to upgrade the School of Mines car park.

Tourism:

A Regional Tourism Action Plan (RTAP) is close to completion. Consultation and analysis undertaken in the development of the RTAP has identified the following critical issues:

- Low consumer awareness of regional Victoria: Marketing is a core part of the Department Marketing is a core part of the Department's role and there are a number of on-going activities that address this issue. This was supplemented by a number of initiatives announced in the 2007 Budget that continue in 2008/2009:
- $5.5 million over 4years to market Victoria's regions to key established and international markets.
- $6.3 million over four years to promote nature-based tourism and car touring.
- $1.2 million over 4 years to promote food and wine interstate.
- In addition to the above, a new two year Regional Marketing Program (RMP) was launched in 2007 and continues in 2008/2009. The $6.5 million program, largely funded from the *Moving Forward Provincial Victoria Statement*, provides a coordinated and industry approach to regional destination marketing.

- Investment attraction: The Regional Tourism Action Plan (RTAP) 2008-2011 identifies a number of investment and infrastructure priorities across the State. These projects will involve a combination of State Government agencies, Local Government, investors and industry with potential Government funding being assessed on a case by case basis.
- Skills and Service Standards: Part of the 2007/2008 Budget, $1 million was provided over four years to implement a number of skills and service standards initiatives for the tourism sector. An additional $1 million over 4 years was also provided to enhance the take up of on-line activities by regional operators.

Industry Development:

The Department will continue to facilitate investment, jobs and exports as part of its 2008/2009 budget and activities.

RDV will increase its focus on assisting regionally based industry to develop new export opportunities, raising its 2008/2009 BP3 export facilitation target from $100 million to $150 million as a result.

Infrastructure:

The RIDF will continue to provide funding to address key infrastructure gaps in regional Victoria, with a focus on economic development.

This includes the ongoing implementation of key sub programs that target priority areas, including regional arts infrastructure, dairy, and industry local roads, rural showgrounds and aviation infrastructure.

Growth and Change:

The PVGF will provide funding to assist regional councils and communities to plan and manage growth and change.

(c) Please provide a table showing for up to ten of the Department's largest projects (in terms of expenditure) the:

(i) budget allocation for 2008/2009 dissected between new and existing projects

(ii) the purpose of each project

(iii) how the funding is to be spent

(iv) the performance measures in place to assess performance

Response

The Department implements initiatives that focus on development of the whole of the state. In most instances, these initiatives are not divided between regional and non-regional components within the budget papers.

Key DIIRD programs with an exclusive focus on regional development are outlined in the table attached.

Please refer to the following table:

Initiative	2008/09 Budget Estimates	Purpose	Expenditure of Funding	Measures (as per BP3)
Regional Infrastructure Development Fund (RIDF)	$41 million	To support infrastructure projects that improve the competitive capacity of regional Victoria.	Funding will be spent in accordance with the *RIDF Act*.	• RIDF projects funded • RIDF Committee recommendations accepted by Ministers • Advice to RIDF applicants - after receipt of applications
Provincial Victoria Growth Fund (PVGF)	$21.5 million	To help communities across provincial Victoria drive economic and population growth, create new opportunities in business and industry, and manage the impacts of growth and change.	The PVGF is made up of various initiatives as identified in "*Moving Forward*". Funding will be allocated and spent in accordance with the guidelines of each initiative.	• Delivery of Leadership Programs in Provincial Victoria • Enquiries to provincial Councils about living, working and/or investing in their region • Projects to support Councils plan for growth and change • Provincial Economic Partnerships - projects supported • Provincial events held with regional Development Victoria Support • Regional councils satisfied with RDV's delivery of promotion and development programs • Regional councils satisfied with timelines of RDVs response to queries and funding applications
Geelong Future city Master Plan – Cultural Precinct Stage1	$1.96 million	Development of planning and business cases for an arts centre, library and heritage centre and initial funding for a youth arts centre.	Funding will be in accordance with the project plan	N/A
Tourism				
Marketing Victoria's regions to international markets	$0.7 million	Market and build awareness of international markets.	To be directed towards a number of activities across the four year program, including working with industry on co-operative campaigns and improving aviation	Contributes to all international visitation measures.

Initiative	2008/09 Budget Estimates	Purpose	Expenditure of Funding	Measures (as per BP3)
			access.	
Natural Attractions and Car Based Touring	$1.0 million	Encourage more investment and lift the profile of the State's iconic natural attractions. Further promote established touring routes to interstate and international markets.	To be directed towards a number of activities across the four year program, including undertaking activities consistent with the *Nature Based Tourism Strategy 2008-2011* and leveraging the potential of priority touring routes.	Contributes to all visitation measures.
Skills				
Gordon Institute of TAFE – Wool Classing	$2.9 million	To complete the transfer of programs from other campuses	Funding will be in accordance with the project plan	N/A
Ballarat University – School of Mines Amenities and Car Park Redevelopment	$3 million	Upgrade of car park	Funding will be in accordance with the project plan	N/A
Wodonga Institute of TAFE – National Logistics and Skills Training Centre	$4 million	Relocation and expansion of the Institute	Funding will be in accordance with the project plan	N/A

3.5.8 Communication, advertising and promotion

3.5.8.1 Question

(a) What is the communication, advertising and promotion budget for 2008/2009? Please also provide the expected actual expenditure for 2007/2008.

Response

The budgets for communication, advertising and promotion for 2008/2009 are not yet finalised and so cannot be reported with great accuracy at this time. Figures provided represent estimates only. The estimate for communication, advertising and promotion for 2008/2009 is $6.67 million.

The expected actual expenditure for communication, advertising and promotion for 2007/2008 for the Department until 31 March 2008 was $4.05 million.

It is anticipated that most of the budget of $6.83 million for 2007/2008 will be fully committed by the end of 2007/2008 financial year. This figure includes ongoing media and marketing expenses, advertising and public relations expenditure, as well as some one-off campaigns to June 2008.

The Tourism Victoria budget for communication, advertising and promotion for 2008/2009 is estimated to be $34 million.

For 2007/2008, Tourism Victoria's expected actual expenditure on the above activities is $42.5 million.

(b) How does the 2008/2009 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007/2008 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

As the budgets for communication, advertising and promotion for 2008/2009 are not yet finalised but are only estimates, comparisons are based on approximate figures only.

The estimated figure of $6.67 million for 2008/2009 for communication, advertising and promotion is very similar to the budget for 2007/2008 of $6.83 million.

The Tourism Victoria 2008/2009 estimated budget is lower than the 2007/2008 expected actual expenditure due to the one-off initiative funding ceasing during 2007/2008.

The initiative funding programs which have ceased or reduced between 2007/2008 and 2008/2009 include:

- Theatre Productions $1.15 million
- Bushfire Recovery $2.1 million
- Flood Recovery $0.6 million
- 2006/2007 Initiative Program carryover funding expended in 2007/2008 $5.3 million

3.5.9 Non government sector

3.5.9.1 Question

(a) Please provide a summary of the funding provided through the budget that will be disseminated by the Department through to the non-government sector in 2008/2009.

Response

The total estimated funding to be paid to the non-Government sector in 2008/2009 is $327 million.

(b) Please provide a brief description of the performance monitoring framework that will be in place during 2008/2009 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose.

Response

The Department has contracts in place with all organisations that are paid grants by the Department. Contracts specify milestones and deliverables associated with the payments. Payments are not made until grant milestones are reached.

3.5.10 Revenue initiatives/departmental income

3.5.10.1 Question

(a) In relation to 2008/2009, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

Response

The Department has no new revenue raising initiatives for 2008/2009.

(b) Please outline the actual and expected financial impact in 2008/2009 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

This is not applicable to DIIRD.

3.5.10.2 Question

For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revise estimate for 2007/2008 and the budget for 2008/2009.

Response

The only variation greater than 10 per cent in income categories between the 2007/2008 revised estimate and the 2008/2009 budget relates to the category "Other Grants" The variance of $4.7 million relates to payments received from other Government Departments in 2007/2008.

3.5.11 Fees, fines, concessions and subsidies

3.5.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

This is not applicable to DIIRD.

3.5.11.2 Question

Please provide a detailed list of subsides and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

Please refer to the table below:

Agency	Name of Concession/Subsidy Arrangement	$ value of payments made by Agency	Description	Cost
Victorian Skills Commission	Fee concession to TAFEs	$15,200,000	Ministerial fees and charges dictated that fee exemptions and concessions would apply to students in receipt of a range of Government benefits which would entitle a student to enrol in a TAFE course at a reduced fee. These included unemployment persons, those in receipts of special benefits and allowances and persons in receipt of pensions. In effect, training is being provided which is under funded by Government. The reimbursement of fee concessions for TAFE Institutes was introduced as recognition of this underfunding. The allocation of funding was also extended to include fee concession reimbursement for Private Providers.	TAFEs are not reimbursed the full costs of granting concession and the pool of funding is allocated based on each TAFEs share of total fee concessions granted. Approximately 200,000 students are granted concessions in TAFE
Victorian Skills Commission	Fee concessions to RTOs	$800,000		Approximately 45,000 students are granted concessions by Private Providers.
Victorian Skills Commission	Apprenticeship	$2,560,000	All apprentices and new entrant trainees registered under a current training contract in the State of	$25 per night – 102,400 nights accommodation subsided.

Agency	Name of Concession/Subsidy Arrangement	$ value of payments made by Agency	Description	Cost
			Victoria are entitled to an accommodation allowance if they; are attending a TAFE Institute, a Private Registered Training Organisation (RTO) or an Interstate TAFE Institute; and are attending consecutive days of training at the TAFE Institute/RTO and because of the distance between the training venue and the apprentice or trainee's residence, it is impractical to go home and return to the venue on the following day.	

3.5.12 Staffing matters

3.5.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimated of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Response

Employment — Equivalent Full-Time Staff

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	Total
	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)
VPS CS Grade 1	1.00	5.00		0.50	6.50	1.00			2.00	3.00	
VPS CS Grade 2	43.00	16.80		3.00	62.80	56.30	15.00	1.36	6.90	79.56	
VPS CS Grade 3	125.70	23.00		4.20	152.90	141.39	17.40		10.00	168.79	
VPS CS Grade 4	121.39	23.80		10.70	155.89	143.95	23.20		10.20	177.35	
VPS CS Grade 5	193.86	29.40		11.50	234.76	199.76	25.20		14.60	239.56	
VPS CS Grade 6	204.60	13.40	0.50	10.60	229.10	217.66	17.60		16.20	251.46	
VPS CS Grade 7	6.00	2.00			8.00	5.00	2.00		1.00	8.00	
EO Grade 3		37.00		2.00	39.00		36.00		5.00	41.00	
EO Grade 2		15.00		4.00	19.00		14.00		2.00	16.00	
EO Grade 1		2.00			2.00		2.00		1.00	3.00	
Other	1.00	4.00			5.00	2.00	4.00			6.00	
Total	**696.55**	**171.40**	**0.50**	**46.50**	**914.95**	**767.06**	**156.40**	**1.36**	**68.90**	**993.72**	**993.72 ***

Others include: 30 June 2007 (Actual) and 30 June 2008 (Estimate) Other 'Fixed Term' include: CEO Regional Development (1 FTE); Small Business Commissioner (1 FTE); Workplace Rights Advocate (1 FTE); Agent General London (1 FTE) 30 June 2007 (Actual) Other 'Ongoing' include 1 (FTE) ministerial staff (drivers) and 30 June 2008 (Estimate) include 2 (EFT) for ministerial staff (drivers).

Notes: 30 June 2008 (Actual) staff numbers include Workforce Participation (WP) and Citizen Access and Transformation (CA&T) employees transitioned to the Department as a result of the

Machinery of Government changes. The growth of 78.77 (EFT) staff in the 12 months to June 2008 includes 39.36 (EFT) for WP and 36.21 (EFT) for CA&T not included in the June 2007 figures.

***** The Department anticipates the that staff numbers as per 30 June 2009 may change however it is not possible to provide details of overall staff numbers at this point. Does not include most recent machinery of Government change of Major Projects Victoria transfer to DIIRD.

3.6 Department of Justice

Department of Justice – Definition

As agreed with the PAEC Secretariat, for the purposes of this questionnaire, the Department of Justice (DOJ) is defined as the DOJ entity as per Annual Financial Reporting (AFR) requirements to Government. That is:

- Department of Justice including:
- Judicial College of Victoria
- Office of Police Integrity
- Office of Public Prosecutions
- Office of the Public Advocate
- Office of the Victorian Privacy Commissioner
- Sentencing Advisory Council
- Victorian State Emergency Service Authority
- Victorian Commission for Gambling Regulation
- Victorian Electoral Commission
- Victorian Equal Opportunity & Human Rights Commission
- Victorian Institute for Forensic Medicine
- Victorian Law Reform Commission

The above fully funded agencies are included in the Department of Justice component of the attached response. Victoria Police responses, where required, are listed separately.

Note that the AFR definition of the DOJ entity is distinct from the Annual Financial Statement (AFS) definition, which is the basis of the production of the DOJ Annual Report. The AFS excludes the Separate Reporting Entities (listed above) which produce their own Annual Reports.

3.6.1 Departmental assumptions and performance measures

3.6.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008-09.

Response

The key assumptions used to develop the 2008-09 budget projections are listed as follows:

(1) **Continuity of output delivery** – except where ERC has approved or directed otherwise, the department's output appropriation funding base is provided for on an ongoing basis.

(2) **Escalation of cost of delivering ongoing outputs** – incremental appropriation funding at the rate of 2.5% (except for fixed cost items) is provided under the Departmental Funding Model and is reflected in the cost of all outputs.

(3) **Fixed Price (cost) funding adjustments** – contractually defined and other agreed fixed price (cost) items are reviewed annually and any necessary incremental / detrimental funding adjustments agreed with the Department of Treasury and Finance. Major cost items currently falling within this regime include: the finance lease of the County Court facility, the Traffic Camera Office (TCO)/ Enforcement Management contract; prisoner health and transport contract costs; and the accommodation and services contracted costs of Victoria's two existing privately operated correctional facilities and two new facilities funded under Partnerships Victoria principles.

(4) **Business and market activity impacting retained and Consolidated Fund revenue** – as part of the mid year (unchanged policy basis) estimates review and update process each year, relevant business units and agencies within the Justice portfolio undertake an assessment of factors that materially impact revenues likely to be generated. Typically these involve an assessment of changing economic and market conditions and demographics. These largely relate to the Consumer Affairs portfolio licensing and business names functions as well as fines and other regulatory fees levied by police and the courts. The Department of Treasury and Finance leads in the formulation of estimates pertaining to gaming and gambling taxes. Final net changes observed in the department's estimates therefore can reflect a combination of standard escalation, market, economic and policy driven parameter changes.

3.6.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

DoJ's 2008-09 budget initiatives have been specifically framed to reflect Government and ERC's themes and priorities, including:

- Community safety
- Access to justice
- Reducing demand on correctional services
- Emergency services communication
- Racing industry viability
- Victoria Police modernisation
- Volunteerism
- Responding to financial hardship
- Gambling licences review
- Bushfires and drought
- Making government more accessible and accountable
- Innovation
- Legislation with funding implications
- Unavoidable capital issues

DoJ's 2008-09 budget initiatives link to Government's *Growing Victoria Together* and *A Fairer Victoria* policy documents.

3.6.1.3 Question

What impact have developments at the Commonwealth level had on preparing the department's component of the 2008-09 state budget?

Response

Departmental Response

The development of the 2008-09 Budget allows for increased judicial remuneration costs. These costs are driven by the Government's policy to maintain parity with the Commonwealth Remuneration Tribunal's determination, as required under the Judicial Salaries Act 2004.

In addition, DoJ receives two major Commonwealth Special Purpose Payments:

(1) **Compensation for transfer of corporate regulatory function to Commonwealth**

In 1991, to ensure uniformity and efficiency in company and securities regulation, the States agreed to hand over their regulatory functions to the Commonwealth. The States are compensated by the Commonwealth for the financial loss of companies and securities regulation revenues as a result of this change.

(2) **Legal Aid**

Commonwealth specific purpose grants are paid to assist the functioning of State legal aid schemes. The Commonwealth provides funding for a share of the operating costs of State Legal Aid Commissions and for referrals to private practitioners on Commonwealth matters.

Victoria Police Response

There have been no specific Commonwealth Government developments impacting on the Victoria Police component of the state budget.

3.6.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008-09 (including new and discontinued measures).

Response

New & Discontinued Measures			
OUTPUT	**Measures in 2007-08**	**Measures in 2008-09**	**Rationale for Change**
Promoting and protecting Consumer Interests	Telephone and face-to-face advice provided *(Quantity)*	Information and advice provided to consumers and traders *(Quantity)*	The 2008-09 performance measure combines the 2007-08 performance measures of 'Telephone and face-to-face advice provided' and 'Written advice provided'. Dispute resolution activities previously part of the 'Written advice provided' are also incorporated into this measure.
	Written advice provided *(Quantity)*		
Police Integrity	Complaints managed *(Quantity)*	Corruption prevention initiatives' and 'Parliamentary reports published (*Quantity)*	The 2007-08 measure has been replaced by the 2008-09 measures 'Corruption prevention initiatives' and 'Parliamentary reports published', which better reflect the objectives of the OPI. Information relating to complaints will be included as part of OPI's Annual Report.
	Investigations conducted (Quantity)	OPI investigations resulting in significant outcomes *(Quality)*	The 2008-09 measure replaces the 2007-08 measure 'Investigations conducted' to better reflect the outcome and quality of OPI investigations and the presentation of evidence. Information relating to investigations will be included as part of OPI's Annual Report.
	Investigations undertaken within required timelines and Complaints managed within required timelines (Timeliness)	Compliance with complaint handling requirements prescribed in legislation within set timeframes *(Timeliness)*	The 2008-09 measure replaces the 2007-08 timeliness measures 'Investigations undertaken within required timelines' and 'Complaints managed within required timelines' to more accurately reflect the performance of OPI with regard to complaints, and how the OPI conforms with legislation.

OUTPUT	Measures in 2007-08	Measures in 2008-09	Rationale for Change
Protecting Community Rights	Persons who receive community education and training by VEOHRC *(Quantity)*	Community education/training programs, services and events delivered by VEOHRC *(Quantity)*	The 2008-09 measure, which replaces the 2007-08 measure, captures a broader set of activities organised and conducted by the VEOHRC rather than the number of attendees to only education and training programs. The measure pertains to promoting awareness, knowledge, information and advice about equal opportunity and human rights issues.
	Public enquiries responded to by VEOHRC *(Quantity)*	VEOHRC Complaints finalised within agreed timeframe (Timeliness)	The 2008-09 timeliness measure demonstrates the Commission's responsiveness to complaints received and investigated within a standard timeframe. It more appropriately reflects the complaints work undertaken by VEOHRC and replaces the 2007-08 demand driven measure 'Public enquiries responded to by VEOHRC', which measured complaints outside the Commission's responsibility, such as federally enacted legislation.
	Customer satisfaction rating: Information and education services by VEOHRC *(Quality)*	Customer satisfaction rating: Community education / training programs, services and events delivered by VEOHRC *(Quality*)	The 2008-09 measure replaces the 2007-08 measure 'Customer satisfaction rating: Information and education services by VEOHRC ' and measures a broader activity set for customer satisfaction. This quality measure is the customer satisfaction rating for calendar training events, human rights training events and major VEOHRC events conducted.
Supporting the Judicial Process		Medical and scientific investigations on the body of the deceased completed within 2 days *(Timeliness)*	The 2008-09 measure aims to measure the extent to which investigations are completed within 2 days before the body of a deceased person is returned to the family.
Public Prosecutions	Judge sitting days - County Court and Supreme Court *(Quantity)*	Number of briefs prepared and hearings attended *(Quantity)*	The 2008-09 measure aims to capture a broader range of activities undertaken by OPP. It replaces 2007-08 measure 'Judge sitting days - County Court and Supreme Court' to better measure the total output of OPP.
	Number of filing hearings – Magistrates Court *(Quantity)*		This measure has been discontinued as it does not reflect the strategic objectives and output of the OPP as adequately as other measures.
	Number of appeals lodged in the Court of Appeal and the		This measure has been discontinued as it does not reflect the strategic objectives and output of the OPP as adequately as other measures.

OUTPUT	Measures in 2007-08	Measures in 2008-09	Rationale for Change
	High Court *(Quantity)*		
		Number of witness assistance case referrals *(Quantity)*	This 2008-09 measure aims to capture the level of OPP activity in protecting victims of crime which is part of the OPP legislative obligations.
	Customer Satisfaction *(Quality)*	Guilty pleas as a percentage of case disposals *(Quality)*	The 2008-09 measure replaces the measure 'Customer satisfaction' to better measure the value and effectiveness of OPP.
	Percentage of procedures not meeting statutory time limits *(Timeliness)*		This measure has been discontinued because the measure is not completely within the control of OPP.
Community Based Offender Supervision	Community work only orders registered *(Quantity)*		The measure 'Community work only orders registered' has been discontinued to avoid double-counting as it is deemed to be counted within the measure "Average daily offenders on community based supervision".
	Orders registered within five working days of the order's commencement *(Timeliness)*		The measure 'Orders registered within five working days of the order's commencement' has been discontinued to avoid double-counting as it is deemed to be counted within the measure "Average daily offenders on community work only orders".
	Supervised offenders inducted within seven working days of the commencement of the order *(Timeliness)*		This measure has been discontinued because the measure is not completely within the control of Corrections. The Department will report on the timeliness measure 'Offenders with a treatment or personal development program condition who have been appropriately referred to a program within set timeframes', a quality measure which has been recast as a timeliness measure (as detailed below).

OUTPUT	Measures in 2007-08	Measures in 2008-09	Rationale for Change
Renamed Measures			
Police Integrity	Corruption prevention initiatives *(Quality)*	Corruption prevention initiatives*(Quantity)*	This measure is the continuation of the 2007-08 quality measure, which is more appropriately classified as quantity measure.
Community Based Offender Supervision	Offenders with a treatment or personal development program condition who have been appropriately referred to a program*(Quality)*	Offenders with a treatment or personal development program condition who have been appropriately referred to a program within set timeframes *(Timeliness)*	This measure was a quality measure in 2007-08 which has since been revised and reworded with a qualifier 'within set timeframes' to be applied as timeliness measure in 2008-09.
Promoting and Protecting Consumer Interests	Quality of services provided *(Quality)*	Customer satisfaction with services provided *(Quality)*	This performance measure has been renamed from 'Quality of services provided' and will measure the same activity as per the 2007-08 performance measure.

3.6.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Response

Output	Performance Measure	2007-08 Expected Outcome	2008-09 Target	Variance	Reason for Variance
Policing Services	Crime prevention and community safety checks conducted (Quantity – Number)	435,000	500,000	+ 14.9%	Limited information regarding the expected impact of legislative change was available at the time the 2007-08 target was established. There has been a greater than anticipated demand for Criminal History checks for persons engaged in working with vulnerable members of the community, particularly those working with children. The 2008-09 target has been revised upwards to reflect the increase in demand encapsulated in the 2007-08 results. While the rate of increase is expected to be slow, it is anticipated that demand will continue at a higher level than initially forecast.
Legal Policy, Advice and Law Reform	Law reform projects conducted by VLRC *(Quantity – Number)*	5	4	-20.0 %	VLRC do not determine law reform projects. They are referred by the Attorney-General. In 2008-09 there will be four projects which will be more detailed than those previously conducted.
	Community education and consultation sessions conducted by VLRC *(Quantity – Number)*	60	50	-16.7 %	Due to the lower number of projects planned for 2008-09, the number of education and consultation sessions will be directly effected. Less projects for the year means that there will be one less topic to educate / consult about.
State Electoral Roll and Elections	State government elections, by-elections and polls *(Quantity – Number)*	2	1	-50.0 %	Due to their very nature, the VEC cannot anticipate whether a State by-election will be required. Given that there are 88 MPs, it is not inconceivable to plan on at least one per year. In 2007-08 two MPs resigned on the same day soon after the 2006 State election which was unexpected.
	Municipal elections, by-elections and polls *(Quantity – Number)*	12	79	+558%	The increase in the 2008-09 target is due to 79 councils running concurrent elections every four years from 2008-09.

Output	Performance Measure	2007-08 Expected Outcome	2008-09 Target	Variance	Reason for Variance
	Training programs conducted for election officials *(Quantity – Number)*	40	22	-45.0 %	The difference between the 2008-09 target and the 2007-08 expected outcome is due to changes in recording practices for training sessions. Previously, the VEC recorded several subsets of training for one group as one training session. Now each subset is counted as one session as different topics are covered in different sessions. VEC re- scheduled some of the training sessions for 2008-09 back into 2007-08 financial year which accounts for the increase to 40 in 2007-08. A significant number of training sessions have been moved to 2008-09 to have them closer to the delivery of the elections and be more effective.
	Elector enrolment changes *(Quantity – Number)*	800000	440000	-45.0 %	Given that there is no scheduled State or Federal election as in the previous two years, the lower enrolment figures represent the likely enrolment relating to a much lower-key 2008 council election enrolment campaign.
Infringement and Orders Management	Infringement notices processed *(Quantity – Number(million))*	2.3-2.5	2.7-2.9	17.4 %	The difference between the 2008-09 Target and the 2007-08 Expected Outcome is largely attributable to higher than scheduled camera downtime arising from a rigorous testing and maintenance regime, VicRoads roadworks, increased public awareness of safety cameras and general improvement in driver behaviour. The 2008-09 target has been adjusted to take into account the impact of the Eastlink motorway.
Community Safety and Crime Prevention	Number of Working with Children checks processed *(Quantity - Number)*	150000-200000	100000-150000	-33.3 %	The difference between the 08-09 Target and the 07-08 Expected Outcome is attributable to the large number of applications lodged in 2007-08 earlier than required under the original phasing plan and the number of applications received from people not envisaged or legislatively required to apply.
Gaming and Racing Management and Regulation	Racing matters processed (including licences, permits, appeals, registrations and grant applications) *(Quantity - Number)*	1950	800	-59.0 %	Victorian bookmakers and clerks are registered on a triennial basis, with 2007/08 being a registration year. This creates a spike in the data every 3 years on this basis. Therefore the 2008/09 target will be lower than the registration year of 2007/08.

3.6.2 Asset funding

3.6.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008-09.

Response

Departmental Response

Sexual Assault Reform
VIFM Equipment upgrade program
Reduce Court Delays
Modernising Coronial Services
New Moorabbin Court Complex
Justice Statement - Integrated Courts Management System
Melbourne Legal Precinct Master Plan
Cell and Building Safety Redesign
Community Transitional Units
CFA Tanker Replacement Program
CFA Fires Stations and New & Replacement MFB Stations
Traffic Camera Office & IMES System
VicSES Output Review and Support
VicSES Critical Asset Replacement Program
Building Confidence in Corrections
CFA Critical Infrastructure Response Strategy
CFA Radio Replacement
Children's Court Workload & Resourcing
Evidentiary Digital Audio Visual Recording Infrastructure Replacement
Improving Dispute Resolution Services - An Innovative Response
Magistrates Court - Safety, Security & Risk Management
Melbourne Legal Precinct Master Plan - Old County Court Refurbishment
Reducing Court Delays
Sexual Assault Reform (Rural and Regional and Geelong)

Victoria Police Response

Ararat Police Station
Bayside (for Sandringham) Police Station
Box Hill Police Station
Brunswick and Collingwood Police Complexes
Carlton/North Melbourne Police Station
Carrum Downs (for Langwarrin) Police Station
Crime Department Upgrade
Foster Police Station
Hastings Police Station
Kyneton Police Station
Lilydale Police Station
North Wyndam Police Station
Ouyen Police Station
Yarrawonga Police Station Replacement (Stage 8)
Sunbury Police Station
Swan Hill Police Station

Wallan Police Station
Yarra Junction Police Station
Commissioner for Law Enforcement Data Security (CLEDS)
Counter Terrorism - Prevention & Preparedness
Police Fleet 100 vehicles
Organised Crime - E Crime Capability
Road Safety Enforcement - In Car Video
Road Safety Enforcement - Random Drug Testing
Victoria Police Weapons & Equipment
Evidentiary Digital Audio Visual Recording Infrastructure Replacement
Forensic Capability
Global Asset Management Strategy
Police Station Priority Upgrade Program

3.6.2.2 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities?

Response

The portfolio's asset investment priorities relate to the following future service challenges faced by the Justice system:

- Increasing prison system capacity;
- Improving court security and access to Justice for all Victorians;
- Supporting police and emergency services;
- Protecting Victorians;
- Addressing disadvantage and inequality;
- Regional development; and
- Innovation and technology.

To increase prison system capacity in response to the ongoing growth in the male prisoner population, investment in Corrections is needed to meet the projected increase in prisoner population.

To improve security and access to Justice for all Victorians, further investment in courts is required.

Further development of the Melbourne Legal Precinct, as planned, will address community safety risks, court functionality and increasing court room demands. In addition, metropolitan and regional courts will also benefit from security upgrades.

Climate change is expected to significantly affect Victoria, leading to increased demand for our emergency services.

According to the Government's Beyond Five Million report, regional Victoria and outer metropolitan areas are expected to grow significantly in the coming decades. Continuing investment in new technologies, new security measures and new Justice centres in growth corridors and regional

communities that will co-locate our services in a 'one-stop shop' environment will enhance service to the community, ensuring access to Justice services.

(b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department's operations? If so, please provide details of the findings.

Response

Departmental planning identifies a series of key service drivers for major Justice asset investment initiatives. The following initiatives are taken from the 2008-2009 Multi-Year Strategy and demonstrate the links between the portfolio's asset investment initiatives and the key service drivers defined in the Justice Service Strategy.

- Melbourne Legal Precinct Master Plan (MLPM)

  Whilst Victoria is expected to continue to experience a decline in overall crime, the nature of crime in Victoria is changing. For example, the increasing use of technology has resulted in higher levels and greater sophistication in deception crimes, cyber-bullying and privacy breaches.

  As crime becomes more sophisticated, prosecuting offenders results in more criminal trials and longer court proceedings. The outcomes of the MLPM will provide a long-term permanent solution to critical pressure on court usage and efficiency.

  Pursuant to this plan, funding has been allocated in the 2008-09 State budget for refurbishment of the Old County Court.

- Prison Facilities Master Plan

  Recent government policy decisions aimed at strengthening criminal justice responses to enhancing community safety have resulted in a significant and sustained growth in the Victorian prison population, and placed significant pressure on the capacity of the male prison system. Without action this situation will lead to prison overcrowding and the number of prisoners in police cells rising over the next 12 months.

  To address the issue of future demand, the Department of Justice has developed a Prisons Facilities Master plan. The plan provides an overall framework for the future development of the Victorian prison system for 2007-2012 (and the outlook period to 2017) to ensure sufficient bed capacity to accommodate projected demand.

- Regional Development, Technology and Innovation - Accommodation Plan

  The Department has undertaken a forward-looking assessment of its accommodation requirements taking into account:

  - an ongoing focus on its regional commitments;
  - its desire to establish justice service centres in regional locations;
  - a policy of restricting head office growth in the Melbourne CBD; and
  - its contribution towards the Government's transit cities strategy.

Justice Service Centres have already been introduced in Morwell, Mildura, Werribee and Carlton.

As indicated above, the Department is also implementing property/ accommodation strategic master plans in the areas of Corrections and the Melbourne Legal Precinct.

(c) Please outline any asset investment projects of the department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives.

Response

Not applicable for the Department of Justice.

3.6.2.3 Question

In relation to the unapplied output and asset funding carried forward to 2008-09, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives;

(b) the underlying reasons for the department's funding carryover for each category; and

Response

Departmental Response

Output Funding

Business Unit / Initiative or Project	Reason for Carry forward	Output	($ million)
TCS/IMES Project	Revised timeframes for implementing the TCS/IMES related projects largely due to difficulty in sourcing specialist staff.	Infringements & Orders Management	0.50
Emergency Services	State Support Package (SPP) – Commonwealth Funds Emergency Management Grants. SPP funds to provide Emergency Management projects for Emergency Services Organisations (ESOs).	Emergency Management Capability	0.80
VicSES	Output Price Review funds carry forward relating to the implementation of new corporate management systems.	Emergency Management Capability	0.60
Gaming & Racing	Racing Industry Development Grants (approved as POBOS in 2006-07 budget) are underspent in 2007-08 due to projects extending into 2008-09 with payment due at the completion of the projects.	Gaming & Racing Management & Regulation	3.25
Consumer Affairs	Energy hardship program timelines now extending into the next financial year.	Promoting & Protecting Consumer Interests	0.30
Native Title	Native Title grants payments outstanding under a Native Title Settlement Agreement. The payment of funds is for a project that, pending claimants' lodgement of agreed project plans, sets out terms of the agreement and relates to the construction of a "meeting place".	Protecting Community Rights	0.50

Business Unit / Initiative or Project	Reason for Carry forward	Output	($ million)
Corrections	- The model for sex offender housing has been reassessed in light of further policy commitments by Government. - Wulgunggo Ngalu Learning Place – one off issues associated with the setup of the facility, there will be further setup type items that need to be addressed. - Prison and CCS recruitment – some of the recruit courses originally anticipated in 2007-08 have been postponed to 2008-09 as a result of changing workforce requirements.	Prisoner Supervision & Support + Community Correctional Services	5.00
Courts	- Deferral of implementation costs of newer initiatives including restorative justice, the Neighbourhood Justice Centre, and sexual assault initiatives - Delays in the development of the courts data warehouse due to rescoping of project	Court Matters & Dispute Resolution	6.5
Infringements & Orders Management	Lower than anticipated volumes of infringements. The carry forward is required to continue implementation of Sheriff Reform strategies, including the more efficient targeting of warrants, additional working shifts, integrated ICT strategy with the view to improve efficiency through technological innovations and improved training.	Infringements & Orders Management	7.5
Aboriginal Justice Agreement	Minor delays due to the capacity for indigenous organisations to implement new programs and initiatives.	Community Safety & Crime Prevention	0.25
Working with Children (WWC)	A deviation in the anticipated volume of working with children applications compared to the original estimates from the early years to later years. WWC is subject to a report back to Government in 2009-10 where funding levels and volumes will be reviewed.	Community Safety & Crime Prevention	3.70
Total			**28.90**

Asset Funding

Additions to Net Asset Base (ATNAB)

Actual carryover into 2008-09 will be determined in July once final expenditure and output delivery results for 2007-08 are available.

Therefore, all provisional carryover estimates reflected in the 2008-09 Budget are subject to change. At the time of preparing provisional carryover estimates for incorporation into the 2008-09 published Budget Estimates, the Department estimated it would apply its full Contributed Capital (ATNAB) budget for 2007-08 and accordingly estimated a "nil" carryover into 2008-09.

Victoria Police Response

Output Funding

Business Unit / Initiative or Project	Reason for Carry forward	Output	($ million)
Victoria Police	Carry forward in relation to Output funding is required to align with the timing of key project tasks.	Policing Services	25.00
Total			**25.00**

Asset Funding

$5 million in Asset funding

Carry forward in relation to Asset funding has been requested for the Crime Department Upgrade, enhancement to forensic capabilities and equipment and the Forensic Service Master Plan.

Note that actual carryover into 2008-09 will be determined in July once final expenditure and output delivery results for 2007-08 are available. Therefore, all provisional carryover estimates reflected in the 2008-09 Budget are subject to change.

(c) the intended revised timing for use of the carried forward funds.

Response

Department of Justice and Victoria Police will utilise all approved carryover in 2008-09.

This is in accordance with section 32 of the Financial Management Act which provides that:

'If an amount appropriated for a financial year for a department is not applied in that year, the Treasurer may determine that the amount, may not be applied in that financial year but may be applied for the department in the next financial year.'

3.6.3 Efficiencies and savings

3.6.3.1 Question

In relation to the estimated efficiencies to be derived in 2008-09 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, as initially presented in the 2007-08 State Budget), please provide:

(a) a breakdown of the planned efficiency savings according to the various measures of efficiency that apply to the department's operations;

Response

Labour's Financial Statement 2006 identified areas of savings in the Efficient Government Policy. This policy identified a focus on six areas- Buying Smarter, Buying less, Shared Services, Best Practice Grant Administration, Fleet Management, Advertising and Consultancies and Integrated focus on ICT. The break up of these savings as published is reflected in the table below.

SAVINGS IMPOSED 2007-08 Published Budget

LFS 3 - Efficient Government	2007-08 $m	2008-09 $m	2009-10 $m	2010-11 $m
Buying Smarter Buying less	5.623	7.345	8.769	10.693
Shared Services	1.943	2.388	4.223	5.302
Best Practice Grant Administration	0.127	0.253	0.253	0.253
Fleet Management - DoJ	0.288	0.288	0.288	0.288
Fleet Management - Victoria Police	1.297	1.297	1.297	1.297
Advertising and Consultancies	0.357	0.357	0.357	0.357
Integrated focus on ICT	0.000	0.000	0.000	0.000
Sub-Total LFS 3 Efficient Government	**9.635**	**11.928**	**15.187**	**18.190**

SAVINGS IMPOSED 2007-08 Published Budget				
Additional ERC initiatives				
Grants Duplication	0.430	0.430	0.430	0.430
CBD Office Growth	1.881	3.903	6.075	8.405
Sub-Total Additional ERC Savings	**2.311**	**4.333**	**6.505**	**8.835**
Full Impact of Savings as Published	**11.946**	**16.261**	**21.692**	**27.025**

(b) an explanation of:

(i) how decisions regarding applicable savings measures are to be made;

(ii) the nature of their expected impact on programs such programs accelerated or deferred; and

(iii) the basis for estimating the savings target to be achieved for each measure;

Response

Departmental Response

In line with government savings direction, the Department has adopted a number of strategies targeted at reducing head office and corporate expenditure to maintain the current level of program services.

The savings were withdrawn from DoJ's budget at the start of the 2007-08 financial year. Accordingly, from a financial perspective, the savings targets have been met.

What remains is the need to minimize the impact on programs. In this regard, the DoJ executive has set up a working party to implement the commitments to the efficiency measures announced as part of the 2007-08 budget, with particular focus on achieving the stipulated measures in relation to:

- Buying Smarter, Buying less;
- Shared Services;
- Grant Administration;
- Grant Duplication; and
- Consultancies and Advertising.

DoJ has achieved significant procurement savings (Buying Smarter, Buying less) via savings on large contract renewals. The balance of these savings are spread widely across the department. The savings listed in the table above are not anticipated to have material impacts on DoJ programs.

Note that the savings requirements in the budget were identified in Labor's Financial Statement 2006. The allocation of these savings to Departments was undertaken by the Department of Treasury and Finance.

The Department is also considering both its workforce/recruitment strategies and accommodation needs in light of the policy decision to limit CBD staffing growth. As part of the Department's response to this requirement, DOJ has implemented a number of strategies including: establishment of agreed staffing profiles for each business unit, lifting the delegation level for approval of new positions; and analysing the most appropriate site for service delivery staff to be located in line with

the clients that they serve. This may result in some transfer of staff from the CBD to outer metropolitan areas.

Victoria Police Response

Savings of $1.297 million were sought from Victoria Police fleet management initiatives. Due to an increase in motor vehicle lease costs to Victoria Police, savings have instead been achieved through energy management initiatives and contract management efficiencies.

(c) particulars of any changes to the department's allocated savings for 2008-09 from the data shown in the 2007-08 Budget.

Response

Further to the savings published in 2007-08, the following additional savings have been applied to DoJ:

Additional Savings Efficiencies
(allocated and approved by ERC post 2007-08 Published Budget)

	2007-08 ($ million)	2008-09 ($ million)	2009-10 ($ million)	2010-11 ($ million)
VMIA – DoJ	0.250	0.258	0.268	0.276
VMIA - Victoria Police	0.066	0.068	0.069	0.071
State Purchasing Contract Savings	1.391	1.426	1.461	1.498
Best Practice Grant Administration	0.049	0.060	0.082	1.667
Total Additional Efficiencies	**1.756**	**1.812**	**1.880**	**3.512**

The adjustment to the Grants savings will result in a reduced grants program in 2010-11.

Additional Savings Efficiencies – Announced in the 2008-09 Budget

	2007-08 ($ million)	2008-09 ($ million)	2009-10 ($ million)	2010-11 ($ million)
General Efficiencies – DoJ	0.000	6.250	6.250	6.250
General Efficiencies – Police	0.000	6.250	6.250	6.250
Total 2008-09 Savings	**0.000**	**12.500**	**12.500**	**12.500**

The additional savings announced in the 2008-09 Budget are to be found through further targeted procurement initiatives and the discontinuation of non priority activities across the Portfolio. The savings will be across the Portfolio with each Business area and Agency expected to contribute to achieving efficiencies. Through spreading the savings task the actual delivery on any one part of the Portfolio will be substantially minimised.

3.6.4 Economic impacts, initiatives and improvements

3.6.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the department's budget for 2008-09:

(a) interest rates

(b) inflation

(c) productivity improvement

Response

There are two parts to this question - the impact on the Department's initiatives and the impact on framing the budget for 2008-09.

The proposed budget initiatives for 2008-09 have not been materially affected by these particular drivers. They relate more to improving the capability to deliver services and address additional service demands arising from population growth and changes in government policy (eg. sentencing). One exception to this is the impact that interest rates and inflation are having on financial hardship and the related service demands on Consumer Affairs Victoria.

Economic factors are taken into account by the Department of Treasury and Finance (DTF) assessment of the business cases that are presented for review to the Expenditure Review Committee (ERC) for funding approval.

Productivity improvements and initiatives have arisen in 2006-07 and 2007-08 in reviewing the outputs and capabilities of the Supreme, County and Magistrates' Courts. These reviews are expected to modernise Courts' administration; reduce Court delays; improve access to Justice services and deliver better community outcomes.

In framing the 2008-09 budget the Departmental Funding Model (DFM) takes into consideration economic factors such as interest rates, inflation and productivity improvements. When Departments (or DTF) believe that economic or other cost pressures cannot be met within the DFM, an Output Price Review may be requested. The recommendations from the Output Price Review are presented to ERC for approval.

(d) National Reform Agenda initiatives

Response

Gaming and Racing

The National Reform Agenda calls for a reduction in the regulatory burden through greater national consistency in regulation, regulatory review, and increased regulatory efficiency and transparency.

In the context of **gambling regulation**, streamlining of the gambling regulatory framework has continued through bills that have been subsequently passed in Parliament. In line with Government policy, all new gambling regulations and legislation have to comply with the Regulatory Impact Statement (RIS) and Business Impact Assessment (BIA) processes applicable to all Victorian legislation.

The Department of Justice has completed a review and restructure of licensing arrangements for public lotteries and is currently reviewing the licensing arrangements for electronic gaming machines, club keno, and wagering. These reviews focus particularly on the licensing structure and associated regulatory arrangements. Opportunities to reduce the regulatory burden and compliance costs are considered as part of the review process.

In addition, the Department is currently undertaking a review of the regulatory burden on bingo, and reviewing the regulation of gaming venue employees.

Consumer Affairs

In the context of **consumer affairs,** a number of regulatory reforms are being pursued by the Council of Australian Governments (COAG) in conjunction with the Ministerial Council on Consumer Affairs (MCCA). Consumer Affairs Victoria is committed to the focus on regulatory reform and the broader productivity agenda through work on the following initiatives:

Reducing the Regulatory Burden – an initiative committing the Victorian Government to measuring the administrative burden of regulations, developing a targeted range of initiatives to reduce burden, and monitoring progress towards achieving targeted reductions.

Occupational Licensing Review - a priority review aimed at reducing administrative burden through the implementation of an IT system to support the licence application process for businesses in six occupational license categories. It is expected that on-line forms to facilitate license applications will be developed and rolled out by 2008.

Better Business Regulation - a good practice tool kit for regulators. It provides a self assessment for regulators to examine existing practices against a comprehensive set of activities representing good regulatory practice.

National Trade Measurement – an initiative to ensure continuity of service and existing service standards until the trade measurement function is transferred to the Commonwealth in 2010. In 2008-09, CAV will also fund an independent audit/valuation of the trade measurement assets.

National Product Safety Regime – participation in agreement of a national consumer product safety regulatory scheme and continued leadership of a project to harmonise existing bans and mandatory standards across the states and territories.

Personal Properties Security – watching brief on the establishment of a single national system for the registration and regulation of security interests in personal property to commence operation in 2009.

Business Names Registrations - participation in the development of new systems and technologies leveraging off our highly developed business names system, which includes application of an automated names test and online transactions. CAV is also participating in a national project looking at improvements to Business Name registrations for businesses.

Consumer Policy Framework – input into enhanced national approaches to improve the consumer policy framework, including legislative and regulatory structures following the finalisation of the Productivity Commission Review of Australia's Consumer Policy Framework. CAV was the lead agency for the preparation of the Victoria Government's submission in response to the Productivity Commission Report.

Other Initiatives - CAV will also provide input into developing an effective and efficient national approach to consumer protection regulation for mortgage credit and advice; margin lending; and non-deposit taking institutions.

3.6.5 Environmental challenges

3.6.5.1 Question

(a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09?

Response

Departmental Response

Key environmental issues that are predicted to have an impact on services delivered by the Department in both the short and long term include:

Extreme Weather Events: The Department of Justice is continuing to plan and prepare to meet the challenge that extreme weather events due to climate change may impose on the delivery of emergency services. Climate change may also impact on critical infrastructure –ie. increased risk of disruption to roads, ports and utilities.

Resource Scarcity: Lack of water due to drought impacting on the viability of rural communities with flow-on effects to the broader Australian community. This has implications for services addressing regional disadvantage and financial hardship.

Water and Energy Restrictions: Restrictions impacting on operations eg. lack of water for fire-fighting, travel restrictions due to the high cost of fuel impacting on regional service delivery, responsibility to reduce electricity and paper consumption.

Social Instability: Social change stimulated by environmental challenges will require an emphasis on managing variations in levels of public disorder, alcohol and drug fuelled public safety issues and the upstream behaviour of communities and regulated industries.

Victoria Police Response

Victoria Police has recently formed a high level working party to more fully assess the impact of issues surrounding climate change and other environmental challenges on policing service delivery and the policing environment. Initial scoping suggests that issues to be considered will include:

Social infrastructure: potential increases in incidents such as suicide, public order offences, alcohol and drug inspired offences and dealing with people with mental disorders; crimes reflecting additional stress on communities including family and domestic violence, other crimes against the person and financial crime; potential increases in emergency management responsibilities.

Environmental crime: including illegal disposal of hazardous materials and water and energy theft.

Border protection: potential increases in organised and trans national crime, including people trafficking and countering terrorism.

(b) How have these issues been addressed in the department's budget estimates for 2008-09?

Response

All environmental issues are dealt with by Justice agencies as part of everyday core business.

Environmental issues have formed the basis of additional funding to support emergency services volunteers in financial difficulties and to provide critical fire fighting equipment, including communications equipment.

In addition the Government is working closely with the racing industry, which has been severely impacted by the drought over the past to years, to develop water saving strategies and to ensure the continuation of race meetings for participants.

(c) Please list five projects or programs worth over $1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007-08 and 2008-09 for existing projects if applicable).

Response

No expenditure items are over $1 million.

3.6.5.2 Question

What initiatives are planned to be implemented by the department in 2008-09 in order to enhance energy reporting?

Response

Departmental Response

The Department of Justice has been reporting on energy initiatives in its Annual report for some time and will now be reporting under the revised Financial Reporting Directive (FRD) 24. FRD 24 requires the provision of additional information on: energy consumption trends and targets; energy management actions undertaken; and provision of greater context to the energy data reported.

Furthermore, there is now a separate section in FRD 24 that specifically deals with the greenhouse emissions associated with energy use, transport activities and waste production.

The Department is also providing input to the development of a whole of government data management and reporting tool to provide greater consistency in energy reporting. This tool will ensure that data provided from retailers can be verified by individual business units. In addition to consistency in reporting, it will make business units aware of the impacts of their usage.

Victoria Police Response

Victoria Police has had an energy data management and reporting tool in operation for a number of years and has consistently provided energy use data in its annual report, in accordance with the relevant Financial Reporting Directions.

Systems are now being put in place to enable Victoria Police to provide enhanced reporting on energy consumption trends and targets, energy management actions undertaken in any one year and the provision of greater context to reported energy use data.

3.6.6 Financial information

3.6.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09 for individual outputs.

Response

State Electoral Roll & Elections – costs fluctuate annually for this output due to the State and local government election timetables. The 2007-08 financial year only included two bi-elections, where as local government elections are due to be held in 2008-09 resulting in a greater than 10% increase in the output cost.

Public Prosecutions – there is a greater than 10% increase in this output cost, due to additional funding provided in the 2008-09 Budget replacing analogue recording devices with digital audio-visual technology, expanding the capacity of the Office of Public Prosecutions to aid in reducing court delays and managing sexual assault cases in regional Victoria.

Infringement & Orders Management – there is a greater than 10% increase in this output cost, largely due to road safety initiatives scheduled to commence on the Eastlink tollway in 2008-09.

Community Safety and Crime Prevention – there is a greater than 10% increase in this output cost, due to additional funding provided in the 2008-09 Budget for Family Violence Reform and the Refugee Support Strategy.

Prisoner Supervision and Support – there is a greater than 10% increase in this output cost, due to additional funding provided in the 2008-09 Budget for Building Confidence in Corrections.

3.6.6.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007-08 and the budget for 2008-09, please provide an explanation.

Response

Not applicable – variance for employee benefits is less than 10%.

3.6.6.3 Question

Please provide a tabular dissection of the department's 2008-09 budget and expected expenditure for 2007-08 under the Government's key themes presented annually in the Victorian Budget Overview (see pp.5-7 of 2007-08 document) differentiating between new funding initiatives and ongoing funding.

Response

	2007/08 Expected Outcome	2008/09 Published Budget
Existing Funding		
Community Safety and Justice	3,057.9	3,175.3
Tackling Disadvantage	236.2	230.4
2008-09 Budget Funding		
Community Safety and Justice	48.7	163.7
Tackling Disadvantage	2.7	11.7
TOTAL	**3,345.4**	**3,581.1**

DoJ's funding in accordance with the Governments key themes primarily relates to two themes, Community Safety and Justice, and Tackling Disadvantage. Although these themes are nominated, DoJ has a commitment to regional and rural Victoria, sound financial management and maintaining Victoria's liveability.

3.6.7 Regional and rural considerations

3.6.7.1 Question

(a) What are the critical issues facing regional and rural communities in 2008-09 that depend on services provided by the department (please provide comment relating to particular areas of the state where applicable)?

Response

Regional Services

The range of state-wide services provided by the department in regional Victoria includes: information and advice services, dispute resolution, enforcement and compliance services, support services for victims, Indigenous services, problem gamblers services; and licensing and other business services. State-wide services also include criminal justice services from police, courts and correctional facilities and emergency services.

Examples of initiatives directed towards rural and regional issues are:

- Provision of victim counselling and support services in 20 locations across the state, the launch of a specialist Family Violence Court in Ballarat to ensure courts better serve victims of family violence and the creation of new multi-disciplinary sexual assault centre in Mildura.
- Support to Community Legal Centres throughout Victoria and establishment of a network of rural and regional mediators. The Latrobe Valley Rights Centre in Morwell brings together services of the Human Rights and Equal Opportunity Commission, the Dispute Settlement Centre of Victoria and the Office of the Public Advocate
- Creation of a Regional Aboriginal Justice Advisory Committee network and opening of Koori Courts at Shepparton, Warrnambool and Mildura as part of a package aimed at reducing disadvantage for indigenous Victorians and tackling their overrepresentation in the criminal justice system.

- Support for emergency services response capacity state-wide
- Modernisation and upgrading of police, courts and correctional facilities across Victoria including the establishment of Justice Service Centres in regional locations. Justice Service centres have been introduced in Morwell, Mildura and Werribee.

Critical Issues

Victoria's population growth is increasing the need for access to services in large regional centres (such as Ballarat, Geelong and Bendigo), yet demand for services in rural areas will continue (for example in the sparsely populated Western end of the Grampians). This presents challenges in terms of resource allocation to provide coverage of justice services for the whole state, whether it be access to courts and correctional facilities or information, advice and counselling services. One strategy is to look towards creating Justice centres in growth areas to act as a 'one-stop shops', enhancing service to regional Victoria (refer to our response to Q2.3).

Regional Victoria will experience ***population ageing*** earlier and faster than Melbourne with related mobility, dependency and health issues (including mental health issues).

There are some ***areas of disadvantage*** in regional areas. The Barwon South West region has numerous low income areas, while the Loddon Mallee region has the highest level of reported food stress in Victoria. Many regional areas have significant indigenous populations that are disadvantaged across the spectrum of social concern. Shepparton in the Hume region has the largest concentration of indigenous residents in Victoria outside metropolitan Melbourne. Ten percent of the State's indigenous population reside in the Barwon South West region, while the indigenous population in Gippsland is double the State average.

New communities are emerging in Victoria with particular needs. For example, Cobram in the Hume region is the favoured resettlement destination for people from the Middle East and there has been an increase in the number of Sudanese moving to the Shepparton area.

(b) How does the department's 2008-09 budget address these issues?

Response

The Department of Justice has improved its regional justice response in recent years to take into account changing demographics and region-specific issues. These critical issues are factored into service and facilities planning, for example the establishment of Justice Service Centres. However while the Department's regional arrangements are aligned with DHS boundaries, the Department does not have regionalised budgets. The Department is currently establishing a regional management structure.

(c) Please provide a table showing for up to ten of the department's largest projects (in terms of expenditure) the:

(i) budget allocation for 2008-09 dissected between new and existing projects

(ii) the purpose of each project

(iii) how the funding is to be spent

(iv) the performance measures in place to assess performance

Response

Departmental Response

The Department has a considerable regional presence with services delivered through Prisons, Community Correctional Services, Magistrates' Courts (including Alternative Dispute Resolution and provision of services to the County and Supreme Courts), Infringement Management & Enforcement Services (Sheriffs Officers), Consumer Affairs and the Indigenous Issues Unit (RAJAC officers), and the Victorian State Emergency Service.

However, as indicated above, the Department has a centralised budget system and is therefore unable to disaggregate the regional spend.

In the 2008-09 State Budget, the Department has received funding for a number of state-wide initiatives with regional and rural components including:

Sexual Assault Reform (Rural and Regional and Geelong) Funding for the establishment of a specialist sexual assault prosecution unit in Geelong, including prosecutors and solicitors. Also video conferencing facilities in rural and regional Victoria.
Refugee Support Strategy Funding to address the significant levels of disadvantage experienced by newly emerging refugee communities in Victoria by making justice services more responsive and accessible to refugees.
Improving the Lives of Indigenous Victorians Funding to establish Victoria's first County Koori Court in order to reduce indigenous overrepresentation in the justice system, so defendants from across Victoria will be able to have their case heard by the Koori Court
Victorian Family Violence Reform WOVG funding for a range of state-wide initiatives focused on the prevention of family violence.
Building Confidence in Corrections Funding to ensure sufficient capacity to meet demand in the corrections system through: • Two new prisons (Ararat and site acquisition of a Greenfield site) • Corrections Demand Management Strategy • Serious Sex Offender Strategy
VicSES Critical Asset Replacement Program Funding for six road rescue 4WD trucks, four emergency response trucks, eleven road accident rescue kits and five boat replacements.
Alternative Dispute Resolution Funding to develop and enhance innovative, low-cost dispute resolution across the state, including expanded dispute resolution services in regional areas across the state.
Police Station Priority Upgrade Police stations across Victoria will benefit from a priority upgrade program for security cameras, CCTV and a range of other projects.
Magistrates Court – Safety, Security and Risk Management Funding for additional security personnel and weapons screening which may include upgrades at regional locations.
Reducing Court Delays Funding for measures to improve Supreme Court efficiency, provide more prosecutors, solicitors, and three new Supreme Court judges who may sit on circuit in regional areas**.**

Victoria Police Response

Victoria Police is not able to provide a specific response to this question. Policing services are tailored to the needs and requirements of specific communities.

3.6.8 Communication, advertising and promotion

3.6.8.1 Question

(a) What is the communication, advertising and promotion budget for 2008-09? Please also provide the expected actual expenditure for 2007-08.

Response

Departmental Response

Communication, advertising and promotion budget for 2008-09	At this stage, budgets for communication, advertising and promotion have not been allocated for 2008-09 and figures for expenditure are not able to be estimated. Approved communication, advertising and promotional budgets will be determined at the business unit level within the Department in accordance with specific project and program needs. However, the 2008-09 State budget has announced funding of $1.5m on a family violence community education campaign
Expected actual expenditure for 2007-08.	Final expenditure for the period will not be available until end of financial year figures are released.

The Department of Justice does not maintain a central advertising and promotion budget. Budgets are included within specific programs. The process in DOJ for procuring advertising and promotion does not give rise to a variance between budgeted and actual expenditure since the competitive tendering and specification process ensures that the advertising and promotion activity procured does not exceed the funding provided for such activity in the program budget.

Victoria Police Response

Communication, advertising and promotion budget for 2008-09	At this stage, budgets for communication, advertising and promotion have not been allocated for 2008-09 and figures for expenditure are not able to be estimated.
Expected actual expenditure for 2007-08.	$670,000*

* Note that in both cases, this figure includes the production and publication of the Police Life magazine and the Gazette (the latter is produced primarily for internal Victoria Police use.)

(b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007-08 (due to machinery of government

changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

Departmental Response

As indicated above, the Department of Justice does not maintain a central advertising and promotion budget. Budgets are included within specific programs. The process in DOJ for procuring advertising and promotion does not give rise to a variance between budgeted and actual expenditure since the competitive tendering and specification process ensures that the advertising and promotion activity procured does not exceed the funding provided for such activity in the program budget.

Victoria Police Response

It is anticipated that the budget for 2008-09 will be very similar to that for 2007-08, however it is not possible to confirm this until after the 2008-09 State Budget Papers have been released.

3.6.9 Non government sector

3.6.9.1 Question

(a) Please provide a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09

Response

Departmental Response

	2007/2008 Revised	2008/2009 Estimate	Variance ($ million)	Variance %
Native Title payments (1)	1.2	1.8	0.6	45%
La Trobe Valley Human Rights Centre	0.1	0.1	-	0%
Supreme Court Library	0.4	0.4	0.0	5%
Court Network	0.3	0.3	-	0%
Neighbourhood Justice Centre	0.2	0.2	0.0	3%
Consumer Utility Advocacy Grant	0.5	0.6	0.1	10%
Consumer Action Law Centre	0.4	0.4	(0.0)	-1%
Corrections - including Better Pathways	2.5	2.3	(0.2)	-8%
Firearms	0.1	0.1	0.0	10%
Crime & Violence Prevention	1.6	1.5	(0.1)	-5%
Life Saving Victoria	1.7	1.7	(0.0)	-1%
Racing Industry Development & Country Living Racing (2)	9.1	3.7	(5.4)	-60%
Victims Support	5.1	5.2	0.1	1%
Aboriginal Justice Agreement	1.1	1.0	(0.1)	-12%
Consumer Credit	0.5	0.5	-	0%
Victorian Property Fund	12.0	13.0	1.0	8%
Residential Tenancies	0.4	0.5	0.0	3%
Problem Gambling	17.7	17.4	(0.2)	-1%
Valuing Emergency Services Workers	2.8	2.8	-	0%
Other minor grants	0.5	0.5	0.0	1%
TOTAL	**58.2**	**54**	**(4.2)**	**-2%**

(1) Native Title Payments – Grants to communities in line with agreed Native Title claims for Wotjobaluk in 2007-08 & Gunditjmarra in 2008-09.

(2) Racing Industry Development – There is expected to be carryover of 2007-08 funds into 2008-09 to enable a smaller number of grants to be paid for already approved works.

As part of the review of wagering licenses the Victorian Government is continuing its consultations with the industry on future funding.

Victoria Police Response

Victoria Police does not disseminate funding to the non government sector

(b) Please provide a brief description of the performance monitoring framework that will be in place during 2008-09 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose

Response

Departmental Response

The funding provided to the non-government sector is subject to a range of performance monitoring mechanisms including service level agreements and reporting requirements to DoJ, relevant Ministers and/or central government as appropriate.

Victoria Police Response

Not applicable for Victoria Police

3.6.10 Revenue initiatives/departmental income

3.6.10.1 Question

(a) In relation to 2008-09, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

Response

As part of the Victorian Alcohol Action Plan (VAAP), the Department is intending to review the structure and fees associated with liquor licensing. This may result in increased revenue from such licences.

(b) Please outline the actual and expected financial impact in 2008-09 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

Not applicable

3.6.10.2 Question

(a) For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007-08 and the budget for 2008-09.

Response

Special Appropriations: There is an increase in Special Appropriations of 21%, this predominantly relates to the State Electoral Roll & Elections for which costs fluctuate annually due to the State and local government election timetables. The 2007-08 financial year only included two bi-elections, where as local government elections are due to be held in 2008-09.

Resources Received Free of Charge & Sale of Goods & Services: reflects the transfer of net liabilities relating to State-wide Integrated Public Safety Communication Strategy (SIPSaCS) projects from DoJ to the Emergency Services Telecommunications Authority (ESTA).

Other Grants: are reducing from 2007-08 to 2008-09 due to once off funding in 2007-08 within Victoria Police for the reducing regulatory burden initiative.

3.6.11 Fees, fines, concessions and subsidies

3.6.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

Departmental Response

Description of fee or charge	2007-08 Outturn	2008-09 Estimate	Variance ($ million)	Variance %
Residential Tenancies Application Fee & Warrants	1.9	2.0	0.1	5%
Domestic Builders Tribunal Application Fee	0.3	0.3	0.0	2%
Birth Deaths & Marriages Regulatory Fees	8.1	8.1	0.1	1%
Victoria Government Reporting Service Sale of Transcripts	0.1	0.1	0.0	3%
Non Traffic Statutory & Courts Fines	45.2	46.3	1.1	2%
Liquor Licensing Commission Fines	0.3	0.3	0.0	3%
Licensed Motor Car Traders New License Fee Renewal	2.6	2.7	0.1	3%
Prostitution Control Board Renewal Fee	0.8	0.8	0.0	2%
Estate Agents Annual State/Renewal Fee	2.0	2.1	0.0	2%
Trade Measurement Victoria Regulatory Fees	1.3	1.4	0.0	3%
Travel Agents Renewal Fee	0.4	0.4	0.0	2%
Pawn Brokers/2nd Hand Dealers Annual Statement	0.3	0.3	0.0	3%
Intro Agencies Renewal & Notification Fees	0.0	0.0	0.0	4%
Liquor Licensing Victoria Search & Application Fees	1.4	1.4	0.0	3%
Business Names, Associations & Cooperatives Lodgement Fees	10.2	10.5	0.3	3%
Casino Super & Control Charges	7.8	7.8	0.0	0%
Police Traffic Camera Operations & On the Spot Fines	353.5	420.6	67.1	19%

Description of fee or charge	2007-08 Outturn	2008-09 Estimate	Variance ($ million)	Variance %
Traffic Camera Office Fees	35.7	36.6	0.9	2%
Warrant Issue & Execution Fees	48.5	49.9	1.4	3%
Working with Children Background Check Fee	4.5	4.6	0.0	1%
Total Expected Revenue 2008-09	**524.9**	**596.2**	**71.3**	**14%**

NOTES
All figures are based on current budget estimates for 2008-2009 and discussions with Finance Managers of each Division.
The final list of relevant fees and charges is expected to be received from the divisions by the start of June for review and publication on the Department of Justice external website.

Police Traffic Camera Operations & On the Spot Fines - the increase in is largely due to road safety initiatives scheduled to commence on the Eastlink tollway in 2008-09.

Victoria Police Response

	2007-08 $'000	2008-09 Estimate $'000
Non traffic statutory and court fines	84	84
Regulatory fees	10,314	10,374
Sales of services	769	769
Gross sale proceeds – plant, equipment and motor vehicles	100	100
Other unclaimed monies	153	153
Other miscellaneous revenue	10	10
	11,430	**11,490**

3.6.11.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

Departmental Response

Not applicable

Victoria Police

Victoria Police provides some level of subsidies by way of waiver in relation to the cost of police attendance at charitable and community events. It is not possible to forecast which events will apply for such a waiver during the 2008-09, or what the amounts involved might be. Where an event is recurring, Victoria Police waiver methodology provides for reduced subsidies to encourage event organisers to budget for and pay the full cost of police services. The implementation of this policy is expected to result in an overall reduction in subsidies over time.

3.6.12 Staffing matters

3.6.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Response

Departmental Response

Employment — Equivalent full-time staff

EFT staff numbers are provided for the Department of Justice (including major budget funded agencies and excluding Victoria Police) and Victoria Police separately.

The Department of Justice staff numbers include staff employed by the Secretary to the Department of Justice in accordance with the Public Administration Act 2004.

Major budget funded agencies included in this response are:

- Office of Police Integrity;
- Office of Public Prosecutions;
- Office of the Privacy Commissioner;
- Victorian Electoral Commission;
- Victorian Government Solicitors Office; and
- Victoria State Emergency Service.

The following are not included:

- The Country Fire Authority (CFA), Metropolitan Fire and Emergency Services Board (MFESB) or Victoria Legal Aid (VLA) which are part funded agencies and whose salary costs do not reflect in the employee benefits estimates of the Department of Justice Operating Statement. Funding provided to these agencies reflect as grants and other payments.
- The following table also excludes statutory appointees (including judicial officers) who are not classified as "staff" of the department.

With regard to Executive numbers, these staff have been identified as ongoing in accordance with *Financial Reporting Direction 15B (Executive Officer Disclosures in the Report of Operations by Departments)*, which divides executives into two distinct categories based on the following definitions:

- 'Ongoing' executives are executives who are responsible for functions or outputs that are expected to be ongoing at the reporting date.
- 'Special Projects' executives are executives who are employed for a specific project. These projects are generally for a fixed period of time and relate to a specific government priority.

This distinction was not made in the 2007-2008 Budget Estimates Questionnaire response.

All expected growth due to new initiative funding reflects in the funded vacancy column of the 30 June 2009 estimate.

Employment — Equivalent full-time staff

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Departmental Secretary	1.0	0	0		1.0	1.0	0	0		1.0	1.0	0	0		1.0
Executive Officer 1	1.0	0	0		1.0	1.0	0	0		1.0	1.0	0	0		1.0
Executive Officer 2	22.0	0	0		22.0	23.0	1.0	0		24.0	24.0	0	0		24.0
Executive Officer 3	46.8	0	0		46.8	49.8	0	0		49.8	50.8	1.0	0		51.8
Allied Health 2	18.2	4.4	1.0		23.6	18.5	4.0	0		22.5	18.5	4.0	0		22.5
Allied Health 3	34.5	6.5	0		41.0	38.6	5.8	0		44.4	38.6	5.8	0		44.4
Allied Health 4	18.6	1.0	0		19.6	19.8	2.0	0		21.8	19.8	2.0	0		21.8
CCO Grade 1	132.8	38.2	20.0		191.0	134.5	28.3	7.5		170.3	133.5	28.3	7.5		169.3
CCO Grade 2	66.4	1.4	0		67.8	74.8	1.0	0		75.8	70.8	1.0	0		71.8
CCO Grade 3	58.9	1.0	0		59.9	60.1	0	0		60.1	60.1	0	0		60.1
CCO Grade 4	13.8	0	0		13.8	11.4	0	0		11.4	11.4	0	0		11.4
CCO Grade 5	17.0	0	0		17.0	18.0	0	0		18.0	18.0	0	0		18.0
CCO Grade 6	3.0	0	0		3.0	3.0	0	0		3.0	3.0	0	0		3.0
Custodial Grade 1	0	24.0	0		24.0	1.0	34.0	0.3		35.3	1.0	34.0	0.3		35.3
Custodial Grade 2a	769.1	52.1	127.1		948.3	903.6	39.6	74.8		1,018.0	900.6	39.6	74.8		1,015.0

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Custodial Grade 2b	382.7	0.5	0		383.2	395.8	2.5	0		398.3	395.8	2.5	0		398.3
Custodial Grade 3	127.0	0	0		127.0	138.6	0	0		138.6	138.6	0	0		138.6
Custodial Grade 4	28.0	0	0		28.0	30.0	0	0		30.0	30.0	0	0		30.0
Custodial Grade 6	9.0	0	0		9.0	9.0	0	0		9.0	9.0	0	0		9.0
Grade 1	32.3	9.7	8.8		50.8	21.2	5.3	6.0		32.5	23.4	4.7	6.0		34.1
Grade 2	937.4	132.8	94.4		1,164.6	1,006.8	150.9	55.4		1,213.1	1,033.4	142.3	59.9		1,235.6
Grade 3	667.4	93.4	39.5		800.3	761.7	95.9	21.3		878.9	787.4	101.1	19.7		908.2
Grade 4	497.3	68.1	3.0		568.4	590.5	106.1	6.1		702.7	620.1	105.1	3.1		728.3
Grade 5	517.4	68.4	6.0		591.8	607.8	83.3	15.5		706.6	655.9	80.5	14.5		750.9
Grade 6	427.9	45.5	0.4		473.8	472.4	58.8	3.6		534.8	487.9	71.2	2.6		561.7
Grade 7	21.0	1.0	0		22.0	21.0	0	0		21.0	22.0	0	0		22.0
Trainee Registrar	143.6	0	1.0		144.6	134.0	1.0	1.0		136.0	134.0	1.0	1.0		136.0
Deputy Registrar	43.0	0	0		43.0	36.0	0	0		36.0	36.0	0	0		36.0
Registrar Grade 3	153.7	1.0	2.0		156.7	160.1	3.0	1.0		164.1	160.1	3.0	0		163.1
Registrar Grade 4	32.0	0	0		32.0	32.0	1.0	0		33.0	32.0	1.0	0		33.0
Registrar Grade 5	20.0	0	0		20.0	17.0	0	0		17.0	17.0	0	0		17.0
Registrar Grade 6	19.0	0	0		19.0	18.6	0	0		18.6	18.6	0	0		18.6
Sheriff's Officer Grade 1	108.4	0	0		108.4	112.6	0	0		112.6	132.6	0	0		132.6
Sheriff's Officer	10.0	0	0		10.0	10.0	0	0		10.0	11.0	0	0		11.0

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Grade 2															
Sheriff's Officer Grade 3	26.0	0	0		26.0	23.0	0	0		23.0	26.0	0	0		26.0
Sheriff's Officer Grade 4	5.0	0	0		5.0	5.0	0	0		5.0	5.0	0	0		5.0
Sheriff's Officer Grade 5	2.0	0	0		2.0	2.0	0	0		2.0	2.0	0	0		2.0
Solicitor Grade 1	8.0	3.0	0		11.0	14.0	2.0	0		16.0	9.0	2.0	0		11.0
Solicitor Grade 2	33.0	1.0	0		34.0	31.0	2.0	0		33.0	31.0	2.0	0		33.0
Solicitor Grade 3	25.0	1.0	0		26.0	28.0	2.0	0		30.0	28.0	2.0	0		30.0
Solicitor Grade 5	72.0	0	0		72.0	75.0	0	0		75.0	75.0	0	0		75.0
Solicitor Grade 6	64.8	1.6	0		66.4	76.4	0.6	0		77.0	76.4	0.6	0		77.0
Other (Including new initiative funded positions)	10.8	5.6	0.5		16.9	12.4	5.3	4.2		21.9	12.4	5.3	4.2		21.9
TOTAL	**5,626.8**	**561.2**	**303.7**	**0.0**	**6,491.7**	**6,200.0**	**635.4**	**196.7**	**0.0**	**7,032.1**	**6,361.7**	**640.0**	**193.6**	**0.0**	**7,195.3**

Victoria Police Response

Employment — Equivalent full-time staff

Classification	30-Jun-07 (Actual) (EFT)					30-Jun-08 (Estimate) (EFT)					30-Jun-09 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Chief Commissioner		1			1		1			1		1			1
Deputy Commissioner	1	1			2		2			2		2			2
Assistant Commissioner		8			8		8			8		8			8
Commander	13				13	11				11	11				11
Chief Superintendent	1				1	1				1	1				1
Superintendent	78.6				78.6	72.6				72.6	72.6				72.6
Chief Inspector	13				13	12				12	12				12
Inspector	260.5				260.5	254.0				254.0	254.5				254.5
Senior Sergeant	577.4				577.4	577.8				577.8	577.8				577.8
Sergeant	1803.6				1803.6	1815.2				1815.2	1815.2				1815.2
Senior Constable	6503.3				6503.3	6410.8				6410.8	6749.8				6749.8
Constable	1764.5				1764.5	1857.0				1857.0	1607.0				1607.0
Reservist	12.5				12.5	11.1				11.1	11.1				11.1

Classification	30-Jun-07 (Actual) (EFT)					30-Jun-08 (Estimate) (EFT)					30-Jun-09 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Recruit		125			125		163			163		139			139
Total Police (Police, Reservists & Recruits)	**11028.4**	**135**	**0**	**0**	**11163.4**	**11022.5**	**173**	**0**	**0**	**11196.5**	**11112**	**150**	**0**	**0**	**11,262**
PSO	146.7				146.7	140.6				140.6	140.6				140.6
EO-2	4	0			4	4				4	4				4
EO-3	12	0			12	11				11	11				11
VPSG-7	2	2			4	1	2			3	1	2			3
VPSG-6	89.7	9			98.7	103.7	12			115.7	104	12			116
VPSG-5	131.1	9			140.1	136	9.6			145.6	136	9			145
VPSG-4	270	28.5	4		302.5	281.7	38.8			320.5	280	44	0		324
VPSG-3	372.4	27.9	1		401.3	401.6	40.1			441.7	400	40			440
VPSG-2	1009	146.3	13		1168.3	999.4	147.8	10		1157.2	1000	148	10		1158
VPSG-1	56.7	16.9	6		79.6	47.7	15	6		68.7	45	10	6		61
FO-7	3				3	3				3	3				3
FO-6	17.6				17.6	18.6				18.6	19				19
FO-5	14.8				14.8	13.8				13.8	14				14
FO-4	22.7	1			23.7	24.3				24.3	26				26
FO-3	49.6	3			52.6	57.1	3			60.1	58	3			61
FO-2	36.5	20			56.5	45.3	12			57.3	44	12			56
FO-1	4.6	2			6.6	3	1.6			4.6	2				2
PUBLIC SERVANTS FTE	**2,242.4**	**265.6**	**24**	**0**	**2532**	**2,291.8**	**281.9**	**16**	**0**	**2,589.7**	**2287.6**	**280**	**16**	**0**	**2,583.6**

Variance Explanations Victoria Police June 2007 to Estimated June 2008

VPSG-1 decrease from 79.6 to 68.7 = - 14%

This decrease is reflective of the outcome of the work value review grievance process following the implementation of the seven-level VPS structure and also to the reduction in staff in Regulatory Services.

VPSG-3 increase from 401.3 staff to 441.7 = + 10%

The increase in staff at this level is primarily due to the outcome of the work value review grievance process undertaken as part of the implementation of the seven-level VPS structure and to the creation of some project positions (fixed term contract) within Business Information Technology Systems Department

VPSG-6 increase from 98.7 staff to 115.7 = +17%

The increase in staff at the VPSG 6 level is due to an increase in professionally qualified, specialist staff and the appointment of senior staff to manage strategic projects at Business Information Technology Systems and Business Management Departments.

VPSG-7 decrease from 4 staff to 3 = -33%

This apparently large decrease is due to the small numbers.

FO-1 decrease from 6.6 to 4.6 = - 30%

This decrease is reflective of the outcome of the work value review grievance process following the implementation of the seven-level FO structure. The large decrease also reflects small base numbers.

FO-3 increase from 52.6 staff to 60.1 = + 14%

The increase in staff at this level is primarily due to the outcome of the work value review grievance process undertaken as part of the implementation of the even-level FO structure.

3.7 Department of Planning and Community Development

3.7.1 Departmental assumptions and performance measures

3.7.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008-09.

Response

- Implementation and timing of payments for grant programs and infrastructure projects
- Implementation of savings announced in the Budget
- Staffing levels within the Department as outlined in the reply
- Revenue paid into the Community Support Fund.

3.7.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

The Department of Planning and Community Development (DPCD) was established in August 2007 to lead and support the development of liveable communities in Victoria through improved planning and design for sustainable communities, ensuring better access to housing, infrastructure, jobs and services and increasing opportunities for participation.

Enhancing Victoria's liveability is a key priority that will be achieved through implementing planning reforms and delivering investments that help support population and economic growth and address issues of disadvantage across different parts of the State.

There is a strong evidence base to indicate that liveable communities can be achieved by understanding what works in a local context, working with local governments and communities to ensure that investments in social and physical infrastructure are delivered in a coordinated and timely manner.

Growing Victoria Together remains the key policy driver. Within the policy the major goals that relate to the Department are Growing and Linking Victoria and A Fairer Society.

DPCD also contributes to a significant and diverse range of government policy directions and priorities including: A Fairer Victoria, Victorian Indigenous Affairs Framework, Melbourne 2030, Sport & Recreation Victoria 2005-2010, Future Directions: An Action Agenda for Young Victorians etc.

The DPCD 2008-09 budget is particularly focussed on meeting the 2008-09 Budget priorities of improving urban development and planning, and housing affordability with a strong continued focus on progressing *A Fairer Victoria (AFV)* through driving service delivery reforms, building human capital, and expanding economic opportunities for those who continue to miss out. *AFV* 2008 will have a more targeted focus on the 4 priority areas of getting the best start, getting people into work, improving health and wellbeing, and liveable communities.

3.7.1.3 Question

What impact have developments at the Commonwealth level had on preparing the department's component of the 2008-09 state budget?

Response

There are significant opportunities to collaborate with the Commonwealth Government, particularly in the areas of housing affordability, social inclusion, cutting red tape, and strengthening local government and the community sector.

Key developments at the Commonwealth level influencing the Department's budget preparation included:

Housing strategy and policy (for example, housing affordability, use of surplus government land)

Climate change (for example, coastal management and the future of farms

Water resources (for example, water security for towns and cities)

Transport infrastructure (for example, funding of major road and rail freight projects through Auslink 2).

The Commonwealth is also a funding contributor to a number of AFL club facility redevelopment projects and to events such as the Parliament of the World's Religions.

3.7.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008-09 (including new and discontinued measures).

2007-09 Performance measure	Previously	Reason
Planning, Urban Design and Housing Affordability		
Planning Practice Notes Prepared	This performance measure is to be discontinued in 2008-09.	This performance measure to be discontinued as practice notes are prepared on a needs basis which is therefore out of the Department's control.
Prior Authorisations of Planning Scheme Amendments	This performance measure is to be discontinued in 2008-09.	This performance measure is to be discontinued as prior authorisations are on a needs basis which is therefore out of the Department's control.
Housing Lots with zoning completed within Growth Areas	These are new performances measure to be reported on in 2008.	These are new performance measures for 2008-09 to reflect the Government's priorities regarding housing affordability.

2007-09 Performance measure	Previously	Reason
Increased housing density in established areas		
Metropolitan Councils housing growth requirements established		
Establish regional housing targets for regions and for local governments within regions		
PSP's completed in accordance with agreed timetable		
10 year zoned land supply available within the Urban Growth Boundary for residential and employment purposes	These are new performances measure to be reported on in 2008.	These are new performance measures to be introduced in 2008-09 to highlight improvements in efficiency in planning.
Infrastructure Planning is co-ordinated through PSP's to support sustainable community development		
Pursuant Structure Planning supports municipal strategic development		
Advice to Government on policy issues to facilitate informed decision making - response within required timeframe		
Amendments completed in 30 days	These are new performances measure to be reported on in 2008.	These are new performance measures to be introduced in 2008-09 to highlight improvements in efficiency in planning.
Authorisations completed in 15 days		

2007-09 Performance measure	Previously	Reason
Strategic Planning program in place on agreed time frame		
Disability		
Number of agencies supported to develop Disability Action Plans	This is a new performance measure to be reported on in 2008-09.	New performance measure for 2008-09 to reflect the Government's priorities regarding people with disabilities.
Multicultural Affairs		
Consultations with CALD Communities	Consultations and forums with community groups	Amended to more accurately and clearly capture the original intent of this output measure which measures the Victorian Multicultural Commission's (VMC) function of consulting with cultural and linguistically diverse (CALD) communities.
Language Services Partnerships Implemented	Number of language services projects implemented	The word 'projects' has been changed to 'partnerships' to more accurately describe the performance measure. This measure relates to collaborative work undertaken with relevant organisations to achieve the government Language Services Strategy including the tertiary sector, other Departments and community organisations including accreditation bodies.
Metropolitan Grants (Number Approved)	Victorian Multicultural Grants: grants paid against milestones of funding agreements	Breaking up the 'number of grants approved' measure into metropolitan and regional/rural categories adds value to this measure and provides insight into the broad coverage of the VMC grants program
Regional/Rural Grants (Number Approved)		
Number of active Refugee Support Service Agreements	Refugee Support: Clients assisted	This measure relates to the Refugee Brokerage Program (RBP). Since the merger of the Victorian Office of Multicultural Affairs (VOMA) into the VMC in May 2007, the VMC has carriage of this program. The focus of the program is a community development one not a client/service relationship one although this is always in part what the program delivers. It is considered that a better way to measure the RBP is through the number of service agreements the VMC/Victorian Government has with agencies who support refugee communities.

2007-09 Performance measure	Previously	Reason
Number of Celebrate our Cultural Diversity Week Events held	This is a new performance measure to be reported on in 2008-09.	This measure correlates with one of the VMC's major commitments.
Local refugee communities developing local plans	Client satisfaction with briefs provided	It has been replaced to better reflect the work of the VMC.
Interpreting and Translating Workforce Strategy plan developed	This is a new performance measure to be reported on in 2008-09.	New performance measure in 2008-09 to reflect the Government's commitment in relation to multicultural affairs.
Multilingual Technology Strategy Developed	This is a new performance measure to be reported on in 2008-09.	New performance measure in 2008-09 to reflect the Government's commitment in relation to multicultural affairs.
Seniors and Veterans		
Digitised veterans' histories completed	This is a new performance measure to be reported on in 2008-09.	New performance measure in 2008-09 to reflect the Government's commitment in relation to seniors and veterans
Indigenous Community and Cultural Development		
Number of Aboriginal community land initiatives established	These performance measures are to be discontinued in 2008-09.	In 2008-09 the Aboriginal Land and Economic Development Program will be consolidating initiatives established in the first phase of the Program.
Approved land initiatives established within stipulated timeframes		
Adult Community Education		
Annual VET module enrolments Government funded through the ACFEB – ACE organisations and adult education institutions	Government-funded annual module enrolments – ACE organisations and adult education institutions	These performance measures include activity that is not funded by the ACFE Board. They do not reflect the accountabilities of the ACFE Board and the Board is not in a position to manage these outputs, therefore they are being replaced for 2008-09
Student contact hours Government funded through the ACFEB - ACE organisations and adult education institutions	Government-funded student contact hours of VET activity provided through ACE organisations and adult education institutions	

2007-09 Performance measure	Previously	Reason
Student contact hours Government funded through the ACFEB to 16 to 24 year olds - ACE organisations and adult education institutions	Government-funded student contact hours of VET activity provided to 15-24 year olds through ACE organisations and adult education institutions	
Student contact hours Government funded through the ACFEB to students 16 to 64 year old who do not have Year 12 or an equivalent level of education - ACE organisations and adult education institutions	Student contact hours delivered in ACE to persons 15 and over who have no qualification at all or a qualification less than Year 12 or Certificate II	This performance measure includes activity that is not funded by the ACFE Board. This does not reflect the accountabilities of the ACFE Board and the Board is not in a position to manage these outputs, therefore it is being replaced for 2008-09
Successful completions as measured by module load completion rate – ACFEB funded - ACE organisations and adult education institutions	Successful completions as measured by module load completion rate – ACE organisations and adult education institutions	The 2008-09 performance measure only measures activity which is funded by the ACFEB.
Sport and Recreation Development		
Sporting uniform grants: number approved	This performance measure is to be discontinued in 2008-09.	This performance measure is to be discontinued as it was a one year program only.
Physical Activity Program: grants paid against milestones of funding agreements	This performance measure is to be discontinued in 2008-09.	This performance measure is to be discontinued as the program is completed.
Rectangular Sports Stadium - construction proceeding	This performance measure is to be discontinued in 2008-09.	This performance measure has been amended to reflect the status of works on the Rectangular Sports Stadium.
Combat sports licences, registrations and permits issued	Combat sports licences and permits issued	This performance measure has been amended to include registrations.
Number of VFL ground projects commenced	These are new performances measure to be reported on in 2008.	New performance measures for 2008-09 to reflect the Government's priorities regarding sport and recreation.
Commencement of MCG concourse extension works		

2007-09 Performance measure	Previously	Reason
Completion of business case for the refurbishment of Melbourne Park		
Community Strengthening		
Community Foundations: Sites established	This is a new performance measure to be reported on in 2008-09.	New performance measure for 2008-09 to reflect the Government's priorities regarding community strengthening
Enterprising Communities: Operational Community Enterprise Catalyst	This is a new performance measure to be reported on in 2008-09.	New performance measure for 2008-09 to reflect the Government's priorities regarding community strengthening
ICT projects and programs underway	This performance measure previously belonged to the Citizen Engagement and Information output.	This measure has been brought over from the Citizen Engagement and Information Services output following machinery-of-government changes in 2007.
Community Services Workforce Capability Framework: planning and research conducted in consultation with and endorsed by community sector	This is a new performance measure to be reported on in 2008-09.	New performance measure for 2008-09 to reflect the Government's priorities regarding community strengthening
Enterprising Communities: Grants paid against milestones of funding agreement	This is a new performance measure to be reported on in 2008-09.	New performance measure for 2008-09 to reflect the Government's priorities regarding community strengthening
ICT project quarterly monitoring reports are assessed	This performance measure previously belonged to the Citizen Engagement and Information output.	This measure has been brought over from the Citizen Engagement and Information Services output following machinery-of-government changes in 2007 where it was previously titled: Assessment of quarterly monitoring reports for grant agreements undertaken. Wording changed to identify this is an ICT project measure as it is new to the output area of Community Strengthening.
Office for the Community Sector established	This is a new performance measure to be reported on in 2008-09.	New performance measure for 2008-09 to reflect the Government's priorities regarding community strengthening
Payments made according to contracts provided ICT grant recipients meet	This performance measure previously belonged to the Citizen Engagement	This measure has been brought over from the Citizen Engagement and Information Services output following machinery-of-

2007-09 Performance measure	Previously	Reason
contract terms	and Information output.	government changes in 2007.
Workforce Capability Framework: Completion of developmental work and advice provided	This is a new performance measure to be reported on in 2008-09.	New performance measure for 2008-09 to reflect the Government's priorities regarding community strengthening
Local Government Sector Development		
Meetings held by Best Value Commission with Councils	This performance measure is to be discontinued in 2008-09.	Performance measure to be discontinued in 2008-09 as the Best Value Commission has been disbanded.
Procurement strategy completed within agreed timeline	This performance measure is to be discontinued in 2008-09.	Performance measure to be discontinued in 2008-09 as the procurement strategy will be completed.
Inter-library loans supplied by public library services to other libraries	These are new performances measure to be reported on in 2008.	New performance measures for 2008-09 to reflect the Government's priorities regarding local government.
Library branches with computer safety measures in place		

3.7.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Response

Performance measure	2007-08 Expected Outcome	2008-09 Target	Variance	Reason
Planning, Urban Design and Housing Affordability				
Number of property transactions assessed by the Government Land Monitor (GLM) for compliance with	1050	950	100	The 2008-09 Target is less than the 2007-08 Expected Outcome due to the increased number of government land transactions in 2007-08.

Performance measure	2007-08 Expected Outcome	2008-09 Target	Variance	Reason
Government Policy				
Research bulletins published	13	8	5	The 2008-09 Target is less than the 2007-08 Expected Outcome as the number of research bulletins is being reduced as a result of consolidation of publications supporting local research networks.
Youth Affairs				
Young people participating in the Advance Youth Development Program	11600	10000-10250	1350-1600	The 2008-09 Target is less than the 2007-08 Expected Outcome as in 2007-08 schools enrolled more students than required by the program.
Young people completing the Advance Youth Development Program	85	75	10	The 2008-09 Target is less than the 2007-08 Expected Outcome as in 2007-08 active program support and professional development assisted schools to retain a higher proportion of participants.
Women's Policy				
Number of consultations held	8-10	4-6	4	The 2008-09 Target is less than the 2007-08 Expected Outcome as in 2007-08 extensive consultations were undertaken in 2007-08 in preparation for 2008-09. It is not anticipated that the same level of consultation will be required again until 2011.
Women participating in consultation	1000	600	400	The 2008-09 Target is less than the 2007-08 Expected Outcome as in 2007-08 a large number of consultations were held in 2007-08 as part of the development of the new Women's Policy Framework 2007-11.
Seniors and Veterans				
Seniors activities grants programs: number approved	139	110-130	9	The 2008-09 Target is less than the 2007-08 Expected Outcome as in 2007-08 an additional round of Images of Age grants occurred.

Performance measure	2007-08 Expected Outcome	2008-09 Target	Variance	Reason
Indigenous Community and Cultural Development				
Governance training programs supported	8	7	1	The 2008-09 Target is less than the 2007-08 Expected Outcome as in 2007-08 a pilot Diploma of Business Governance was delivered which will not need to occur in 2008-09.
Local Indigenous representation groups established	16	14	2	The 2008-09 Target is less than the 2007-08 Expected Outcome as the total number of Local Indigenous Networks to be established is 38 over 3 years. 8 were established in Year 1 and16 in Year 2, leaving 14 as the target for Year 3.
Meetings of Aboriginal Heritage Council supported	10	6	4	The 2008-09 Target is less than the 2007-08 Expected Outcome as the volume of Council business in 2007-08 necessitated extra meetings.
Verified records added to heritage data base	1132	800-1000	132-332	The 2008-09 Target is less than the 2007-08 Expected Outcome, the introduction of the requirements under the *Aboriginal Heritage Act 2006* and increased land disturbance associated with development activity caused the Expected Outcome to exceed its original Target. As a result the 2008-09 Target has been increased.
Proportion of Indigenous community organisations receiving funding from multiple departments on a single funding agreement	5	10	5	The 2008-09 Target is greater than the 2007-08 Expected Outcome as this performance measure will progressively increase in Target each year as more organisations go onto single funding agreements.
Adult and Community Education				
Minimum target for ACE and adult education institution students funded through Youth Pathways Program (YPP)	872	500	372	The 2008-09 Target is less than the 2007-08 Expected Outcome due to an unanticipated increase in demand in 2007-08. This is only a baseline measure.

Performance measure	2007-08 Expected Outcome	2008-09 Target	Variance	Reason
Sport and Recreation Development				
Aquatic facility grants: number approved	18	10-15	3-8	The 2008-09 Target is less than the 2007-08 Expected Outcome as a number of smaller, lower cost projects were approved in 2007-08.
Community Sporting Facility Grants: number approved	230	>120	110	The 2008-09 Target is less than the 2007-08 Expected Outcome as the two newly announced rounds of drought projects were included in 2007-08.
Community Strengthening				
Community Bus investments provided	4	6	2	The 2008-09 Target is greater than the 2007-08 Expected Outcome due to increased targeting and lower unit cap per bus.
Community Enterprise grants: number approved	5	10	5	There will be an increase in 2008-09 due to a growing interest in developing community enterprises by local communities.
Volunteering Small Grants: number approved	100	60-90	10-40	The 2008-09 Target is lower then the 2007-08 Expected Outcome as the Target 60-90 is the baseline target for the program.

3.7.2 Asset funding

3.7.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008-09.

Response

Capital Initiatives	2008-09 ($ million)
Rectangular Sports Stadium	106.9
Geelong Transit Cities	3.6
Electronic Document and Records Management System	2.6
Improving Major Sporting Precincts	0.9
Footscray Transit City	19.2
Revitalising Central Dandenong	10.3
Land Compensation	2.0
Northbank Promenade	6.2
Olympic Park Upgrade	11.2
Aboriginal Heritage Information System	1.5
Total	**164.4**

3.7.2.2 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities?

Response

DPCD's role is to lead and support the development of liveable communities. A key strategic direction for the Department to achieve this goal is to improve planning and design for sustainable communities.

Two key aspects related to the delivery of this strategic direction are:

- the provision of infrastructure to meet community needs; and
- the timing of the infrastructure investment to ensure that necessary services are provided early in the life of new communities.

Growth and change in rural, regional and metropolitan communities will challenge the full range of infrastructure including housing, utility services (water, energy etc), social (health, education etc), transport (all modes including cycling, walking, personal travel and freight), community infrastructure (libraries, open space, sporting and recreation facilities etc), jobs and services.

New infrastructure will be required in growth areas in Melbourne and regional Victorian cities, and infrastructure upgrades and replacement will be required in established urban areas experiencing growth.

Responses to these infrastructure challenges by the Department are primarily through land use planning and will include:

- Improving public transport interchanges, walking and cycling routes, and public realm amenity in Transit Cities and Activity Centres experiencing growth (in collaboration with DOI).
- Improving the balance between private vehicular traffic and pedestrians, cyclists and public transport in Transit Cities and Activity Centres.
- Ensuring affordable housing in areas with appropriate levels of social supports and access to employment and training, particularly for refugee and humanitarian entrants.
- Integrating land use and transport planning to ensure that the transport system is responsive to both changes in travel patterns and the creation of desirable land uses and urban form.
- Developing multi-use facilities for sporting, community, school and club utilisation to maximise participation

(b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department's operations? If so, please provide details of the findings.

Response

Understanding future need is pivotal to the development of Department strategy and operations. As part of this process the Department sources and utilises a range of tools to forecast operational implications and review strategic positions.

Findings resulting from external and departmental analysis include:

- Analysis of 2006 census results, together with recent migration trends, suggest that the projected population of Melbourne in 2030 will be higher than previously forecast and is now estimated to be in the order of more than 5 million people (over half a million higher than previously forecast). Melbourne is growing at a faster rate than Sydney.
- This additional population will impact the need for housing with demand increasing to a total of approximately 630,000 dwellings by 2030. More than half of these new homes will need to be located in and around activity centres and along major public transport corridors if real progress is to be made in achieving urban consolidation and in reducing the need for government investment in infrastructure on the urban fringe.
- Retail floor space in Melbourne is forecast to increase by over 3 million square metres by 2030 with the bulk of this additional space to be located outside the CBD. Over 2 million square metres of this additional space is expected to comprise investment in regional and sub-regional shopping centres or homemaker or factory outlet centres.
- Implementation of growth area strategies is increasingly urgent given the increasing awareness of climate change impacts and the need for significant and early action on greenhouse gas emission reductions, water shortages, higher petrol prices and housing affordability issues.
- Growth at the fringes of Melbourne will continue to be high over the next five years emphasising the importance of facilitating development within activity centres and improving liveability in outer suburbs and for new communities.
- Settlement of refugee and humanitarian program entrants will increase in regional Victoria

- Liveability in regional Victoria is increasingly impacted by a range of socio-economic and environmental issues. Evidence highlights many regional areas are witnessing diminishing health levels, greater household cost pressures and changing service needs due to ageing populations and lower household incomes relative to Victoria's average.

In relation to the infrastructure demands required to support the departmental operations, these include:

- workforce and skill profiles,
- information technology and business operations systems, and
- facilities.

These challenges have been analysed critically as part of the establishment needs of the new Department.

(c) Please outline any asset investment projects of the department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives.

Response

The infrastructure projects relate to the Transit Programs. Jointly with the Department of Transport, the Department of Planning and Community Development is developing a number of Transit City locations. The major project is the Revitalising of Central Dandenong. Other large Transit Cities projects are Geelong, Footscray, and Broadmeadows.

All funds for the program are held by the Department of Planning and Community Development with the transport related infrastructure delivered by the Department of Transport and the urban renewal by DPCD. VicUrban is the public non-financial entity delivering the program in Dandenong.

3.7.2.3 Question

In relation to the unapplied output and asset funding carried forward to 2008-09, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives;

Output initiatives

Output	Estimated Carryover ($million)
Aboriginal Land and Economic Development Program	2.1
Flexible Transport Solutions	0.7
Fair and Affordable Credit	0.8
Community Awareness Program	0.3
Family Violence Strategy	0.4
Positive Ageing Program	1.8
Healthy and Active Victorians	0.1
Memorial Grants Program	0.3
FreeZa Central Program	0.3
Healthy and Active Victorians	0.4
Injury Prevention Program	0.1

Commonwealth Games Dividend	3.0
Ice Sports Centre	0.1
Total	**10.4**

Asset Initiatives

Initiative	Estimated Carryover ($million)
Rectangular Sports Stadium	6.9
Geelong Transit Cities	3.6
Electronic Document and Records Management System	0.8
Total	**11.3**

(b) the underlying reasons for the department's funding carryover for each category; and

Response

Output initiatives

The reason for the requirement to carryover funds relates to longer than anticipated implementation and finalisation of funding details and deliverables.

Asset initiatives

The reason for the requirement to carryover funds relating to the asset initiatives above is mostly due to minor delays in construction between the financial years. Finalisation of these projects is expected within the original estimate.

(c) the intended revised timing for use of the carried forward funds.

Response

These funds are expected to be expended in 2008-09.

3.7.3 Efficiencies and savings

3.7.3.1 Question

In relation to the estimated efficiencies to be derived in 2008-09 (including from the various measures that fall under the umbrella of the *Efficient Government* policy and the other targeted initiatives, as initially presented in the 2007-08 State Budget), please provide:

(a) a breakdown of the planned efficiency savings according to the various measures of efficiency that apply to the department's operations;

Response

The Departments saving target for the 2008-09 financial year is $11.2 million. This made up from $8.3 million in savings announced in the 2008-09 Budget and an additional $2.7 million from the 2007-08 Budget. This is in line with the governments *"Efficient Government"* policy.

(b) an explanation of:

(i) how decisions regarding applicable savings measures are to be made;

Response

Decisions regarding applicable saving measures are made in line with the governments "Efficient Government" policy and to reduce the cost of administration. The department will review its operations and identify the cost reductions in line with the policy outlined by Government the nature of their expected impact on programs such programs accelerated or deferred; and

(ii) the nature of their expected impact on programs such programs accelerated or deferred; and

Response

No impact is expected on service delivery areas. The savings are targeted to administrative areas.

(iii) the basis for estimating the savings target to be achieved for each measure; and

Response

The savings target is in line with governments *"Efficient Government"* policy, and targets are against administration and no impact will be made on key deliverables and service areas.

(c) particulars of any changes to the department's allocated savings for 2008-09 from the data shown in the 2007-08 Budget.

Response

Due to the Machinery of Government (MoG) changes the Department's savings in the 2007-08 budget papers have been revised to $6.3 million.

3.7.4 Economic impacts, initiatives and improvements

3.7.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the department's budget for 2008-09:

(a) interest rates

(b) inflation

(c) productivity improvement

(d) National Reform Agenda initiatives

Response

In relation to a), b) and c) the impacts of the above economic factors have been set by the Department of Treasury and Finance in framing the 2008-09 Budget. Indexation of costs has been provided in the Budget for the Department and any impacts of these factors on electronic gaming revenue paid into the Community Support Fund has been built into the overall 2008-09 Budget estimates.

DPCD has established a three year administrative burden reduction plan to streamline regulatory administrative processes for business and the not-for profit sector. In framing the 2008-09 budget, these regulatory reform initiatives have been reviewed in this context.

3.7.5 Environmental challenges

3.7.5.1 Question

What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09?

Response

The Department of Planning and Community Development is responding to environmental issues through a range of activities across land use planning and building policy through to strengthening community capacity to respond to climate change. Key issues include climate change, environment issues associated with infrastructure and regional development, sport and recreation, growth of Melbourne as a liveable city, and the land use planning and community development aspects of sustainable resource use.

In this context the Department is both leading some whole of Government programs such as Melbourne 2030, as well as contributing to development of other activities such as the Government response to climate change.

Broad sustainability issues associated with the future development of Melbourne is a major area of activity. The Melbourne 2030 Audit process has a focus on taking stock of implementation activities and identifying how government can do things better to ensure Melbourne remains one of the most liveable cities in the world.

Land use planning and community programs to enhance our capacity to adapt to climate change will also be an important area of work. This includes work with other agencies and organisations to address emergency response management, land use planning in vulnerable locations, and development of robust infrastructure and building design responses. Actions across Government will be developed as part of the Climate Change Green Paper process announced by the Premier on April 4th at the Victorian Climate Change Summit.

In addition DPCD is contributing to the development of a revised Victorian Coastal Strategy (led by Department of Sustainability and Environment). This Strategy is aimed at providing policy, land-use planning and overall decision making tools to guide development along Victoria's coastline. Future challenges relating to climate change within the coastal zone environment include future sea-level rise and storm surge activity within a context of sustained population growth and development activity. Parallel work is underway to respond to future challenges associated with flood and bushfire risks.

Managing the interaction between natural resource use, protection environmental values and liveability will also be covered in the White paper on 'Land and Biodiversity'. DPCD will be contributing to the spatial, land use planning and community development aspects of this work.

(b) How have these issues been addressed in the department's budget estimates for 2008-09?

Response

Funding has been sought through the ERC process.

(c) Please list five projects or programs worth over $1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007-08 and 2008-09 for existing projects if applicable).

Response

New projects include:

Approx $3.7 million over 4 years via Future Farming Strategy to identify rural policy development issues and provide strategic land use response capacity.

3.7.5.2 Question

What initiatives are planned to be implemented by the department in 2008-09 in order to enhance energy reporting?

Response

DPCD will be reporting against the revised Financial Reporting Directive (FRD) 24 which now requires additional information on: energy consumption trends and targets; energy management actions undertaken; and provision of greater context to the energy data reported.

FRD 24 also requires specific reporting regarding greenhouse emissions associated with energy use, transport activities and waste production.

DPCD is providing input to the development of a whole of government data management and reporting tool to provide greater consistency in energy reporting.

The Department is also monitoring energy usage on a quarterly basis and takes appropriate steps to ensure that energy and other environmental initiatives are achieved.

3.7.6 Financial information

3.7.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09 for individual outputs.

Response

Planning, Urban Design and Housing Affordability

The increase in this output in 2008-09 is due to new initiative funding from the 2008-09 Budget and the timing of funding from for Transit City projects.

Disability, Multicultural Affairs, Seniors and Veterans, and Community Strengthening

The increase in these outputs in 2008-09 is due to new initiative funding from the 2008-09 Budget.

Sport and Recreation Development

The decrease from the 2007-08 Expected Outcome to the 2008-09 Target is due to the provision of additional funds in 2007-08 for a number of projects including drought programs, the MCG concourse, Days in the Diocese, and AFL and VFL initiatives.

3.7.6.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007-08 and the budget for 2008-09, please provide an explanation.

Response

Nil

3.7.6.3 Question

Please provide a tabular dissection of the department's 2008-09 budget and expected expenditure for 2007-08 under the Government's key themes presented annually in the Victorian Budget Overview (see pp.5-7 of 2007-08 document) differentiating between new funding initiatives and ongoing funding.

Response

2008-09 Budget Theme	2008-09 Expenditure ($ million)
Securing a prosperous future for Provincial Victoria	1.1
Improving community safety and access to justice	0.2
Reducing disadvantage and building a fairer Victoria	10.7
Building thriving, liveable communities	31.3
Total	**43.3**

2007-08 Budget Theme	2007-08 Expenditure ($ million)
Tackling Disadvantage	4.7
Maintaining Victoria's Liveability	43.3
Total	**59.5**

3.7.7 Regional and rural considerations

3.7.7.1 Question

(a) What are the critical issues facing regional and rural communities in 2008-09 that depend on services provided by the department (please provide comment relating to particular areas of the state where applicable)?

Response

Many regional communities are growing strongly. Planning for regional growth and the associated infrastructure will demand better coordination and regional planning involving all levels of government to develop and leverage joint responses to critical issues.

The Department of Planning and Community Development has a well established and extensive regional and local government network across Victoria which provides planning advice, community strengthening activity and program delivery.

Critical issues facing regional and rural communities in the near future that relate to services provided by the Department include:

- Addressing priority areas for growth and land supply in areas such as Geelong, Latrobe Valley, Wodonga, Bendigo and Ballarat.
- Managing rapid growth in fringe metropolitan, the pressures facing peri-urban areas and land use adjustments in rural areas.
- Integrating whole-of-government policy response on issues such as liveability, wildfire management, natural resource management, agriculture and forestry sectors, and biodiversity into rural and regional strategic land use planning and community development initiatives.
- Developing transport solutions to reduce barriers to accessing services, employment and social networks.
- Rural and regional communities need to consider ways of adapting to climate change. Community resilience will be important in responding to the effects of drought, water shortages, floods and bushfire. Mitigation measures such as alternative energy also present opportunities to some regional and rural communities.
- The challenge of disadvantage is also being addressed by rural and regional communities. In particular, the need to coordinate effort across agencies and levels of government remains a challenge. Housing stress and homelessness is a critical issue, along with the significant disadvantage faced by indigenous communities. We have provided greater focus in *A Fairer Victoria* 2008 on the 4 priority areas of getting the best start, getting people into work, improving health and wellbeing, and liveable communities will impact across the state.
- The changing nature of volunteering is a challenge for rural communities. Government relies on volunteers to deliver key community services such as sporting activities, essential services and home care. It will be necessary to adopt new approaches to volunteering to engage and support new volunteers in innovative ways.

The Gippsland and Barwon South West regions will be faced with a range of coastal issues in 2008-09, including the challenges of managing urban growth and climate change. Developing the capacity of local government to respond adequately to these challenges will be of critical importance.

Commonwealth and State Government policies of encouraging regional settlement of migrants and refugees requires appropriate levels of support services for both the migrants and the host communities.

This is applicable across the State, but in particular locations such as Shepparton, which has been a designated regional humanitarian settlement pilot site; and Ballarat, which is presently finalising its regional humanitarian settlement pilot.

There have also been significant refugee settlements in Geelong, Warrnambool, Colac, the Gippsland region, Mildura and Swan Hill.

(b) How does the department's 2008-09 budget address these issues?

Response

In 2008-09 planning support to Regional Victoria will be boosted with specific initiatives targeting rural land use planning, increased capacity to address major project assessments and approvals, and improved understanding of regional centre land needs and support for regional frameworks in priority areas including Latrobe Valley and the Murray Corridor.

Approx $2.19 million has been allocated in 08/09 to support and initiate these activities.

In addition, more than $3.7 million has been allocated over the next 4 years to support improved rural planning responses to structural change.

These initiatives will build upon significant regional presence programs delivered by the Department to promote liveability, address issues generated through growth and the specific challenges of disadvantage through the decline of regional and rural townships.

(c) Please provide a table showing for up to ten of the department's largest projects (in terms of expenditure) the:

(i) budget allocation for 2008-09 dissected between new and existing projects

(ii) the purpose of each project

(iii) how the funding is to be spent

(iv) the performance measures in place to assess performance

Response

Project	Budget 08-09	Project Purpose	Funding deliverables	Performance Measures
Planning for Sustainable Communities	$2.1m	An integrated approach to extend regional urban design and development capability	Increased capacity through expert support Resources to assist councils	Regional strategies in place
Geelong Transit Cities	$9.1m	To revitalise central Geelong by encouraging and facilitating private sector investment	Improved railway precinct Regeneration including intersection and streetscape	Transit Cities projects/works delivered in accordance with agreed plans

DPCD delivers many programs that are statewide and has a comprehensive range of grant programs which are taken up by regional and rural Victoria as required. Approximately 40% of DPCD grant funding is utilised by regional and rural Victoria through programs such as:

- Community Enterprise
- Creating Better Places
- Neighbourhood houses

- Country Football and Netball Program
- Living Libraries
- Better Pools/Aquatic Access

3.7.8 Vocational Training Communication, advertising and promotion

3.7.8.1 Question

(a) What is the communication, advertising and promotion budget for 2008-09? Please also provide the expected actual expenditure for 2007-08.

Response

DPCD does not have a central budget for communication, advertising and promotion. This activity is undertaken as part of policy and program work undertaken by the business areas with budget incorporated and approved via program allocations.

Anticipated overall expenditure for advertising and promotion 2007-08 is $3,774,739.

(b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007-08 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

Budgets have not been allocated for 2008-09 however as communication, advertising and promotional expenditure is determined by business units according to specific program needs, budget comparison is unavailable.

It is anticipated that the inclusion of the Planning, Heritage and Urban Design, Building Policy and Housing Affordability areas will result in an increase in communication, advertising and promotion expenditure overall in 2008-09.

3.7.9 Non government sector

3.7.9.1 Question

(a) Please provide a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09

Response

In relation to the grant and other payments line included within the operating statement of the Department is an estimated amount of funding to the non government sector of $145.7 million. It should be noted that this is an estimate only and the final expenditure will be determined by the grant applications provide by the non government sector as compared to the local government sector.

(b) Please provide a brief description of the performance monitoring framework that will be in place during 2008-09 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose

Response

In relation to funding provided to the non government sector, the funding is subject to a funding agreement. The funding agreement will set out the objects of the funding and the deliverables by the organisation. The performance of the organisation is reviewed on a regular basis during the funding period. Performance reports are required to be provided. There is also regular contact with the funded organisation. At the end of the grant period a final outcomes report is provided by the funded organisation as well as an acquittal of the funds expended.

3.7.10 Revenue initiatives/departmental income

3.7.10.1 Question

(a) In relation to 2008-09, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

Response

Nil

(b) Please outline the actual and expected financial impact in 2008-09 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

Nil

3.7.10.2 Question

For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007-08 and the budget for 2008-09.

Response

Output appropriations

The movement in this revenue category relates to new initiatives announced as part of the 2008-09 Budget, as well as the timing of funding provided for the Transit City projects.

Revenue from other parties and other income

The movement in this revenue category relates to the method of funding for Major Events which is provided through the Department of Treasury and Finance.

3.7.11 Fees, fines, concessions and subsidies

3.7.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

Attached is a listing of the fees and charges administered by the Department which is available on the Department's external website (***www.dpcd.vic.gov.au***).

The listing will be updated on 1 July to reflect indexation in line with the guidelines issued by the Department of Treasury and Finance. It is estimated that $0.9m of revenue will be generated from the fees, fines and charges administered by the Department in 2008-09.

3.7.11.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

Nil

3.7.12 Staffing matters

3.7.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Response

Employment — Equivalent full-time staff

	30-Jun-07 (Actual) (EFT)					30-Jun-08 (Estimate) (EFT)					30-Jun-09 (Estimate) (EFT)				
Classification	**On-going**	**Fixed term**	**Casual**	***Funded vacancy**	**Total**	**On-going**	**Fixed term**	**Casual**	***Funded vacancy**	**Total**	**On-going**	**Fixed term**	**Casual**	***Funded vacancy**	**Total**
Secretary	0.0	1.0	0.0		1.0	0.0	1.0	0.0		1.0	0.0	1.0	0.0		1.0
Executive Officer Grade 2	0.0	12.0	0.0		12.0	0.0	14.0	0.0		14.0	0.0	14.0	0.0		14.0
Executive Officer Grade 3	0.0	17.0	0.0		17.0	0.0	21.0	0.0		21.0	0.0	21.0	0.0		21.0
STS	3.0	1.0	0.0		4.0	3.6	2.0	0.0		5.6	3.6	2.0	0.0		5.6
Principal Scientist	0.0	0.0	0.0		0.0	1.0	0.0	0.0		1.0	1.0	0.0	0.0		1.0
Grade 6	99.0	13.0	0.0		112.0	170.0	19.4	0.0		189.4	183.0	18.4	0.0		201.4
Grade 5	179.0	16.0	0.0		195.0	238.8	34.1	0.0		272.9	254.4	36.6	0.0		291.0
Grade 4	129.0	34.0	0.0		163.0	190.3	47.0	0.0		237.3	198.3	49.0	0.0		247.3
Grade 3	100.0	19.0	0.0		119.0	122.8	30.8	0.0		153.6	124.8	31.8	0.0		156.6
Grade 2	44.0	13.0	0.0		57.0	48.6	10.0	0.0		58.6	48.6	9.0	0.0		57.6
Grade 1	0.0	0.0	0.0		0.0	0.0	2.7	0.0		2.7	0.0	2.7	0.0		2.7
Ministerial Chauffeurs	2.0	0.0	0.0		2.0	3.0	0.0	0.0		3.0	3.0	0.0	0.0		3.0
Indigenous Cadets	0.0	4.0	0.0		4.0	0.0	2.0	0.0		2.0	0.0	2.0	0.0		2.0
Total	**556.0**	**130.0**	**0.0**	**0.0**	**686.0**	**778.1**	**184.0**	**0.0**	**0.0**	**962.1**	**816.7**	**187.5**	**0.0**	**0.0**	**1004.2**

* **Funded Vacancies:** The Department is unable to provide data on 'funded vacancies' as no such category exists. Section 20 of the Public Administration Act 2004 devolves authority for employment to Secretaries, who may engage staff as required to exercise the Department's functions. A position does not become vacant but rather ceases, with the departure of its incumbent, and the Secretary at his discretion, may not choose to engage another person to undertake the same or other duties depending on the needs of the Department.

3.8 Department of Premier and Cabinet

3.8.1 Departmental assumptions and performance measures

3.8.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008-09.

Response

The key assumptions that are being used to develop the Department's budget projections for 2008-09 are that service delivery requirements will be maintained, a high demand for policy advice and input into the Intergovernmental and National Reform Agenda will continue, and efficiencies are to be pursued.

3.8.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

The key budget themes that are being taken into account are the Government's priorities, strengthening organisational capability and efficiency savings.

3.8.1.3 Question

What impact have developments at the Commonwealth level had on preparing the department's component of the 2008-09 state budget?

Response

There has been no direct impact on the departmental budget other than recognition of the continued importance of policy advice to the Premier and Victoria's input into the National Reform Agenda.

3.8.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008-09 (including new and discontinued measures).

Response

The Arts Portfolio Agencies measure 'Public Record Office Victoria – Departments with primary capability deployed' has been discontinued as it is associated with the 5-year implementation of the Victorian Electronic Record Strategy (VERS) which ends in June 2008. Of the 10 Victorian Government Departments, the expected outcome by the end of 2007-08 is that 7 would have achieved primary capability. The remaining 3 departments are in the process of achieving primary capability.

The Strategic Policy Projects performance measure 'other policy projects' was amalgamated into 'whole-of-government strategic projects', to better reflect the nature of projects undertaken at DPC. All projects in the measures were both whole-of-government and strategic in nature, and on average were of similar size so there was seen to be little merit in distinguishing between the two types of project.

Ombudsman Services – Finalise consideration of cases including general, Freedom of information and Whistleblower complaints - During 2007-08 Ombudsman Victoria implemented a new case management system which better records case data. The change from 'complaint' to 'case' nomenclature does not, in itself, reflect a change in the number of complaints received, or cases finalised. It is changed to better reflect the wording used at Ombudsman Victoria.

3.8.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Response

Performance measure	Reason for Variance
Arts Portfolio Agencies	
Public Records Office Victoria – digital records preserved	This measure was new in 2007-08, arising from the completion of the State's $8.5 million world leading Digital Archive. The process of transferring digital records into this facility is a new process for government. As such government departments and agencies as well as PROV are still developing appropriate methodologies for estimating and forecasting this work. As government develops capacity in these new processes, more accurate forecasting will be possible.
Access – online visitors to Agency websites	The increase in the target for online visitation is an increase in State Library of Victoria growth in visits as well as the inclusion of the Vicnet portal which has not previously been counted for Budget Paper 3. The Vicnet portal is reported in line with the Slv21 objective 'Communities online' in which the Library aims to accelerate the development of Victoria's online community.
Arts Development and Access	
Access to a diverse range of supported projects: artist residencies in schools	The over-achievement against target in 2007-08 is a result of the State Government's 2006 election policy commitments under Imagination Unlimited.
Attendances at Major Performing Arts Organisations	Attendances in 2007-08 increased as Circus Oz toured extensively.
Strategic Policy Advice	
Number of briefs	The number of briefs is significantly higher than target, reflecting the ongoing high demand for advice.
Government Information Services and Support	
Government Information Services - Reviewed by GCRG	The higher number of communication activities/products reviewed by the GCRG reflects the increased awareness of the GCRG process and its mandatory requirements.
Chief Parliamentary Counsel Services	
Advice given on legislation in response to written requests	The level of advice in 2007-08 reflects fewer requests for advice on the commencement of an Act, as commencement dates are increasingly included as part of the draft Bill.
Versions of Acts and Statutory Rules published electronically	There was an increase to the number of versions published electronically as the Legislation Amendment Act 2007 provided for updating of all Acts and Statutory Rules to bring them in line with current drafting practices.

Performance measure	Reason for Variance
Ombudsman Services	
Own motion investigation studies	The number of Own Motion and investigation studies was increased in 2007-08 because of increased activity in this area. A number of Own Motion studies were commenced in 2006-07 and completed in this financial year.
Outreach initiatives delivered	The Outreach Program is constantly being developed to best deliver the Ombudsman's community education and access program and, as such, in 2007-08, a higher number of initiatives are expected to be delivered.
State Services Authority	
Number of formal events and activities delivered across the public sector that promote values and employment principles; effective workforce planning and development; good governance in public sector entities; and effectiveness in public administration.	The high result in number of formal events reflects the State Services Authority's increased engagement with stakeholders in the development and refinement of products, as well as high demand for road show activities to launch products.

3.8.2 Asset funding

3.8.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008-09.

Response

Arts and Cultural Facilities Maintenance	$5.000m
Redevelopment of Core Business Systems	$1.460m
Melbourne Recital Centre and Melbourne Theatre Company	$9.332m
Public Record Office Victoria – Asset Management	$1.421m
Australian Centre for the Moving Image – New Exhibition of 100 Years of the Moving	$3.856m
City of Literature	$7.400m
Arts Centre Precinct – Design and Business Case Development	$2.000m
Centre for Books, Writing and Ideas	$3.200m
Museum Victoria – Exhibition Renewal	$4.000m

3.8.2.2 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities?

Response

Challenges facing the arts portfolio include:

- asset renewal, facilities management and operating maintenance pressures;
- compliance with legislation (OH&S, DDA, Fire and Emergency etc);
- climate change and environmental sustainability and design;
- population and urban growth;
- increased visitation and use; and
- rising standards and changing community demands (aging population etc).

(b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department's operations? If so, please provide details of the findings.

Response

In order to deliver services, the portfolio arts agencies and non-government organisations need to maintain their assets to a certain standard. The 'sustainability envelope' is part of the Government's

commitment to ensuring better management of the state's assets and provide better services for all Victorians through responsible financial management.

Over the next twelve months Arts Victoria will seek endorsement of a sustainability envelope of its asset infrastructure consistent with the Department of Treasury and Finance's Asset Management Framework.

(c) Please outline any asset investment projects of the department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives.

Response

Arts Victoria will be undertaking further consultation about the Southbank Cultural Precinct.

3.8.2.3 Question

In relation to the unapplied output and asset funding carried forward to 2008-09, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives;

Response

Departments can apply to carry forward up to 3% of their recurrent budget. Carry forward in relation to the capital program is usually determined on individual projects. A final carry forward amount is not finalised until the end of the financial year, therefore at this stage no precise figure has been formalised.

(b) the underlying reasons for the department's funding carryover for each category; and

Response

For Provision of Output carryovers the carryover funding is for specific outputs not delivered in the 2007-08 financial year. In relation to ATNAB carryovers the funding has been carried over to enable the progression of capital projects which have been either delayed or revised cash flow estimates.

(c) the intended revised timing for use of the carried forward funds.

Response

Carryovers for both categories of expenditure are expected to be fully utilised in the 2008-09 financial year.

3.8.3 Efficiencies and savings

3.8.3.1 Question

In relation to the estimated efficiencies to be derived in 2008-09 (including from the various measures that fall under the umbrella of the *Efficient Government* policy and the other targeted initiatives, as initially presented in the 2007-08 State Budget), please provide:

(a) a breakdown of the planned efficiency savings according to the various measures of efficiency that apply to the department's operations;

Response

DPC - Efficiencies & Savings	2008-09 ($ million)
Buying Smarter Buying Less	1.695
Shared Services	0.158
Better Grants Administration	0.107
Fleet Management	0.000
Advertising and Consultancies	0.209
Integrated Focus on ICT	0.071
Grants Reform	0.180
Head Office Capping	0.587
VMIA	0.239
WorkCover	0.116
General Efficiency Savings	8.320
Total Savings	**11.682**

(b) an explanation of:

(i) how decisions regarding applicable savings measures are to be made;

Response

The Department's savings will be applied in accordance with the *Efficient Government's* targeted areas and to discretionary expenditure, with consideration to fixed and variable costs, past expenditure trends and expenditure which is considered essential to achieve the required outcomes.

(ii) the nature of their expected impact on programs such programs accelerated or deferred;

Response

The increased efficiency target will require even greater consideration to be given to recruitment requirements, potential efficiencies and a focus on essential deliverables.

(iii) the basis for estimating the savings target to be achieved for each measure;

Response

The basis of estimating the savings target will be through consideration of fixed and variable costs, past trends, budget capacity and expenditure required to achieve the department's required outcomes.

(c) particulars of any changes to the department's allocated savings for 2008-09 from the data shown in the 2007-08 Budget.

Response

There is additional efficiency savings of $8.3 million applied from 2008-09.

3.8.4 Economic impacts, initiatives and improvements

3.8.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the department's budget for 2008-09:

Response

(a) interest rates

Response

Nil

(b) inflation

Response

Escalation funding of 2.75% has been budgeted.

(c) productivity improvement

Response

Additional savings of $8.3 million included.

(d) National Reform Agenda initiatives

Response

The provision of policy advice to the Premier and Intergovernmental input continues to be a budget priority within the Department's resource allocation.

3.8.5 Environmental challenges

3.8.5.1 Question

(a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09?

Response

The Office of Climate Change and the Office of the Victorian State Architect will continue to provide policy advice to government which involve environmental issues.

Additionally, the key environmental issues of climate change, environmental sustainability and design, energy efficiency, water and waste management will impact on services delivered by the Art's portfolio.

Arts Victoria may be required to mitigate and/or adapt to the effects of climate change on cultural infrastructure through its policies and programs into the department's asset management planning.

Arts Victoria is seeking to develop a strategic approach in the longer term towards energy efficiency, water management and waste management with the aim to develop broad principles and elements that will apply across Arts Agency activities.

Capital planning, new construction and retrofitting projects will need to incorporate design elements which will assist in lessening the impact on the environment and play a role in reducing greenhouse emissions.

(b) How have these issues been addressed in the department's budget estimates for 2008-09?

Response

Not applicable.

(c) Please list five projects or programs worth over $1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007-08 and 2008-09 for existing projects if applicable).

Response

Not applicable.

3.8.5.2 Question

What initiatives are planned to be implemented by the department in 2008-09 in order to enhance energy reporting?

Response

Energy consumption data in 1 Treasury Place and 1 Macarthur Street is collected using zoned "smart meters". These meters measure and store energy consumption data, allowing it to be read and verified at any point in time.

In 2007-08 DPC will be reporting to the revised Financial Reporting Directive (FRD) 24 which now requires additional information on: energy consumption trends and targets; energy management actions undertaken; and provision greater context to the energy data reported. Furthermore, there is now a separate section in FRD 24 that specifically deals with the greenhouse emissions associated with energy use, transport activities and waste production.

DPC is also providing input to the development of a whole of government data management and reporting tool to provide greater consistency in energy reporting.

3.8.6 Financial information

3.8.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09 for individual outputs.

Response

The Table below outlines DPC output costs for 2007-08 and 2008-09

Output group/output	Column 1 2007-08 Expected Outcome	Column 2 2008-09 Target	Column 3 Variation Column (2-1)/1
	($ million)	($ million)	(%)
Strategic Policy Advice and Projects			
Strategic Policy Advice	34.2	33.3	-2.6%
Strategic Policy Projects	27.3	10.1	-63.0%
Government Information Services and Support	44.0	43.7	-0.7%
Protocol and Special Events	2.0	2.1	5.0%
Public Sector Management, Governance and Support			
Advice and Support to the Governor	8.8	8.8	0.0%
State Services Authority	12.2	12.1	-0.8%
Ombudsman Services	6.8	7.2	5.9%
Chief Parliamentary Counsel Services	4.5	4.7	4.4%
Arts and Cultural Development			
Arts Development and Access	41.5	41.2	-0.7%
Creating Place and Space	99.0	98.2	-0.8%
Portfolio Services and Policy	4.8	4.9	2.1%
Arts Portfolio Agencies	242.0	266.2	10.0%
Total	**527.1**	**532.5**	**1.0%**

Variations of over 10% are due to the following:

- Strategic Policy Projects – Due to one-off grant funding provided for the establishment of the Australian Institute for Public Policy in 2007-08.
- Art Portfolio Agencies – This increase reflects a change in the accounting treatment of capital funding (One-off transfer of output funding to capital funding in 2007-08 of $24 million).

3.8.6.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007-08 and the budget for 2008-09, please provide an explanation.

Response

The variation between estimated actual for 2007-08 and the budget for 2008-09 is less than 10%.

3.8.7 Regional and rural considerations

3.8.7.1 Question

(a) What are the critical issues facing regional and rural communities in 2008-09 that depend on services provided by the department (please provide comment relating to particular areas of the state where applicable)?

Response

The critical issue for regional and rural communities is access to quality arts product that is equitable with urban populations.

Statutory Arts Agencies

Services provided by the State-owned arts agencies are available to all Victorians, regardless of where they live. The agencies aim to improve access to the arts for people who live and work in regional Victoria by contributing to the range and quality of programs available to them, including through regional touring, outreach programs or online services. With digital technology, some of the agencies' services and collections are increasingly accessible online by Victorians wherever they may be. Agencies also contribute to the Cultural Victoria website allowing virtual access to Victoria's collections.

Non-Government sector

Arts product and services are generally delivered through local government owned and operated art galleries and performing arts centres. The services are important regional employers of artists, administrators and technical staff and there is pressure on many councils to reduce that expenditure via grants.

(b) How does the department's 2008-09 budget address these issues?

Response

Arts Victoria has a number of ongoing programs and initiatives which address access by regional and rural communities to quality arts product. These programs include support for the ongoing operation and program delivery of the State Government owned major agency, the Geelong Performing Arts Centre, partnerships with local government and support for non-Government sector organisations and activity.

(c) Please provide a table showing for up to ten of the department's largest projects (in terms of expenditure) the:

(i) budget allocation for 2008-09 dissected between new and existing projects

(ii) the purpose of each project

(iii) how the funding is to be spent

(iv) the performance measures in place to assess performance

Response

Budget allocation	Purpose of project	How funding spent	Performance measures
Local Partnerships Program			
$1.653 million from recurrent budget plus $1.5 million p.a. from *Moving Forward* initiative until 2010 (existing)	Negotiated incentive funding program for local councils to encourage professional arts programs in their regional art galleries and performing arts centres	Grants to local government delivered through Memoranda of Understanding with participating councils	Service delivery goals and specific targets agreed in MoU; face to face annual review (performance audit) with each council, financial accountability linked with council's statutory reporting requirements.
Touring Victoria			
$1.81 million including $500,000 from CSF and $500,000 from *Moving Forward* initiative until 2010 (existing)	Touring Victoria is a cross-artform funding program that enables access to professional artistic and cultural experiences for communities in outer-metropolitan, regional and rural Victoria and extends the life of performances, exhibitions and programs.	Grant funding for artists and arts organisations to tour performances and exhibitions in regional and outer-metropolitan Victoria. Support for venues through a Guarantee Against Loss and a Fine Arts Indemnification scheme.	Budget Paper 3 performance measure: **Output Group: Arts and Cultural Development Output: Arts Development and Access** Measure: Access to a diverse range of supported projects: number of regional touring destinations.

3.8.8 Communication, advertising and promotion

3.8.8.1 Question

(a) What is the communication, advertising and promotion budget for 2008-09? Please also provide the expected actual expenditure for 2007-08.

Response

Advertising and communications activities are not independent of program and policy development, implementation and evaluation. As such, it is not a stand alone budget item but rather the advertising and communications expenditure is formulated as part of an overall program delivery or output as required by the Government's Output-Based Management Framework.

Expenditure is reported by financial years and therefore the actual spend for 2007-08 is provided below from the financial period of July 1, 2007 – March 31, 2008.

Actual Expenditure DPC including Arts Victoria

Campaign media expenditure (as monitored through MAMS contract)	$ 2,056,604
Campaign advertising services expenditure (as monitored through MSP contract)	$ 541,043
Functional media expenditure (eg: tenders, public notices as monitored through MAMS contract)	$ 80,848
Functional production (as monitored through MAMS contract)	$ 1,660
Advertising and Promotion Defined as communication agency services, production, design, print collateral and sponsorship	$ 290,350

NB: Expenditure quoted excludes Arts and Portfolio Agencies.

(b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007-08 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

As stated in the response 9.1(a) advertising and communication activities are not a stand alone budget item and therefore estimated annual budgets are not determined in advance. A comparison is therefore not possible.

3.8.9 Non government sector

3.8.9.1 Question

(a) Please provide a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09

Response

In 2007-08, the total funding provided to the non-Government sector is $35.7 million through Arts Victoria cultural activity grants. This amount is indicative for 2008-09. At the time of completion of the questionnaire, the 2008-09 budget had not been finalised.

Details of the breakdown of the $35.7 million are below.

2007-08 ARTS PORTFOLIO FUNDING TO NON-GOVERNMENT SECTOR

Funding program	**$000**
Organisations - Major Performing Arts	7,059
Organisations - Multi-year	20,254
Programming	400
Organisations - Festivals	600
Organisations - Annual Operations	150
Touring Victoria	811
International	823
Indigenous Arts Development	100
Arts Development	1,238
Public Galleries & Museums	327
Local Partnerships Program	3,153
Victoria Rocks	769
TOTAL	**35,684**

(b) Please provide a brief description of the performance monitoring framework that will be in place during 2008-09 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose

Response

The performance monitoring framework is detailed in the Arts Victoria Grants Financial Management Statement prepared by the Arts Victoria Executive in compliance with Direction 3.4.12 Administration of Discretionary Financial Benefits (Standing Directions of the Minister for Finance under the Financial Management Act 1994).

As outlined in the Statement, organisations are required to:

- comply with requirements to ensure financial viability to deliver the desired outcome before funding is provided;
- provide acquittal reports for grant agreements; and
- provide mid-year and end-year budgets and financial reports.

Arts Victoria's funding programs are linked to GVT and reported in Budget Paper No.3 as an output called Arts Development and Access.

The Victorian Arts Industry Checklist is part of the grants acquittal process and provides a series of reports on performance measures for recurrently funded non-government organisations including attendance by location, core measures and benchmarks.

3.8.10 Revenue initiatives/departmental income

3.8.10.1 Question

(a) In relation to 2008-09, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

Response

Not applicable

(b) Please outline the actual and expected financial impact in 2008-09 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

Not applicable

3.8.10.2 Question

For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007-08 and the budget for 2008-09.

Response

The Table below outlines the income in DPC's Operating Statement for 2007-08 and 2008-09

DPC Operating Statement	Column 1 2007-08 Expected Outcome ($ million)	Column 2 2008-09 Target ($ million)	Column 3 Variation Column (2-1)/1 (%)
Income			
Output appropriations	438.5	473.1	7.9%
Special appropriations	6.2	6.2	0.0%
Resources received free of charge or for nominal consideration	0.4	21.4	5250.0%
Sale of goods and services	34.7	35.5	2.4%
Commonwealth grants	..	..	
Taxes	..	..	

DPC Operating Statement	Column 1 2007-08 Expected Outcome ($ million)	Column 2 2008-09 Target ($ million)	Column 3 Variation Column (2-1)/1 (%)
Fines and fees	..	..	
Revenue from other parties and other income	35.2	66.5	88.7%
	515.1	**602.8**	

Variations of over 10% are due to the following:

- **Resources received free of charge or for nominal consideration** – land received free of charge for the Melbourne Recital Centre (MRC) complex ($21.0 million)
- **Revenue from other parties and other income** – Due to a contribution by Melbourne University towards the building of the Melbourne Theatre Company (MTC) complex ($17.1 million).

3.8.11 Fees, fines, concessions and subsidies

3.8.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

The Department of Premier and Cabinet's estimated annual administered revenue for 2008-09 is $770,000 comprising Office of Chief Parliamentary Counsel royalty payments ($250K) which the OCPC receives for sale / reproduction of all state legislation for which it owns the copyright, user charges relating to sub-leasing of floor space by the Public Record Office Victoria ($510K) and miscellaneous receipts such as FOI Application Fees ($10K).

3.8.11.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

Not applicable

3.8.12 Staffing matters

3.8.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary

classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Response

Employment — Equivalent full-time staff

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded Vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Driver	21.0	0.0	0.0		21.0	21.2	0.0	0.0		21.2
Casual	0.0	0.0	1.3		1.3	0.0	0.0	3.0		3.0
Cadet	0.0	2.0	0.0		2.0	0.0	2.2	0.0		2.2
Grade 1	1.7	0.8	0.0		2.5	1.7	2.0	0.0		3.7
Grade 2	23.5	8.6	0.0		32.1	23.7	10.2	0.0		33.9
Grade 3	48.6	11.8	0.0		60.4	49.1	13.0	0.0		62.1
Grade 4	52.5	11.8	0.0		64.3	53.0	13.0	0.0		66.0
Grade 5	54.6	4.8	0.0		59.4	55.1	6.0	0.0		61.1
Grade 6	49.0	3.0	0.0		52.0	49.5	4.2	0.0		53.6
Senior Technical Specialist	2.0	1.0	0.0		3.0	2.0	2.0	0.0		4.0
Legal Officer	9.6	0.0	0.0		9.6	9.7	2.0	0.0		11.7
Executive Officer 3	12.8	0.0	0.0		12.8	12.9	0.0	0.0		12.9
Executive Officer 2	12.0	0.0	0.0		12.0	12.1	0.0	0.0		12.1
Executive Officer 1	2.0	0.0	0.0		2.0	2.0	0.0	0.0		2.0
Secretary	1.0	0.0	0.0		1.0	1.0	0.0	0.0		1.0

Notes:

- Casuals are reported based on an estimate of hours paid converted to an EFT
- The EFT figure includes project staff which also include positions funded by other departments and agencies

3.9 Department of Primary Industries

3.9.1 Departmental assumptions and performance measures

3.9.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008-09.

Response

The following key assumptions have been used to develop the Department's budget priorities in 2008-09:

- CPI at 2.5%
- EBA increase of 3%
- New initiatives announced in the 2008-09 Budget
- Drought and Savings Targets

3.9.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

The two key issues for the Department in regards to the 2008-09 Budget are:

- Securing the future of farming and;
- Responding to climate change challenges

Securing the future of farming

The *Future Farming* strategy was released on 23 April 2008. In line with the objectives of this Statement, the 2008-09 Budget allocated funding across a number of initiatives which aim to reshape and strengthen services so that farm businesses and rural communities are equipped to anticipate and manage change, increase productivity and competitiveness and gain access to new markets.

Responding to climate change challenges

The Budget provides for a suite of measures to ensure Victoria is well placed to meet the challenges and opportunities presented by climate change including advancing developments in sustainable energy and carbon capture and storage systems for the more sustainable use of Victoria's brown coal resources.

3.9.1.3 Question

What impact have developments at the Commonwealth level had on preparing the department's component of the 2008-09 state budget?

Response

The release of the Commonwealth Budget on 13 May 2008 confirms the Rudd Government's commitment to substantial funding of low–emission energy technologies. This was anticipated in the Victorian budget allocation for such technologies, which will be used to leverage Commonwealth and private funding.

3.9.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008-09 (including new and discontinued measures).

Response

Explanations are footnoted in the Budget Papers for all discontinued performance measures, which are separately listed in the appendix of the Budget Papers.

The rationale behind discontinuing these measures includes:

- The initiative involved being completed by the end of 2007-08.
- The removal of old published targets based on DOI administrative systems for measures now delivered by DPI.
- Measures no longer required beyond 2007-08 as effective from January 2008 the Victoria Work cover Authority (VWA) assumes responsibility for OHS regulation for the State's earth resources sector.
- Those which are duplicated by another measure or have been replaced with a new measure that is more comprehensive.

New measures which have been developed for 2008-09 to replace deleted measures or to monitor government initiatives include:

- A new measure for 2008-09 reflecting the re-direction of regulation resources to manage critical environmental and compliance activities following the transfer of OHS regulatory responsibilities to VWA effective from January 2008.
- Replacement measures which are more in line with current policy directions.
- Measures which take into account funding for new initiatives through the 2008-09 Budget.

2008-09 targets are adjusted based on any new funding through the Budget and other factors, such as being increased to more accurately measure and account for increased performance. Significant changes from 2007-08 targets are footnoted in Chapter 3 - Budget Paper 3.

3.9.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Response

Output Performance Measure	Unit of Measure		2007-08 Published Target	2007-08 Expected Outcome	2008-09 Preliminary Target	Comments
Primary Industries Policy						
Industry information packages released targeted at Minerals & Petroleum	Quantity	number	12	12	14	The increase in packages targeted for release in 2008-09 reflects the progression of the Gold Undercover and Rediscover Victoria geoscience work programs.
Strategic and Applied Scientific Research						
Number of applications for intellectual property protection	Quantity	number	10	6	10	This measure will be below target in 2007-08 as four applications originally scheduled for 2007-08 were completed earlier than expected in 2006-07. The measure was above target in 2006-07 as a result.
Scientific and technical publications in international and peer review journals that promote productive and sustainable farming (including aquaculture) and fisheries systems	Quantity	number	335	335	366	Increase in 2008-09 target is due to projected growth and new funding through Future Farming initiatives.
Value of external (non-state) funding contribution to research projects that support productive and sustainable farming (including aquaculture) and fisheries systems	Quantity	$ million	33	33	37.2	Increase in 2008-09 target is due to projected growth and new funding through Future Farming initiatives.
Sustainable Practice Change						
Significant customer interactions to facilitate export outcomes	Quantity	number	70	70	80	Target increased in line with funding for the Securing and Developing Services to Farmers initiatives.

3.9.2 Asset funding

3.9.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008-09.

Response

Capital expenditure is budgeted to occur for the following asset investment projects in 2008-09:

Asset investment project	Budget for 2008 -09 ($ million)
Melbourne Wholesale Market Redevelopment	42.2
New Biosciences Research Centre	49.7
Redevelopment of Melbourne Showgrounds	11.2
Fisheries Catch and Effort System Redevelopment	0.7
Establishment of new fishing production facility in Northern Victoria	0.5
Lysterfield Lake Park Land Purchase	0.06
Resource Rights Allocation and Management Capability	1.7
Victorian Renewable Energy Target Scheme Administration*	1.1
Total	**107.16**

*This funding is provided as a grant to the Essential Services Commission Victoria. It is provided to build system capability for VRET and the Victorian Energy Efficiency Target Scheme.

3.9.2.2 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities?

Response

There are a range of infrastructure challenges facing the Department of Primary Industries. Two examples in relation to energy and water are:

- Provision of 5 or 6 Star Energy Rated facilities for DPI operations. Whilst energy efficiency improvements have been undertaken at our sites, there is a limit to the improvement possible to aged infrastructure to generate energy, water and cost savings.
- The changing face of science. Over the last few years DPI has significantly decreased the level of applied field trials to support agricultural research. This has allowed DPI to reduce water usage, however the field based research has been replaced by more intensive laboratory based work requiring dedicated specialist labs with high energy consuming equipment.

(b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department's operations? If so, please provide details of the findings.

Response

DPI is continually reviewing asset requirements to meet the service delivery outputs in the changing world of research, community expectation, environmental improvement and budget reduction in the annual Asset Strategy. The findings of these analyses has resulted in approved and planned upgrade and rationalisation – the new Biosciences Research Centre (BRC) at Latrobe University Bundoora will result in state of the art bioscience laboratories for animal and plant research and allow the closure of the Knoxfield and Frankston DPI sites.

Ongoing planning includes a review of DPI land holdings in relation to changing operational models and continued assessment of current locations and their relevance to Departmental operations. This planning will include consideration of service delivery needs, environmental improvement opportunities and minimising operational costs.

(c) Please outline any asset investment projects of the department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives.

Response

Biosciences Research Centre (BRC) – tendering and construction of the BRC will commence in 2008-09 with completion anticipated in late 2011/early 2012.

Melbourne Wholesale Market Redevelopment – design and construction of the new wholesale market complex at Epping.

3.9.2.3 Question

In relation to the unapplied output and asset funding carried forward to 2008-09, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives;

(b) the underlying reasons for the department's funding carryover for each category; and

(c) the intended revised timing for use of the carried forward funds.

Response

Information on carry over funding can not be provided at this point of the year

3.9.3 Efficiencies and savings

3.9.3.1 Question

In relation to the estimated efficiencies to be derived in 2008-09 (including from the various measures that fall under the umbrella of the Efficient Government policy and the other targeted initiatives, as initially presented in the 2007-08 State Budget), please provide:

(a) a breakdown of the planned efficiency savings according to the various measures of efficiency that apply to the department's operations;

Response

DPI was originally set a savings target of $40.291 million (over a period of four years) commencing 2007-08. This was subsequently reduced by the Treasurer to $37.952 as shown in the tables below:

Area of savings	2007-08 ($ million)	2008-09 ($ million)	2009-10 ($ million)	2010-11 ($ million)	Total ($ million)
Buying smarter, buying less	3.892	5.085	6.071	7.403	22.451
Shared services	0.590	0.873	1.393	1.721	4.577
Best practice grant administration	0.012	0.024	0.024	0.024	0.084
Fleet management	0.498	0.498	0.498	0.498	1.992
Advertising & consultancies	0.279	0.279	0.279	0.279	1.115
Other efficiencies	0.463	0.866	1.300	1.765	4.394
Workcover 07-08	0.108	0.110	0.113	0.116	0.449
Insurance	0.030	0.031	0.032	0.033	0.126
Initial Savings Total	**5.872**	**7.767**	**9.710**	**11.839**	**35.188**

Additional savings targets were subsequently identified in the areas of State Purchase Contracts, Workcover and Insurance as illustrated below:

Area of savings	2007-08 ($ million)	2008-09 ($ million)	2009-10 ($ million)	2010-11 ($ million)	Total ($ million)
State Purchase Contracts	1.119	1.147	1.176	1.205	4.647
Workcover 06-07	0.114	0.114	0.114	0.114	0.456
Additional Savings Total	**1.233**	**1.261**	**1.290**	**1.319**	**5.103**
Total Savings	**7.105**	**9.028**	**11.000**	**13.158**	**40.291**

The budget efficiencies adjustment reduction is shown below, but has not been set against the areas specified above.

	2007-08 ($ million)	2008-09 ($ million)	2009-10 ($ million)	2010-11 ($ million)	Total ($ million)
Total Savings	7.105	9.028	11.000	13.158	40.291
Budget efficiencies adjustment	-0.403	-0.531	-0.631	-0.774	-2.339
Total Revised Savings	**6.702**	**8.497**	**10.369**	**12.384**	**37.952**

Savings in the Efficient Government Policy categories for DPI are being found through options including the review of procurement contracts and policies to ensure maximum value, participation in more whole of Government contracts, and improving fleet management practices through revised management arrangements that will achieve better use of corporately pooled vehicles. However, due to the size of the savings under the Efficient Government Policy it will be difficult for them to be met fully from these areas within DPI. Savings amounts that are unable to be met within the Efficient Government Policy areas within DPI will be allocated across other areas within the Department and found from other efficiencies and by reducing investment in low priority areas in line with Government priorities.

(b) an explanation of:

(i) how decisions regarding applicable savings measures are to be made;

Response

Decisions regarding savings measures within DPI are made by the Secretary and the Department's Executive Committee, in consultation with the Ministers.

(ii) the nature of their expected impact on programs such as programs accelerated or deferred; and

Response

Savings amounts that are unable to be met within the Efficient Government Policy areas within DPI will be allocated across other areas within the Department and found from other efficiencies and by reducing investment in low priority areas in line with Government priorities. Any impact on programs will be in line with Government priorities.

(iii) the basis for estimating the savings target to be achieved for each measure; and

Response

The savings for each area are estimated depending on the basis of how the savings will be found, such as efficiencies with the use of pool vehicles and the relative use of the vehicles across areas of the department, or on a pro rata basis across all areas of the Department.

(c) particulars of any changes to the department's allocated savings for 2008-09 from the data shown in the 2007-08 Budget.

Response

See response to part (a)

3.9.4 Economic impacts, initiatives and improvements

3.9.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the department's budget for 2008-09:

(a) interest rates

(b) inflation

(c) productivity improvement

(d) National Reform Agenda initiatives

Response

There is no direct impact on the Budget from interest rates or the National Reform Agenda. Inflation is factored in through escalation of 2.5%. In regards to productivity improvement, the Department addresses this by allocating efficiency savings targets, as set out under the Efficient Government policy initiative, across the department.

3.9.5 Environmental challenges

3.9.5.1 Question

(a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09?

Response

- The Government requirement to further improve the key environmental targets of energy efficiency, water consumption, vehicle emissions and paper usage will require financial investment as well as organisational and behavioural change. This change is required to implement the Environmental Sustainability Framework (ESF). It will test the priority setting of DPI in relation to investment in environmental performance. The ESF requires departments to consider environmental issues in all business and operational planning and activities, and will therefore require major financial investment in measurement capabilities to meet expected reporting requirements. This is a particular challenge for DPI given the complexity of its operations in offices, farms, laboratories and other facilities.
- The rising cost of electricity, water and gas will put further strain on existing budget allocations, and strengthens the argument for greater investment in 5 Star energy rated facilities and efficiency upgrades to older facilities.

(b) How have these issues been addressed in the department's budget estimates for 2008-09?

Response

The DPI Executive has recently approved the implementation of the DPI Environmental Management System (EMS) Roadmap to measure and improve the environmental performance of DPI operations over the next 4 years. This rolling program will see the investment (internally funded) of approximately $500,000 per annum. Funding for the projects has been sourced internally including from funds normally allocated to Minor Works.

No additional funding has been sought through the 2008-09 Budget process.

(c) Please list five projects or programs worth over $1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007-08 and 2008-09 for existing projects if applicable).

Response

Existing Initiatives

- Biosciences Research Centre – the budget allocated to this project includes allowance to build a minimum 5 Star Green Star rated facility. The 2008-09 budget for the project is $49.7 million, the 2007-08 budget was $10.2 million.
- Melbourne Wholesale Market Redevelopment – budget includes allowance to build office component to a minimum 5 Star Green Star rated facility. The 2008-09 budget for the project is $42.2 million, the 2007-08 budget was $31.5 million.

2008-09 Budget Initiatives

Future Farming Strategy

- Understanding and managing climate change: New Technologies and Strategies, Planning for Climate Change – as detailed in the Department's *Future Farming Strategy*, released April 2008. The Budget provides funding to help farm businesses to plan for climate change and provide farmers in key industries with new technologies and strategies to adapt to future climatic condition.

Future energy

- Future Energy I: Positioning Victoria as a Carbon Capture and Storage Leader – as detailed in the 2008-09 Budget papers funding is provided for initiatives designed to move Victoria towards near zero emission outcomes; large scale carbon capture storage demonstration project; additional policy work and regulation with respect to carbon capture and storage; and funding for continued membership of the Cooperative Research Centre for Greenhouse Gas technologies (CO2CRC)
- Future Energy II: Sustainable Energy - funding is provided for large scale pre-commercial demonstration of sustainable energy technologies, such as solar, energy storage, biofuels, biomass conversion, geothermal energy efficiency and clean distributed energy.

3.9.5.2 Question

What initiatives are planned to be implemented by the department in 2008-09 in order to enhance energy reporting?

Response

As part of the above EMS Roadmap initiatives, DPI is developing an environmental management reporting tool (EMT) to allow accurate collection, tracking and reporting of energy, water and gas consumption across all DPI managed sites. It is expected that this will be completed for the 20 or so sites which represent the majority of DPI consumption by the end of the 2008/09 financial year.

In addition, DPI has embarked on a mapping project to accurately identify meter locations and billing information for all energy (and water) used on its sites. The information gathered will be entered into a central reporting database within the EMT.

To meet the requirements of environmental reporting under Financial Reporting Directive 24C (FRD24C), DPI will be able to match energy use and greenhouse gas emissions to its various operational functions, for example farming, office activities and research programs.

As the program develops, DPI will implement periodic reporting at site and regional levels showing current usage, trend histories and targets, linked to actual on-site programs and business functions. This will position DPI well to deliver on Government expectations around accuracy of data and reporting capabilities, as well as creating a strong base from which to identify and implement capital and behavioural environmental improvement programs.

3.9.6 Financial information

3.9.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09 for individual outputs.

Response

	2007-08 Revised	2008-09 Published	Variance (%)
Primary Industries Policy	49,406	50,680	3%
Regulation and Compliance	96,265	86,828	-10%
Strategic and Applied Scientific Research	188,231	200,737	7%
Sustainable Practice Change	259,716	142,760	-45%
Total	**593,619**	**481,004**	**-19%**

The decrease in Regulation and Compliance reflects the once-off nature of the Treasurer's Advance received in 2007-08 for Equine Influenza and Red Imported Fire Ants.

Decrease in Sustainable Practice Change reflects the once-off nature of the additional funding received in 2007-08 for various drought relief initiatives, and the expected reduction in funding received from the Commonwealth for the Exceptional Circumstances drought relief subsidies.

3.9.6.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007-08 and the budget for 2008-09, please provide an explanation.

Response

N/A - Variance is less than 10 per cent.

3.9.6.3 Question

Please provide a tabular dissection of the department's 2008-09 budget and expected expenditure for 2007-08 under the Government's key themes presented annually in the Victorian Budget Overview (see pp.5-7 of 2007-08 document) differentiating between new funding initiatives and ongoing funding.

Response

It is difficult to assign the department's whole 2008-09 budget and expected expenditure for 2007-08 according to the key themes in the Budget Overview, however the major new initiatives for 2008-09 have been assigned to the Budget themes below.

Government's Key Themes	2008-09 Budget ($ million)
Investing in Infrastructure / Meeting Environmental Challenges	
Climate Change Initiatives	
Energy Technology Innovation Strategy Large Scale Demonstration	1.500
Sustainable Transport Energy	1.000
CO2 Storage & Dynamic Modelling	1.750
Large Scale Carbon Capture Storage	2.000
Clean Coal Authority	3.050
Provincial Victoria	
Future Farming Strategy	13.170
Securing and Developing Services to Farmers	16.000
Maintaining Victoria's Liveability	
Managing Pests on Roadsides, Regionally and Beyond	4.423
Securing Wild Dogs Through Improved Management	0.280
A Competitive Business Environment	
Resource Rights Allocation and Management Capability - Output	1.187
Support for the Grapevine Industry	0.750

3.9.7 Regional and rural considerations

3.9.7.1 Question

(a) What are the critical issues facing regional and rural communities in 2008-09 that depend on services provided by the department (please provide comment relating to particular areas of the state where applicable)?

Response

The critical issues facing regional and rural communities of relevance to DPI's services are the challenges and opportunities presented by:

- Climate change and its effects on production systems, biosecurity and other risk, and the sustainability of environmental systems;
- Water scarcity and its effects on productivity;
- Technology and its effect on productivity and competitiveness;
- Demographic and social change and shifts in land use, regional economic drivers, and regional economic and social diversity;
- Competition and trade and its effect on market access, competitiveness and the need to drive productivity; and
- New sources of capital and its effect on business and investment structures.

These issues face all regional and rural Victorians to some degree, irrespective of location.

(b) How does the department's 2008-09 budget address these issues?

Response

The *Future Farming Strategy* provides significant additional funding to the Department to enable it to address many of the issues listed above. Initiatives include:

- $98.6 million to boost productivity through new technology and changes in farming practices – including the development of new generations of drought, cold and salt resistant crops, improved plant and animal disease control, and new technologies to lift productivity.
- $11.4 million to help farm businesses plan for and adapt to climate change and to provide farmers in key industries with new technologies and strategies to adapt their farming systems to future climatic conditions.
- An additional $20 million over four years to manage weeds and pests.

In addition, to this new funding, the department's 2008-09 budget has been shaped to match the ongoing realignment of the department's activities to assist Victoria's regional and rural communities develop the capacity and capabilities to manage the challenges faced and to take advantage of the opportunities presented.

(c) Please provide a table showing for up to ten of the department's largest projects (in terms of expenditure) the:

(i) budget allocation for 2008-09 dissected between new and existing projects

(ii) the purpose of each project

(iii) how the funding is to be spent

(iv) the performance measures in place to assess performance

Response

Name of Project	2008-09 Estimated Funding ($ million)	Summary	Performance Measures
Securing and Developing Services to Farmers	16.0	A key government initiative to develop innovative technologies for the sustainable development of Victoria's food and agriculture sector.	This initiative is accounted for under a number of performance measures. Specific new performance measures under the Strategic and Applied Scientific Research Output include *"Number of new key enabling technologies and core science capacity competencies established/upgraded by DPI"* and *"Number of Postgraduate level PhD students in training by DPI".*
Weeds and Pests	7.0	Funding to continue the improvement of the management of weeds and pests on public and private land across Victoria, and reduce the number of new weeds and pests outbreaks.	There are a number of performance measures under the Regulation and Compliance output which assess weeds and pests control.
Developing Gold Undercover	4.1	Provides funding to attract greater investment for gold exploration in Victoria where limited or no exploration has taken place.	Performance measures for this initiative include *"Area of the State for which first generation regional 3D geological models are available"* under the Strategic and Applied Scientific Research output and *"Industry information packages released targeted at Minerals & Petroleum"* under the Primary Industries policy output.

3.9.8 Communication, advertising and promotion

3.9.8.1 Question

(a) What is the communication, advertising and promotion budget for 2008-09? Please also provide the expected actual expenditure for 2007-08.

Response

The Department of Primary Industries does not allocate a separate advertising or print budget. Rather, budgets are derived using the objective-task method. Each project manager allocates the budget necessary to achieve the specific objectives outlined in the project's communication strategy, rather than an arbitrary percentage of the Department's overall budget being allocated to advertising or print each year.

The anticipated communication and promotion budget for 2008-09 is $4,950,040. This figure includes budgeted staff expenditure, administration and management costs for the DPI Marketing and Communication Branch, recurring major events and field days.

	2007-08 Budget	2007-08 Estimated actual expenditure
Communication and Promotion (C&P) (1)	$5,094,440	$4,984,267
New Projects:		
Drought	$1,500,000	$1,500,000
Equine Influenza	$950,000	$920,000
Sub Total C&P	**$7,544,440**	**$7,404,267**
Print	Nil	$814,338 (2)
Advertising	Nil	$765,119 (2)
Total		**$8,983,724**

1. Budgeted staff expenditure, administration and management costs for the DPI Marketing and Communication Branch.

2. Estimated actual expenditure cannot be provided for advertising or print because there are no allocated budgets for these items. The figures provided are actual expenditure from 1 July 2007 to 25 March 2008, not including drought and Equine Influenza, which have been incorporated into the Communication and Promotion figure.

(b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007-08 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

The budget for 2007-08 is $5,094,400. The estimated actual expenditure ($8,983,724) includes additional funding for drought ($1.5 million) and Equine Influenza ($950,000) initiatives.

3.9.9 Non government sector

3.9.9.1 Question

(a) Please provide a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09

Response

Details of known 2008-09 estimated major grant payments to the non-government sector are itemized below, other grant payments to the non government sector could be made during 2008-09 but these have as yet not been determined.

Description	2008-09 Estimated Funding $ million
Agricultural & Pastoral Society Grants	0.30
RSPCA	1.00
Drought Apprenticeship Retention Bonus	0.50
Brown Coal R&D	3.00
Sustainable Energy Research & Development	2.65
Large Scale Demonstration Project	6.50
Total	**13.95**

(b) Please provide a brief description of the performance monitoring framework that will be in place during 2008-09 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose

Response

The performance reporting of grants, as for all Departmental outputs, are included in the Departments output statements as published annually in the Budget papers.

The two components of grant programs as detailed below, are considered separately for performance reporting purposes at a Departmental level:

1. administration costs

2. grant payments;

Specific guidelines are available for individual grant programs passed through to non-government organisations. These guidelines include submitting progress reports to the Department, the grant applicant being responsible for any expenditure/costs over the approved amount and upon completion of the project the proponent must complete and sign the Certification Statement for Acquittal of Grant Funds.

3.9.10 Revenue initiatives/departmental income

3.9.10.1 Question

(a) In relation to 2008-09, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

Response

There are no new revenue raising initiatives planned or major changes to existing revenue initiatives for 2008-09.

(b) Please outline the actual and expected financial impact in 2008-09 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

There are no revenue forgone initiatives for 2008-09.

3.9.10.2 Question

For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007-08 and the budget for 2008-09.

Response

The department is estimating a reduction of $111 million (20%) in its Output Appropriation revenue predominantly due to a decrease in drought related assistance commitments. If exceptional circumstances drought conditions continue, additional drought assistance funding will be required in 2008-09. The reduction is offset by new approved initiatives related to the Future Farming Statement and future energy technology.

3.9.11 Fees, fines, concessions and subsidies

3.9.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

- DPI has a full list of all the charges administered by the Department for 2007-08 on the external DPI website. There are some 2000 fees and charges administered by DPI. Given the length of this list (approximately 125 pages) a full list has not been included in the Questionnaire response. It can be accessed at the following web address: http://www.dpi.vic.gov.au/DPI/dpincor.nsf/childdocs/-859961425DC5F851CA25712A0014CC81-DCD61CC677191F00CA25712900838EAE?open
- The 2008-09 fees and charges list is currently being updated and will be published online by 1 July 2008.

3.9.11.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

There are no subsidies or concessions for 2008-09.

3.9.12 Staffing matters

3.9.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Response

Employment - Equivalent full-time staff

	30 June 2007 (Actual EFT)				30 June 2008 (Estimate EFT)				30 June 2009 (Estimate EFT)			
Classification	**Ongoing**	**Fixed Term**	**Casual**	**Total**	**Ongoing**	**Fixed Term**	**Casual**	**Total**	**Ongoing**	**Fixed Term**	**Casual**	**Total**
Secretary		1.0		1.0		1.0		1.0		1.0		1.0
Executive Officer 2		9.0		9.0		12.0		12.0		12.0		12.0
Executive Officer 3		13.0		13.0		16.0		16.0		16.0		16.0
STS	4.6	1.0		5.6	2.8	1.0		3.8	2.8	1.0		3.8
Principal Scientist	39.5			39.5	43.3			43.3	43.3			43.3
Grade 6	140.0	5.0	1.0	146.0	136.3	15.4	1.0	152.7	136.3	15.4	1.0	152.7
Grade 5	159.6	11.2	2.0	172.8	176.9	12.4	2.0	191.3	176.9	12.4	2.0	191.3
Grade 4	218.7	18.7	4.0	241.4	226.7	30.7	2.0	259.4	226.7	30.7	2.0	259.4
Grade 3	317.4	54.2	20.0	391.6	291.5	46.0	20.0	357.5	291.5	46.0	17.0	354.5
Grade 2	284.2	85.0	44.0	413.2	260.8	70.7	54.0	385.5	260.8	70.7	45.0	376.5
Grade 1	29.7	21.8	31.0	82.5	28.7	20.8	30.0	79.5	28.7	20.8	26.0	75.5
Science D	109.7	3.6		113.3	104.0	5.0		109.0	104.0	5.0		109.0
Science C	178.7	9.4		188.1	179.6	11.0	1.0	191.6	179.6	11.0	1.0	191.6
Science B	226.4	29.2	2.0	257.6	235.2	33.6	4.0	272.8	235.2	33.6	4.0	272.8
Science A	359.3	166.1	8.0	533.4	328.9	140.9	9.0	478.8	328.9	140.9	8.0	477.8
Field Staff	16.0	3.0		19.0	23.0	1.0		24.0	23.0	1.0		24.0
Ministerial Chauffeur		2.0		2.0		2.0		2.0		2.0		2.0
Mining Warden		0.8		0.8		0.8		0.8		0.8		0.8

	30 June 2007 (Actual EFT)				30 June 2008 (Estimate EFT)				30 June 2009 (Estimate EFT)			
Classification	**Ongoing**	**Fixed Term**	**Casual**	**Total**	**Ongoing**	**Fixed Term**	**Casual**	**Total**	**Ongoing**	**Fixed Term**	**Casual**	**Total**
Workcover	3.0			3.0	2.0			2.0	2.0			2.0
Total	**2086.8**	**434.0**	**112.0**	**2632.8**	**2039.7**	**420.3**	**123.0**	**2583.0**	**2039.7**	**420.3**	**106.0**	**2566.0**

Please note that staff numbers in the tables above are indicative of EFT counts only so do not correspond with the headcount figures published in the 2006-07 Annual Report, which are based on actual staff numbers.

3.10 Department of Sustainability and Environment

3.10.1 Departmental assumptions and performance measures

3.10.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008-09.

Response

The following assumptions have been made in the development of the Department's 2008-09 budget:

- specific initiative funding likely to be provided under the 2008-09 State Budget;
- the Commonwealth is likely to alter Specific Purpose Payments (SPP's) contributions made to the Department's operations; and
- fire management, water supply, drought management and tackling climate change remaining priority issues for the department.

3.10.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

As noted above, the Department's key focus in framing the budget for 2008-09 relates to water supply, fire management, the impact of climate change on the environment and managing the impacts of Victoria's ongoing drought.

3.10.1.3 Question

What impact have developments at the Commonwealth level had on preparing the department's component of the 2008-09 state budget?

Response

The main impact for the Department arising from developments at the Commonwealth level is the lack of early advice on funding for a number of projects or programs. This means that there is some uncertainty for the Department as to expected Commonwealth revenue for 2008-09, including the level of the Department's Special Purpose Payments (SPP's) for 2008-09.

For example, the Commonwealth is changing the way in which the existing National Action Plan for Salinity and Water Quality (NAP) and the Natural Heritage Trust (NHT) programs are run. In previous years, the Commonwealth has provided SPP funding under the NAP/NHT to match the State's contribution.

The Department understands that up to 40% of the Commonwealth's total contribution to States and Territories may potentially now be held centrally by the Commonwealth, with jurisdictions to 'bid' for a proportion of this funding.

3.10.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008-09 (including new and discontinued measures).

Response

The 2008-09 Budget Paper 3 provides a summary of all Departmental performance measures, including explanations for those measures which have been added, amended or discontinued. Information on the Department's outputs for 2008-09 can be found on pages 227 to 245. Information on discontinued performance measures is located on pages 452 to 458.

3.10.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Response

Major outputs/Deliverables	Units of Measure	2008-09 Target	2007-08 Expected Outcome	Comment
Sustainable Water Management and Supply				
Expected water savings through water recovery projects currently being implemented	mega litres	210 300	152 000	The 2007-08 Expected Outcome is lower than anticipated due to delays in the confirmation of savings from the Mokoan project and further reviews of some projects. The 2008-09 Target is in line with the initial 2007-08 Target.
Cumulative water savings realised through water recovery projects	mega litres	429 600	219 300	The 2008-09 Target is reflective of the water savings realised as at the end of 2008-09, whereas the 2007-08 Expected Outcome reflects the end of 2007-08.
Number of rivers with improved environmental flow regimes being delivered	number	20	1	The outcome for 2007-08 is significantly below the initial target, and was adversely affected by continuous dry conditions.
Public Land				
Critical Local Port assets replaced or undergoing major maintenance	per cent	15	17	In 2008-09, the projects to be undertaken involve significant, higher cost works. Therefore, a smaller number will be completed as compared to the 2007-08 Expected Outcome.
Biodiversity				
Land for Wildlife Properties which include habitat under-represented in the reserve system	per cent	30	39	High community awareness and participation has resulted in a better than anticipated annual outcome for 2007-08. The 2008-09 Target is based on historical outcomes for this performance measure.
Land and Fire Management				
Community engagement plans developed and implemented	number	5	10	In 2008-09 the community engagement plans will be consolidated at a regional

				level, with five regions across the state.
Personnel with accreditation in a fire role	number	1500	1993	The 2008-09 Target reflects normal outcomes. The 2007-08 Expected Outcome is higher than normal due to training of additional fire fighters to meet the demand for early commencement, and anticipation of a severe fire season.
Proportion of personnel accredited to serve in a senior capacity (level 2 or 3) in a fire role	per cent	15	11	The accreditation process is currently under review. The 2008-09 Target reflects the training and accreditation programs scheduled for 2008-09.
Fires controlled at First attack	per cent	75	90	The 2008-09 Target reflects normal outcomes. The Expected Outcome for 2007-08 was high due to a range of operational and community engagement initiatives that have been put in place.
Land Administration and Property Information				
Land Channel page impressions	number ('000)	5000	8000	The new provider of web statistics uses a different method of measurement, resulting in a reduction of expected page impressions in 2008-09 compared to 2007-08.

3.10.2 Asset funding

3.10.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008-09.

Response

As at 8 May, the Department has budgeted the following capital expenditure for 2008-09:

2008-09 Capital Expenditure Initiatives	($million)
Foodbowl Modernisation Projects	74.1
Wimmera-Mallee Pipeline (State) – Additional Funding	58.0
Wonthaggi Desalination Project Stage 1 – Procurement Activities	30.0
Fire Protection – Access: Bridge Replacement in Parks and Forests	15.0
Victorian Water Trust (VWT) – Country Towns Water Supply and Sewerage Program	11.6
Sustainable Management of Victoria's Parks – Asset renew – (State-wide)	8.4
Australian Garden Stage 2, Royal Botanic Gardens, Cranbourne	7.1
Melbourne Zoo Seal Pool Redevelopment	7.0
Barwon Water Shell/Recycling	6.1
National Parks Upgrades	5.0
Bushfire Recovery	4.0
Upgrades of Piers and Jetties in Port Phillip and Westernport Bays	3.9
Public Land Fire Initiative (various)	3.6

Water Augmentation Projects – Hamilton to Grampians	3.5
Water Augmentation Projects – Melbourne to Geelong	3.0
TOTAL	**240.4**

Note:

(1) As the Department has a large number of capital projects, many with only small amounts of funding, the above list only includes the 15 projects which have the highest budgeted capital expenditure for 2008-09.

(2) The above list excludes estimated carryover from 2007-08.

(3) Further information will be provided by the Department as part of the Budget Information Paper (BIP) No. 1.

3.10.2.2 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities?

Response

The two most significant infrastructure challenges currently impacting the department relate to securing Victoria's water supply and addressing climate change. Both of these challenges will also impact the Department for the foreseeable future.

(b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department's operations? If so, please provide details of the findings.

Response

The Department undertakes a range of forward looking assessments, such as mapping expected asset investment over the next ten years. This asset mapping assists the Department in determining the composition of annual asset budget bids to ERC.

Furthermore, the release of a number of Government strategies and policies, such as the *Our Water Our Future* statement, clearly identify how future needs will be addressed. A list of the key statements and polices for the Department are set out below:

Strategy or Statement	Year of release
Land and Biodiversity at a Time of Climate Change	2007-08
Northern Region Sustainable Water Strategy (Discussion Paper - Final Strategy due in early 2009)	2007-08
Central Region Sustainable Water Strategy	2006-07
Our Environment, Our Future - Sustainability Action Statement	2006-07
Our Water Our Future: The Next Stage of the Government's Water Plan (Victoria's Water Plan)	2006-07
Alpine Resorts 2020 Strategy	2003-04
Our Water Our Future: Securing Our Water Future Together	2003-04
Victorian River Health Strategy	2002-03
Victorian Coastal Strategy	2001-02

(c) Please outline any asset investment projects of the department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives.

Response

The Department has no asset investment projects in 2008-09 linked to whole of government infrastructure initiatives, following the Machinery of Government changes which transferred the responsibility of the Transit Cities initiative to the Department of Planning and Community Development.

3.10.2.3 Question

In relation to the unapplied output and asset funding carried forward to 2008-09, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives;

(b) the underlying reasons for the department's funding carryover for each category; and

Response

The Department cannot yet advise of the actual amount of funding to be carried forward to 2008-09. This information can be provided at the end of the 2007-08 financial year.

However, it is the Department's intention to minimise the amount to be carried forward, and is continuing to work on projects to achieve this aim.

(c) the intended revised timing for use of the carried forward funds.

Response

Pursuant to the *Financial Management Act 1994*, funds which are carried forward are required to be spent in that following year. Therefore, any funds carried forward into 2008-09 will be spent by the Department in 2008-09.

3.10.3 Efficiencies and savings

3.10.3.1 Question

In relation to the estimated efficiencies to be derived in 2008-09 (including from the various measures that fall under the umbrella of the *Efficient Government* policy and the other targeted initiatives, as initially presented in the 2007-08 State Budget), please provide:

(a) a breakdown of the planned efficiency savings according to the various measures of efficiency that apply to the department's operations;

(b) an explanation of:

(i) how decisions regarding applicable savings measures are to be made;

(ii) the nature of their expected impact on programs such programs accelerated or deferred; and

(iii) the basis for estimating the savings target to be achieved for each measure; and

Response

The Department has, and will continue to implement appropriate actions to achieve efficiencies as determined by Government.

As per the 2008-09 Budget Paper 3 page 352, the Department is required to achieve savings of $8.3 million in 2008-09. These savings will be applied on a pro-rata basis across the Department on its discretionary expenditure base.

The Department will also undertake continued monitoring to ensure that these efficiencies are achieved.

(c) particulars of any changes to the department's allocated savings for 2008-09 from the data shown in the 2007-08 Budget.

Response

As part of the 2007-08 Budget, departments were required to achieve savings through the implementation of the *Efficient Government* policy, which was announced as part of the 2006 *Labor's Financial Statement*, in the areas of Buying Smarter, Shared Services, Best Practice Grant Administration and Fleet Management.

For this Department, these savings totalled $14.4 million in 2007-08. At this time, the Department was also expected to achieve additional efficiencies in these areas of $4.6 million in 2008-09.

In addition to the savings initiatives announced in the 2007-08 Budget, this Department is required to achieve further savings in the areas of Head Office functions, State Purchase Contracts, VMIA insurances and WorkCover premiums. These additional initiatives will save a further $2.6 million in 2008-09.

Since the 2007-08 Budget, the Department of Treasury and Finance has reviewed the basis of the calculation of all savings initiatives and determined that an adjustment of $1.5 million, primarily in the area of grants, was appropriate. Therefore, the net additional savings to be achieved by this Department in 2008-09 is $5.7 million.

3.10.4 Economic impacts, initiatives and improvements

3.10.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the department's budget for 2008-09:

(a) interest rates

(b) inflation

(c) productivity improvement

(d) National Reform Agenda initiatives

Response

Economic projections for Victoria are prepared by the Department of Treasury and Finance, and can be found in the annual Budget Papers (BP2). As a result, the impacts of interest rates, inflation and productivity improvements are addressed through the Departmental Funding Model (DFM), which is also managed by the Department of Treasury and Finance.

In regards to National Reform Agenda initiatives, the area which primarily impacts this Department is Climate Change.

In February 2006, the Council of Australian Governments (CoAG) agreed to adopt a new national Climate Change Plan of Action and to establish a high-level inter-jurisdictional Climate Change Group to oversee implementation of the Plan's recommendations. CoAG released a National Adaptation Framework in April 2007.

This Department has a number of climate change programs which align with the CoAG framework, and which will continue under the 2008-09 budget. These projects and programs include:

- The *Our Water Our Future: The Next Stage of the Government's Water Plan (Victoria's Water Plan)*, which includes the construction of the Wonthaggi desalination plant, which will source additional water for Victoria, commencing operations in 2011;
- the *Land and Biodiversity at a Time of Climate Change* Green Paper - the second stage in the development of a White Paper which will set the direction for future Government policy and priorities in this area; and
- the *Future Coasts: Preparing Victoria's Coast for Climate Change* project, which will assist the Government to obtain an accurate understanding of the risks climate change presents to Victoria's coastline.

3.10.5 Environmental challenges

3.10.5.1 Question

(a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09?

Response

As previously noted, the key environmental issues that are expected to have an impact on the Department in 2008-09 relate to water supply, fire management, the impact of climate change on the environment and managing the impacts of Victoria's ongoing drought.

(b) How have these issues been addressed in the department's budget estimates for 2008-09?

Response

The Department will continue to take the lead role in implementing a number of the Government's commitments relating to the environment, such as the *Our Water Our Future: The Next Stage of the Government's Water Plan (Victoria's Water Plan)* statement and the *Our Environment Our Future – Sustainability Action Statement* (ESAS).

These statements include significant investment in a range of programs aimed at addressing key environmental issues:

- Victoria's Water Plan - $4.9 billion to be spent in major water infrastructure projects to provide the biggest boost to Victoria's water supplies in 25 years; and
- ESAS - new investment of more than $200 million and 150 initiatives, in areas such as Responding to Climate Change and Maintaining and Restoring Our Natural Assets.

Of these new initiatives and projects, a large proportion is being led by this Department, including significant budgeted expenditure in 2008-09.

(c) Please list five projects or programs worth over $1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007-08 and 2008-09 for existing projects if applicable).

Response

There are a large number of existing projects or programs within the Department which focus on environmental issues. Many of these programs will receive funding in 2008-09 in line with the impact of the DFM, as discussed in section 5.

The 2008-09 State Budget also included new funding for a significant number of initiatives for this Department to address environmental issues. Details of these initiatives can be found on pages 290 to 302 and pages 352 to 356 of Budget Paper 3.

As an example, the Department received $15 million per annum over four years (total TEI of $60 million). This funding will be used to upgrade or replace 300 degraded bridges and stream crossings through Victoria's parks and forests system.

This initiative will provide safe and improved access to public land for a range of activities including fire protection, water catchment management, timber harvesting and public recreation.

3.10.5.2 Question

What initiatives are planned to be implemented by the department in 2008-09 in order to enhance energy reporting?

Response

The Department will continue to adhere to FRD 24C – Reporting of Office-based Environmental Data by Government Entities, which became operational as of reporting periods commencing 1 July 2007.

This direction requires the Department's Annual Report to disclose information on energy use, waste production, paper use, water consumption, transportation fuel consumption, greenhouse gas emissions and sustainable procurement.

Progress against FRD 24C (previously FRD 24B) is included in the Department's Annual Report.

In line with the 2002 Victorian Government commitment, the Department also has an Environmental Management System (EMS). This system includes an Environmental Policy: Office-based activities, which sets out the Department's objectives for reducing the environmental impacts of its office-based operations, and includes practices to minimise the use of energy, water, paper and the generation of waste.

3.10.6 Financial information

3.10.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09 for individual outputs.

Response

Output	2007-08 Expected Outcome ($ million)	2008-09 Estimate ($ million)	Variance ($ million)	Variance%	Note
Sustainable Water Management and Supply	414.8	277.0	- 137.8	- 33.2	1
Biodiversity	41.7	48.6	+ 6.9	+ 16.5	2
Environment Policy & Climate Change	48.0	77.6	+ 29.6	+ 61.7	3
Statutory Activities and Environment Protection	103.1	132.8	+ 29.7	+ 28.8	4
Land Administration and Property Information	115.9	127.6	+ 11.7	+ 10.0	5

Reference: 2008-09 Budget Paper No.3 pages 227 to 245

(1) The variance is primarily attributable to the provision of one-off funding in the 2007-08 year. The major items are:

- $55.0 million – Water Rate Rebates for irrigators and stock and domestic farmers as announced in the 2007-08 Budget Update;
- $36.3 million – for procurement activities associated with the Wonthaggi Desalination Project;
- $35.0 million - Early commencement (Rephasing) of projects being funded from the second tranche of the Environmental Contribution Levy;
- $10.0 million – for commencement of the Foodbowl Modernisation Project; and
- $7.2 million - for Environmental Flows and River Health.

The 2008-09 estimate includes further funding for the procurement activities for the Wonthaggi Desalination Project.

(2) The 2008-09 estimate includes $3.6 million to develop the White Paper on Land and biodiversity at a time of climate change.

(3) The 2008-09 estimate reflects funding for new initiatives as part of the Climate Change Package, including Solar Hot Water Rebates for Regional Victoria.

(4) The 2008-09 estimates reflects additional funding raised through the Landfill and Prescribed Industrial Waste Levies and other regulatory fees payable to the Environment Protection Agency.

(5) Both estimates reflect funding being carried forward from 2007-08 into 2008-09 relating to implementation of Electronic Conveyancing and Landata projects.

3.10.6.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007-08 and the budget for 2008-09, please provide an explanation.

Response

No variations above 10 per cent are currently expected between the estimated actual for 2007-08 for 'Employee Benefits' and the budget for 2008-09 for 'Employee Benefits'.

3.10.6.3 Question

Please provide a tabular dissection of the department's 2008-09 budget and expected expenditure for 2007-08 under the Government's key themes presented annually in the Victorian Budget Overview (see pp.5-7 of 2007-08 document) differentiating between new funding initiatives and ongoing funding.

Response

The Department's 2008-09 budget and expected expenditure for 2007-08 contributes to the "Tackling Climate Change and Securing Water Supplies" theme in the 2008-09 Budget Overview. This theme includes new funding for the Department to:

- secure water for Victoria;
- assist households to reduce their greenhouse gas emissions; and
- investigate the impacts of climate change and identify strategies to help Victoria identify to climate change.

3.10.7 Regional and rural considerations

3.10.7.1 Question

(a) What are the critical issues facing regional and rural communities in 2008-09 that depend on services provided by the department (please provide comment relating to particular areas of the state where applicable)?

Response

Issues facing regional and rural communities that relate to this Department are also the key issues for the Department as a whole – namely water supply, fire management, the impact of climate change on the environment and managing the impacts of Victoria's ongoing drought.

(b) How does the department's 2008-09 budget address these issues?

Response

Section 3.10.5 above addresses this question.

(c) Please provide a table showing for up to ten of the department's largest projects (in terms of expenditure) the:

(i) budget allocation for 2008-09 dissected between new and existing projects

(ii) the purpose of each project

(iii) how the funding is to be spent

(iv) the performance measures in place to assess performance

Response

As noted above, the Department has a number of projects which are focussed on regional and rural Victoria. Key projects for the Department are outlined below.

Foodbowl Modernisation Project (Stage One)

The Foodbowl Modernisation project (Stage One) is a $1 billion works project to modernise Victoria's food bowl region and upgrade its ageing irrigation infrastructure. The Victorian Government is contributing $600 million to the first stage of this project, with $74.1 million of capital expenditure expected in 2008-09.

On average, around 800 billion litres of water is being lost through leaks, system inefficiencies and evaporation each year. The Foodbowl Project will recover an estimated 225 billion litres of lost water by 2012, with water savings to be shared equally between irrigators, the environment and Melbourne.

Expansion of Victoria's Water Grid

Victoria has a collection of water storage dams and pipes based on the rainfall patterns of the past hundred years or more. These systems are unlikely to be sufficient in an era of extreme weather events and climate change

The Victorian Government, in conjunction with water corporations, is therefore expanding and improving Victoria's Water Grid – a network of rivers, channels and pipes linking Victoria's major water systems. New Victorian Water Grid projects will result in the construction of over 250 kilometres of new pipe.

The expansion of Victoria's Water Grid includes a commitment to construction of the Wimmera-Mallee pipeline, of which $266 million has been provided by the Victorian Government. This new pipeline will address the current situation whereby around 85 per cent of water is lost through evaporation and seepage, meaning a more reliable and better quality water supply to farms, towns and business, and additional water available for the environment.

Fire Operations

This Department manages fire on Victoria's 7.6 million hectares of public land – roughly one third of the State. On an ongoing basis, the Department undertakes a range of activities associated with the management, suppression and prevention of, and recovery from, fire.

The Department is unable to advise of the budget allocation towards fire related activities for 2008-09, as this is largely dependent on the intensity of the fire season. However, as per pages 354 to 355 of the 2008-09 Budget Paper 3, new funding of $15 million has been provided in 2008-09 ($60 million TEI) for fire protection activities across Victoria.

For example, the Great Divide Fires were the primary cause of fire related expenditure of $288.9 million in 2006-07. At the height of the fires, in excess of 2,200 fire fighters were at the fire line, along with multiple fire tankers, more than 180 slip on units and 100 bulldozers and the entire State Aircraft unit.

The Department will continue to plan and undertake a number of activities in 2008-09 aimed at preventing and reducing the impact of any fires. This includes continuing to construct and maintain around 600 kilometres of strategic firebreaks to protect Melbourne's water catchments, fire reduction burns and the training of project fire fighters.

3.10.8 Communication, advertising and promotion

3.10.8.1 Question

(a) What is the communication, advertising and promotion budget for 2008-09? Please also provide the expected actual expenditure for 2007-08.

Response

The communication, advertising and promotion budget for 2008-09 is not yet known, as the 2008-09 budget development process for the Department is currently underway.

Actual expenditure for communications, advertising and promotions in 2007-08 is currently $2.953 million. This expenditure constitutes advertising costs for the first six months of 2007-08 and communications and promotions for the first eight months of the 2007-08 financial year.

It should be noted that this expenditure excludes costs associated with the *Our Water Our Future* behavioural change campaign, as it is funded by Melbourne's water retailers and Melbourne Water.

The total actual expenditure for 2007-08 will not be known until the end of the financial year.

(b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007-08 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

In comparison with previous years, expenditure on communications, advertising and promotions in 2007-08 is less than expected due to a less intense fire season.

It is expected that, pending any major Government initiatives that arise during the 2008-09 year and need to be communicated, expenditure in 2008-09 on communication, advertising and promotion will be similar to the 2007-08 financial year.

As noted on pages 290 and 297 of the 2008-09 Budget Paper 3, $5 million has been provided for an extension of the 'Black Balloons' energy conservation campaign.

3.10.9 Non government sector

3.10.9.1 Question

(a) Please provide a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09

(b) Please provide a brief description of the performance monitoring framework that will be in place during 2008-09 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose

Response

The Department cannot yet advise the level of funding to be provided to the non-government sector in 2008-09. This information will not be available until the 2008-09 Budget is finalised.

In addition, there are some grant programs managed by the Department which require applications to be made prior to funding being approved and provided. These grant processes will occur throughout the 2008-09 financial year.

In the interim, based on the 2007-08 financial year, it is expected that funding provided by this Department to the non-government sector will be to various Local Governments, community organisations, committees of management and non-for-profit organisations.

As at 9 April, the Department has provided approximately $ 63.0 million in grants to the non-government sector in 2007-08. The table below shows a breakdown of the key groups to which funding has been provided:

Group	Grant Funding Provided in 07-08 (1)
Local Government	$5.4 million
Committees of Management & Community Organisations	$24.9 million
Non-Victorian Government entities (2)	$20.2 million
Universities	$1.2 million
Other	$11.3 million
TOTAL	**$63.0 million**

Notes:

(1) This table shows funding provided in 2007-018 up to 9 April 2008 only. A list of all funding provided in 2007-08 cannot be provided until the end of the financial year.

(2) This category is primarily made up of Victoria's contribution to the Murray Darling Basin Commission.

3.10.10 Revenue initiatives/departmental income

3.10.10.1 Question

(a) In relation to 2008-09, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

Response

No new revenue raising initiatives are planned for 2008-09.

(b) Please outline the actual and expected financial impact in 2008-09 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

No initiatives that forgo revenue are expected in 2008-09.

3.10.10.2 Question

For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007-08 and the budget for 2008-09.

Response

Income Category	2007-08 Revised ($ million	2008-09 Budget ($ million	Variance ($ million	Variance %	Note
Special Appropriations	15.2	0.0	- 15.2	- 100.0	1
Sale of Goods and Services	55.5	28.3	- 27.2	- 49.0	2
Fines and Fees	33.9	39.5	+ 5.6	+ 16.5	3

Reference: 2008-09 Budget Paper No.4 page 157

(1) The 2007-08 Revised estimate comprises $14.6 million received from the Commonwealth and appropriated pursuant to S.10 of the Financial Management 1994 and $0.6 million brought forward from future appropriations pursuant to S.28 of the Financial Management Act 1994 to fund Water Smart Showers / Toilets. Both amounts are non-recurring in 2007-08.

(2) The reduction in 2008-09 estimated revenue reflects once off project funding being received in 2007-08 for natural resource management programs from a range of organisations.

(3) The estimates reflect anticipated receipts by the Environment Protection Agency, primarily relating to existing regulatory fees, such as permits and licenses.

3.10.11 Fees, fines, concessions and subsidies

3.10.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

The Department administers over 1600 individual fees and charges. Consistent with other State Government departments with a very large number of such fees and charges, the revenue generated from each individual fee and charge is not recorded or reported.

However, a list of those fees and penalties administered by this Department which will increase in 2008-09, due to the Victorian Government policy of automatically indexing certain fees and fines each year for inflation, can be found on the Department's website.

3.10.11.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

The Department provides a number of licenses and permits, and offers concession rates for applicants with an approved concession card. As noted above, the Department does not collect specific information on each fee or charge associated with these licences and permits.

Furthermore the Department is not yet able to advise the estimated number and cost of concessions to be provided in 2008-09.

However, based on the 2007-08 financial year, it is expected that the Department will provide around 5000 concessions, at a cost of around $0.3 million.

3.10.12 Staffing matters

3.10.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Employment — Equivalent full-time staff ***(1)***

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (3) (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Secretary	1.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	1.0
Executive Officer 1	1.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	1.0
Executive Officer 2	17.0	0.0	0.0	0.0	17.0	15.0	0.0	0.0	1.0	16.0	15.0	0.0	0.0	1.0	16.0
Executive Officer 3	31.0	0.0	0.0	4.0	35.0	24.8	0.0	0.0	1.0	25.8	24.8	0.0	0.0	1.0	25.8
Principal Scientist	3.0	3.0	0.0	0.0	6.0	5.0	1.0	0.0	0.0	6.0	5.0	1.0	0.0	0.0	6.0
STS	9.6	2.0	0.0	0.0	11.6	5.0	1.0	0.0	0.0	6.0	5.0	1.0	0.0	0.0	6.0
VPS 6	309.5	16.7	1.0	11.0	338.2	266.9	25.6	0.0	10.0	302.5	266.9	25.6	0.0	12.0	304.5
VPS 5	432.7	35.0	0.0	18.0	485.7	373.4	44.7	1.0	15.0	434.1	373.4	44.7	1.0	20.0	439.1
VPS 4	470.6	45.6	0.0	13.0	529.2	403.7	53.3	0.0	20.0	477.0	403.7	53.3	0.0	25.0	482.0
VPS 3	596.2	66.1	2.8	14.0	679.0	520.4	73.6	3.0	20.0	617.0	520.4	73.6	3.0	25.0	622.0
VPS 2	252.1	58.3	13.3	8.0	331.7	201.6	77.0	12.0	10.0	300.6	201.6	77.0	12.0	20.0	310.6
VPS 1	4.3	13.0	4.3	0.0	21.6	4.2	1.4	5.0	0.0	10.6	4.2	1.4	5.0	0.0	10.6
Science D	3.0	0.0	0.0	0.0	3.0	7.0	0.0	0.0	0.0	7.0	7.0	0.0	0.0	0.0	7.0
Science C	2.8	0.0	0.0	0.0	2.8	12.9	3.0	0.0	3.0	18.9	12.9	3.0	0.0	3.0	18.9

Science B	10.0	2.0	0.0	0.0	12.0	15.0	3.0	0.0	3.0	21.0	15.0	3.0	0.0	3.0	21.0
Science A	8.0	3.0	0.0	0.0	11.0	14.4	7.0	0.0	3.0	24.4	14.4	7.0	0.0	3.0	24.4
Field Staff	221.8	94.0	0.5	0.0	316.3	224.0	16.0	0.0	5.0	245.0	224.0	16.0	0.0	3.0	243.0
Other (2)	23.0	6.0	0.0	0.0	29.0	2.0	4.5	0.0	0.0	6.5	2.0	4.5	0.0	0.0	6.5
Total	**2396.6**	**344.7**	**21.8**	**68.0**	**2831.0**	**2097.3**	**311.1**	**21.0**	**91.0**	**2520.4**	**2097.3**	**311.1**	**21.0**	**116.0**	**2545.4**

Notes:

(1) All numbers in the table are FTE, and have been rounded to one decimal place. As an example, for the purposes of the above table, a person at 0.95 FTE is considered to be 1 FTE.

(2) The use of an ‘Other’ category reflects cadets and trainee valuers.

(3) The June 2008 estimate is based on workforce numbers as at 28 March 2008, and excludes project fire-fighters, as the Department does not expect to be engaging these staff as at 30 June. The reduction in FTE from 30 June 2007 to 30 June 2008 is due to the Machinery-of-Government changes between this Department and the Department of Planning and Community Development.

(4) These estimates have not taken into account the impact of the 2008-09 State Budget outcomes.

3.11 Department of Treasury and Finance

3.11.1 Departmental assumptions and performance measures

3.11.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008-09.

Response

In developing the Department's budget projections for 2008-09 the key assumptions are:

That the Department is flexible and wherever possible, lives within its existing resources to meet the needs of the Government.

The department continues to review its outputs and resources to ensure they are aligned to supporting the Government to deliver on its priorities.

Straight-line depreciation rates adopted for individual asset classes in accordance with Australian Accounting Standards.

3.11.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

The Department has framed its budget using major themes and issues as identified by the Government:

Continuing the drive for more Efficient Government;

Reducing the regulatory burden on business; and

National leadership in Public Private Partnerships and identifying whether opportunities exist for broader areas of Government infrastructure investment.

3.11.1.3 Question

What impact have developments at the Commonwealth level had on preparing the department's component of the 2008-09 state budget?

Response

The Department will continue to be significantly involved in the Council of Australian Governments (COAG) reform process through 2008-09. The Department participates in all COAG working groups as well as its continuing support for the Treasurer in his participation in the Ministerial Council. The Department is allocating sufficient resources to meet this requirement.

3.11.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008-09 (including new and discontinued measures).

Response

The Department has consolidated six existing outputs into three new outputs in order to strengthen the Department's capability to serve Government. The new *Land and Infrastructure Investment Management* output brings together the Department's focus on infrastructure projects and investment. The amalgamation of *GBE Performance Monitoring* and *Public Financial Corporations and Balance Sheet Management* consolidates all Government Business Enterprise monitoring in one output. This includes Public Financial Corporations and Public Non Financial Corporations. The creation of the *Economic and Financial Policy* output is a refinement of the restructure that took affect in 2006-07and improves the ability to advise government on a diverse range of economic and financial issues.

As a result many of the performance measures associated with these outputs have been consolidated or, where appropriate, replaced with updated measures that reflect the new outputs. Six performance measures have been discontinued to allow the Department to focus on more appropriate measures. One new measure has been introduced to reflect the changing nature of the work undertaken by the Essential Services Commission.

3.11.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Response

Performance Measure	2008-09 Output	2007-08 Expected outcome	2008-09 Target	Comments
Briefings on Cabinet submissions (number)	Economic and Financial Policy	300	220	The increase in 2007-08 expected outcome reflects higher than expected activity in relation to COAG and Cabinet and reflects the improved ability of the department to respond to the needs of the Government.
Review of Regulatory Impact Statements (RIS) and Business Impact Assessments (BIA) and Standard Cost Model (SCM) assessments (number)	Business Environment Policy Advice	40	55	The 2007-08 expected outcome is lower than the 2008-09 target as Regulatory Impact Statements (RIS), Business Impact Assessments (BIS) and Standard Cost Model (SCM) activity is dependent on the number of regulatory and legislative proposals initiated within Government. A large number of SCM's are expected in the first half of 2008-09 as part of the Government's Reducing the Regulatory Burden initiative.
Complete the initial assessment phase on Standard Cost Model	Business Environment Policy Advice	75	90	The 2007-08 expected outcome is lower than the 2008-09 target. The 2008-0

Performance Measure	2008-09 Output	2007-08 Expected outcome	2008-09 Target	Comments
estimates within ten working days of receipt (per cent)				target is the same as the 2007-08 target. The 2007-08 expected outcome is lower than the target due primarily to 6 initial SCM assessments, of which two slightly exceeded the target of ten working days.
Commercial and risk management advice which facilitates new infrastructure and/or minimises Government's exposure to risk (number)	Land & Infrastructure Investment Management	333	206	The 2007-08 expected outcome is likely to exceed the 2008-09 target, reflecting the completion of several carryover milestones and the additional output funding which enabled 54 Gateway reviews to be completed. The 2008-09 target is based on the predicted workload for 2008/09, taking into account the lifecycle of existing and predicted projects and property transactions.
Revenue from sale of surplus Government land including Crown land ($ million)	Land & Infrastructure Investment Management	78	30	The achievement of the 2007-08 expected outcome will be dependent on the timing of particular sales of Government land. The 2008-09 target figure reflects the properties identified as surplus by Government Departments and agencies.
Deliver or renew whole-of-government policy, standards and guidelines	Government Services	12	15	Focus on development of the Shared Services strategy in 2007-08 has resulted in a number of policy initiatives being deferred until Quarter 4 in 2007-08 and into 2008-09.
Briefs provided on services to Government	Government Services	86	60	The 2007-08 expected outcome is likely to exceed the 2007/08 target due to higher than expected demand for briefings due to progressing the Efficient Government agenda.
Company performance reviews and audits (number)	Economic Regulatory Services	18	30	The 2007-08 expected outcome is lower than the 2008-09 target due to a reduction in the number of audits required of the rural water businesses. The 2008-09 target is based on the 2008-09 expected Work Program.
Price determinations (number)	Economic Regulatory Services	23	0	Price determinations are driven by legislative requirements. There are no price determinations planned for 2008-09.

3.11.2 Asset funding

3.11.2.1 Question

What improvements in disclosure and estimation have been introduced into the presentation of information contained in the 2008-09 budget papers compared to previous years?

Response

The budget estimates statements have been prepared this year in accordance with the disclosure requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting*, issued by the AASB in October 2007 and applicable to annual reporting periods commencing 1 July 2008.

AASB 1049 has also been incorporated into the Uniform Presentation Framework (UPF). For the first time, all jurisdictions in Australia will be adopting this combined standard in the preparation of their budget estimates and outcomes.

In compliance with the standard, there are tables in Note 11 and Note 19 of Chapter 1 Budget Paper No. 4 that disclose by **government purpose classifications** at a summary level the following:

- Expenses;
- Purchases of Non-Financial Assets; and
- Total Assets.

In addition, there are tables in Chapter 3 of Budget Paper No. 4 that disclose Expenses and Purchases of Non-Financial Assets by **department**, which have been previously published.

While the standard requires the disclosure of the estimates relating to the Purchase of Non-Financial assets by purpose at a summary level, the *Annual Financial Report* for 2008-09 will require this disclosure at a *detail* level. This was agreed to by all jurisdictions as part of the UPF.

The Department remains committed to continuous improvement around the process for disclosure and estimation as recently documented in our response to the Update of the 2004-05 Budget Outcomes questionnaire.

3.11.2.2 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008-09.

Response

Description	2008-09 Budget ($ million)
Effective Technology and Administrative Services	1.9
Intra-Government Secured Network	5.8
Purchase of Municipal Valuations	18.3
SRO Revenue Management System	2.1
DTF/DPC ICT Infrastructure	1.9
Standard Corporate ICT Strategy	1.1

3.11.2.3 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities?

Response

As a central agency DTF has a role in advising government in meeting the future infrastructure challenges of Victoria. Some of the key infrastructure challenges include:

- Meeting Victoria's transport needs through rail track and station upgrades, major metropolitan and regional road projects and responding to the Eddington report;
- The demand on infrastructure created by population growth and the "baby boom" especially in the area of health and community services;
- Improvements to Education services including the continued need to build, renovate and replace our schools across the State; and
- Water projects to provide water security for Victoria.

The department advises government on how to implement its fiscal strategy including a target of an operating surplus at 1% of revenue which will allow the operating surplus target to grow in line with operating revenue. Maintaining high surpluses will enable current and future generations to benefit from further infrastructure investment, while continuing to maintain Victoria's AAA credit rating.

DTF responsibilities regarding infrastructure challenges include:

- promoting and managing reviews of major infrastructure projects, establishing governance arrangements and monitoring the performance of government business enterprises;
- economic and social policy, in particular, strategies to enhance Victoria's economic development; and
- budget and financial policies and strategies to meet the Government's longer term financial objectives.

(b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department's operations? If so, please provide details of the findings.

Response

As a department, DTF prepares an Asset Strategy and Multi Year Strategy each year assessing its forward agenda based on our own infrastructure demand. As a central department, the Department of Treasury and Finance's service direction requires robust Information Communication and Technology (ICT) Infrastructure to underpin its core business. The Department also manages the whole-of-government property portfolio and lease management of fleet cars.

As a central agency, DTF promotes the use of relevant asset frameworks to ensure Departments' infrastructure investment supports Government policy and priorities. For example these include "Meeting our Transport Challenges", "Growing Victoria Together'" and "Our Water, Our Future".

(c) Please outline any asset investment projects of the department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives.

Response

The Department has one asset investment project for 2008-09 that will be linked to whole of government infrastructure initiatives.

Efficient Technology Services – is funded to perform a due diligence on confirming whole of government desktop efficiency

3.11.2.4 Question

In relation to the unapplied output and asset funding carried forward to 2008-09, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives;

Response

The department has no unapplied output funding carried forward to 2008-09.

In regards to asset funding, the department has requested to carry forward $2 million to 2008-09 for the Intra-Government Secured Network (IGSN) project.

(b) the underlying reasons for the department's funding carryover for each category; and

Response

The IGSN carryover is primarily due to the delay during the tender process of the supplier. The start of the project has been delayed and the contract signing will occur in July 2008 with the consequence that the first milestone payment will be in the new financial year.

The intended revised timing for use of the carried forward funds.

The carryover is intended to be used in 2008-09.

3.11.2.5 Question

In relation to the way in which cash resources are applied towards the Government's capital program over the four years to 2011-12, please outline:

(a) the 'unallocated provision for future allocation' and the TEI that this relates to over the out-years; and

Response

1. Following the 2008-09 Budget process, the unallocated contingency for 2009-10 is $607 million, for 2010-11 it is $1 146 million and for 2011-12 it is $1 904 million.

2. The associated indicative TEI is $2 155 million in 2009-10, $1 889 million in 2010-11 and $2 708 million in 2011-12.

(b) the basis upon which the TEI has been calculated over the forward estimates period and beyond and its reconciliation to the application of cash resources.

Response

3. The basis of the TEI calculation used by DTF when looking at a capital provision is to allocate, on average 28 per cent in the first, second and third years and 16 per cent in the fourth year. Although actual cash flows vary from project to project.

4. On the basis of the above formula using the unallocated capital provision (including MOTC) in the Application of Case Resources (table 3.4 of BP2) in the 2008-09 budget, results in a total TEI of **$9 billion** to be funded in future budgets, including relevant outyears beyond the forward estimates period.

5. This practice of calculating the TEI has been in operation for more than ten years.

3.11.3 Efficiencies and savings

3.11.3.1 Question

In relation to the estimated efficiencies to be derived in 2008-09 (including from the various measures that fall under the umbrella of the *Efficient Government* policy and the other targeted initiatives, as initially presented in the 2007-08 State Budget), please provide:

(a) a breakdown of the planned efficiency savings according to the various measures of efficiency that apply to the department's operations;

Response

The Department will continue to achieve efficiency savings in accordance with the Efficient Government policy. From a whole of Victorian Government perspective, DTF will deliver:

- An Intra-Government Secured Network; and
- Efficient Technology and Ancillary services.

Internally, the consolidation of five government services into the Government Services Group (Vicfleet, Accommodation, Procurement, Office of the Chief Information Officer and Chief Technology Office) has already delivered effectiveness under the Efficient Government policy.

The Department will be further consolidating 6 outputs into 3 for 2008-09.

(b) an explanation of:

(i) how decisions regarding applicable savings measures are to be made;

Response

Decision regarding savings measures are made as part of the internal budget process for the Department. Efficient Government policy is applied where appropriate.

(ii) the nature of their expected impact on programs such programs accelerated or deferred; and

Response

The Department continues to review its processes and systems to identify and implement efficiencies. As advised in our answer to Question 1.4 the Department has consolidated 6 outputs into 3 to improve our ability to serve the Government. The department does not expect the efficiency to impact on programs or outputs to be delivered.

(iii) the basis for estimating the savings target to be achieved for each measure; and

Response

The savings targets are estimated using the internal budgeting and reporting processes of the Department. The department does not expect the efficiency to impact on programs or outputs to be delivered.

(c) particulars of any changes to the department's allocated savings for 2008-09 from the data shown in the 2007-08 Budget.

Response

The department's allocated efficiency target has increased from the data shown

in the 2007-08 Budget by approximately $9m. This is predominately due to:

- 2008-09 Budget Efficiencies of $8.3m;
- 2007-08 efficiency targets for reductions in WorkCover and other insurance premiums not known at the time the 2007-08 Budget was published of $0.1m; and
- Re-allocation of 2007-08 and 2006-07 efficiency targets including shared services, advertising and consultancy, state purchase contracts and WorkCover of approximately $0.7m.

3.11.4 Demographic factors

3.11.4.1 Question

Please outline how the following factors, where applicable, have shaped the budget for 2008-09:

For each factor, please quantify anticipated demand pressures on new and existing programs/activities and associated funding provided in the budget.

(a) population growth

Response

Population growth has increased demand for education, disability services, and early childhood development services. The 2008-09 Budget provides:

(i) $55 million over four years to extend the capacity of Maternity and Child Health services to provide for the growth in Victorian births and enhanced support for at-risk families;

(ii) $29 million over four years for initiatives including extra kindergarten support packages and 1,000 extra places for early childhood intervention services; and

(iii) $29 million total estimated investment over four years for new schools in growth areas.

Response

Furthermore, funding is provided for hospital services through the Maintaining Health System Performance Initiative. Funding provided through this initiative is based on analysis of demand growth data which reflects both population growth and changes to population mix. To meet the expected growth in demand for services, the Government is investing $703 million over five years in hospital services. Additional funding has been provided for maternity services ($41.5 million over four years) through this initiative. This will provide assistance in managing the expected growth in number of births.

Population growth is one of the key drivers behind the increased demand for transport services and routes, resulting in an increase patronage on our trains of over 20% in the last two years. In 2008-09, focus has been directed towards providing transport infrastructure (and services) to cater for future transport demand arising from population, economic and jobs growth.

The 2008-09 budget provides:

- $273 million TEI for upgrades to track and station facilities on the Werribee, Craigieburn and Dandenong lines to provide additional peak services in these high growth areas of outer metropolitan Melbourne;
- $14 million in funding to develop plan and options for the extension of the Epping line to South Morang and for future rail services to other growth corridors;
- $698 million to reduce congestion and improve traffic flows across the metropolitan road network by investing in additional road capacity; and
- In addition to this, the Government is also looking to the long-term, and will respond to Sir Rod Eddington's East-West Needs Assessment report that proposes major investments in the metropolitan rail network.

(b) the ageing population

Response

Funding provided for hospital services through the Maintaining Health System Performance initiative to manage additional demand from the ageing of the population is not specified, but can be seen via growth in overall service delivery as the over 65 cohort has had the greatest increase in the number of admitted patients since 1999, as well as the highest levels of acuity which impacts on resource utilisation.

3.11.5 Economic impacts, initiatives and improvements

3.11.5.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the department's budget for 2008-09:

(a) interest rates

(b) inflation

(c) productivity improvement

(d) National Reform Agenda initiatives

Response

The Department takes into consideration all of these factors in undertaking its core work. Interest rates and inflation have little impact on the activities, and therefore the budget of the department.

The Department of Treasury and Finance has undertaken an Output restructure in two divisions to allow for greater flexibility and productivity improvement within the department and will especially allow the Economic and Financial Policy output to focus on better outcomes for Victoria from the National Reform Agenda/Council of Australian Governments developments.

3.11.6 Environmental challenges

3.11.6.1 Question

(a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09?

Response

The Department will continue to deliver policy advice to assist Government to implement major projects and policies to deal with climate change, including water, environmental and energy issues.

In addition to policy advice the Department also provides services direct to other Government departments through the Government Services Group.

The delivery of Accommodation and Fleet services is likely to be impacted by the increasing cost of energy, greenhouse gas mitigation, water conservation and increased community concerns for environmental outcomes.

(b) How have these issues been addressed in the department's budget estimates for 2008-09?

Response

These issues form part of the core work of the Department and are factored into the output costs of individual outputs consistent with our budget objective, that the Department is flexible and wherever possible, lives within its existing resources to meet the needs of the Government. The consolidation of 2 outputs (EFP: Advise and Analysis and EFP: Research and Development) into the Economic and Financial Policy output will improve the ability of the department to service Government in this area.

(c) Please list five projects or programs worth over $1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007-08 and 2008-09 for existing projects if applicable).

Response

The Department of Treasury and Finance has no projects that meet the above criteria.

3.11.6.2 Question

What initiatives are planned to be implemented by the department in 2008-09 in order to enhance energy reporting?

Response

An extensive smart water metering system will be installed on Treasury Reserve to provide separate metering of each building and all major end uses (e.g. cooling towers, domestic hot and cold water, etc). This will enable significantly more accurate reporting of water consumption by departments occupying buildings on the reserve, in alignment with FRD24C, for the financial year 2008/09.

3.11.7 Financial information

3.11.7.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09 for individual outputs.

Response

The following Outputs have variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09.

Land & Infrastructure Investment Management

There will be a decrease of 10.2 per cent in 2008-09 as a result of a higher level of Whole of Government sales of Land & Property in 2007-08 compared to the anticipated sales in 2008-09.

Government Services

2008-09 will see an increase of 18.1 per cent as a result of funding approved by the Expenditure Review Committee to complete various projects.

Economic Regulatory Services

There will be a decrease of 25.3 per cent in 2008-09 as a result of one off external funding in 2007-08 from outside the department for various projects including funding provided for development of the Victorian Renewable Energy Targets system.

3.11.7.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007-08 and the budget for 2008-09, please provide an explanation.

Response

The variation for Employee Benefits between the Estimated Actual for 2007-08 and the budget for 2008-09 is less than 10 per cent.

3.11.7.3 Question

Please provide a tabular dissection of the department's 2008-09 budget and expected expenditure for 2007-08 under the Government's key themes presented annually in the Victorian Budget Overview (see pp.5-7 of 2007-08 document) differentiating between new funding initiatives and ongoing funding.

Response

The department is unable to dissect its own 2008-09 budget and expected expenditure for 2007-08 into the Government's key themes as the department's structure is not designed around the key themes and expenditure is primarily allocated to outputs and may contribute to one or more key themes.

3.11.8 Regional and rural considerations

3.11.8.1 Question

(a) What are the critical issues facing regional and rural communities in 2008-09 that depend on services provided by the department (please provide comment relating to particular areas of the state where applicable)?

(b) How does the department's 2008-09 budget address these issues?

(c) Please provide a table showing for up to ten of the department's largest projects (in terms of expenditure) the:

  (i) budget allocation for 2008-09 dissected between new and existing projects

  (ii) the purpose of each project

(iii) how the funding is to be spent

(iv) the performance measures in place to assess performance

Response

As a central agency the Department of Treasury and Finance does not provide any services to rural or regional areas.

3.11.9 Communication, advertising and promotion

3.11.9.1 Question

(a) What is the communication, advertising and promotion budget for 2008-09? Please also provide the expected actual expenditure for 2007-08.

Response

	2007/08 Expected ($ million)	2008/09 Estimate ($ million)
DTF	1.0	0.9
ESC	0.2	0.2
SRO	0.4	0.4
Total	1.6	1.5

(b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007-08 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

There is no impact from Machinery of Government changes.

3.11.10 Non government sector

3.11.10.1 Question

(a) Please provide a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09

Response

Authority / Agency	**2008/09 Budget estimate**
	$m
Australian Accounting Standards Board	0.13

(b) Please provide a brief description of the performance monitoring framework that will be in place during 2008-09 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose

Response

Not applicable.

3.11.11 Revenue initiatives/departmental income

3.11.11.1 Question

(a) In relation to 2008-09, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

Response

New Revenue Raising Initiatives

No new revenue raising initiatives were announced in the 2008-09 Budget. However the Motorcycle Safety Levy is being extended beyond 30 September 2007, with funds raised from this initiative being dedicated towards motorcycle safety.

A number of **tax relief** measures were announced in the 2008-09 Budget, valued over $1 billion over four years.

Land Tax

The land tax thresholds will be adjusted by 10 per cent from the 2009 land tax year, leaving all but the top land tax rate unchanged as follows:

- the lowest land tax threshold increases from $225 000 to $250 000;
- the mid-range land tax thresholds increase from $540 000 to $600 000; $900 000 to $1 million; and $1.62 million to $1.8 million; and
- the highest land tax threshold increases from $2.7 million to $3 million.

The top land tax rate will be reduced from 2.5 per cent to 2.25 per cent from the 2009 land tax year.

A land tax exemption will be introduced for facilities that provide long term accommodation for young people with disabilities.

The total cost of these changes is $490 million over 4 years.

Land Transfer Duty

The general land transfer duty thresholds will be adjusted by 10 per cent, leaving all tax rates unchanged, to provide the following revised thresholds for contracts entered into on or after 6 May 2008 as follows:

- The lowest land transfer duty threshold increases from $20 000 to $25 000;
- The next land transfer duty threshold increases from $115 000 to $130 000; and
- The highest land transfer duty threshold increases from $870 000 to $960 000.

The principal place of residence concessional land transfer duty thresholds will also be adjusted by 10 per cent, leaving all tax rates unchanged, to provide the following revised thresholds for contracts entered into on or after 6 May 2008 as follows:

- Properties valued between $130 000 and $550 000 pay a lower rate of tax – the previous thresholds were $115 000 and $500 000 respectively.

The pensioner and concession cardholders concession thresholds will also be adjusted by 10 per cent, to provide revised thresholds for contracts entered into on or after 6 May 2008.

A full exemption for property purchases valued up to $330 000 (previously $300 000) and a partial concession for property purchases valued up to $440 000 (previously up to $400 000).

In addition, for the first time first homebuyers will be able to receive both the principal place of residence land transfer duty concession and the First Home Bonus.

The corporate reconstruction exemption will be extended to provide relief to listed property trusts in circumstances that are consistent with the Commonwealth Government's arrangements concerning Capital Gains Tax rollover relief.

Finally, a land transfer duty exemption will be introduced for homes transferred into special disability trusts.

The total cost of these changes is $422 million over four years.

Payroll Tax

The payroll tax rate will be reduced from 5.05 per cent to 4.95 per cent effective from 1 July 2008. The rate was previously scheduled to decrease to 5.0 per cent from the same date. The total cost of these changes is $170 million over the next four years.

Existing Revenue Raising Initiatives

There are no changes to existing revenue initiatives announced before the 2008-09 Budget.

(b) Please outline the actual and expected financial impact in 2008-09 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

Expected financial impact of tax relief measures announced in the 2008-09 Budget

	2008-09 ($ million)
Land Tax Cuts	-122.3
Land Transfer Duty	-149.5
Payroll Tax Cut	-36.6
Total tax relief	**-308.4**

3.11.11.2 Question

For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007-08 and the budget for 2008-09.

Response

Controlled Operating Statement			
	2007-08 Revised ($ million)	**2008-09 Budget ($ million)**	**Variance %**
Income			
Output appropriations	232.40	237.80	2.32
Resources received free of charge or for nominal consideration	..	..	
Sale of goods and services	55.00	57.10	3.82
Revenue from other parties and other income	31.10	31.60	1.61
Total income	**318.50**	**326.50**	**2.51**
Administered Operating Statement			
	2007-08 Revised ($ million)	**2008-09 Budget ($ million)**	**Variance %**
Administered income			
Appropriations - Payments made on behalf of the State [(a)]	1283.4	1,980.1	54.29
Special appropriations [(b)]	417.9	691.9	65.57
Resources received free of charge or for nominal consideration	..	..	
Sale of goods and services [(c)]	8.8	20.9	137.50
Commonwealth grants	9,399.2	10,281.7	9.39
Taxes	9,793.3	10,051.3	2.63
Fines	0	0	
Fees	10.5	10.8	2.86
Other	3,551.3	3,782.3	6.50
Total administered income	**24,464.5**	**26,818.9**	**9.62**

a) Appropriation – Payment made on behalf of the State – The variance shown represents the inclusion of the Advance to Treasurer appropriation for 2008-09 (being $931.5 million). The 2007-08 Treasurer's Advance was distributed to departments throughout the course of the financial year.

b) Special appropriations – The increase in mainly due to superannuation payments made to reduce the state's unfunded superannuation liability and repayment of income tax equivalent to public financial corporations.

c) Sale of goods and services – The increase mainly relates to the non-government agencies to be charged a fee on the value of their purchases from whole of government contracts.

3.11.12 Fees, fines, concessions and subsidies

3.11.12.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

Fees Fines & Charges	2007/08	2008/09	Increase	Increase
	$m	$m	$m	%
Regulatory Fees - Essential Services Commission	10.5	10.8	0.3	3.2
State Services Centre - Whole of Government Information & Communication Technology Services	54.6	56.8	2.2	4.0
Government Services	1.3	13.3	12.0	923.1
Vicfleet - Motor Vehicle Hire and Services	4.3	4.4	0.1	2.3
Land Tax Certificates	2.3	2.3	-	-
	72.9	87.5	14.6	20.0

* Government Services (contractual service fees)

3.11.12.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

Subsidies	Estimated number of subsidies	Average value	Total estimated cost
		$	$
Liquor Subsidies	110	22,727	2,500,000
Concessions			
Concession card holders stamp duty benefits for home buyers	4,850	8,000	38,800,000
Grants			
First Homeowners Grant	41,286	7,000	289,000,000
First Home Bonus	39,069	3,330	130,100,000
First home buyers stamp duty benefits for families	25	4,000	100,000
Water & Sewerage rebate scheme	59	76,271	4,500,000

* Liquor Subsidies (Wine Equalisation Tax)

3.11.13 Staffing matters

3.11.13.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Response

Employment — Equivalent full-time staff - Department of Treasury and Finance

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Grade 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grade 2	45.29	4.4	.14	-	49.83	45	4.4	1.34	-	50.74	46	4.4	1.34	-	51.74
Grade 3	86.84	10.78	-	-	97.62	87.84	10.78	-	-	98.62	88.84	10.78	-	-	99.62
Grade 4	89.52	1.6	-	-	91.12	90.52	1.6	-	-	92.12	91.52	1.6	-	-	93.12
Grade 5	124.59	13.2	-	-	137.79	125.59	13.2	-	-	138.79	126.59	13.2	-	-	139.79
Grade 6	135.13	3.8	-	-	138.93	136.13	3.8	-	-	139.93	137.13	3.8	-	-	140.93
STS	4	2.8	-	-	6.8	4	2.8	-	-	6.8	4	2.8	-	-	6.8
Executive Officer Grade 3	52		-	-	52	52	-	-	-	52	53	-	-	-	53
Executive Officer Grade 2	18		-	-	18	19	-	-	-	19	19	-	-	-	19
Executive Office Grade 1	4		-	-	4	4	-	-	-	4	4	-	-	-	4
Legal	1	-	-	-	1	1	-	-	-	1	1	-	-	-	1
Total	**560.37**	**36.58**	**.14**	**-**	**597.09**	**565.09**	**36.58**	**1.34**	**-**	**603**	**571.08**	**36.58**	**1.34**	**-**	**609**

APPENDIX 4: ACRONYMS AND ABBREVIATIONS

ABHI	Australian Better Health Initiative
ABN	Australian Business Number
A-IFRS	Australian equivalents to International Financial Reporting Standards
ATNAB	Additions to Net Asset Base
BIA	Business Impact Assessment
CALD	Culturally and Linguistically Diverse
CAV	Consumer Affairs Victoria
CBD	Central Business District
CFA	County Fire Authority
CLEDS	Commissioner for Law Enforcement Data Security
COAG	Council of Australian Governments
CPI	Consumer Price Index
CSF	Community Support Fund
DEECD	Department of Education and Early Childhood Development
DFM	Departmental Funding Model
DHS	Department of Human Services
DIIRD	Department of Innovation, Industry and Regional Development
DOE	Department of Education
DOI	Department of Infrastructure
DOJ	Department of Justice
DOT	Department of Transport
DPC	Department of Premier and Cabinet
DPCD	Department of Planning and Community Development
DPI	Department of Primary Industries
DPS	Department of Parliamentary Services
DSE	Department of Sustainability and Environment
DTF	Department of Treasury and Finance
EBA	Enterprise Bargaining Agreement
EFT	Equivalent Full-Time
ERC	Expenditure Review Committee
ESC	Essential Services Commission
ESD	Environmentally Sustainable Development
ESL	English as a Second Language
FRD	Financial Reporting Direction

FTE	Full Time Equivalent
GCRG	Government Communications Review Group
HACC	Health and Climate Change
HRMS	Human Resources Management System
ICT	Information and Communication Technology
IT	Information Technology
LOTE	Language Other Than English
MCCA	Ministerial Council on Consumer Affairs
MFESB	Metropolitan Fire and Emergency Services Board
MoG	Machinery of Government
NCC	National Competition Council
NCP	National Competition Policy
NPP	National Partnership Payments
NRA	National Reform Agenda
NTS	New Ticketing System
OECD	Organisation for Economic Cooperation and Development
OHS	Occupational Health and Safety
OPI	Office of Police Integrity
OTTE	Office of Training and Tertiary Education
REV	Register of Encumbered Vehicles
RIS	Regulatory Impact Statement
RPL	Recognition of Prior Learning
RSPCA	Royal Society for the Prevention of Cruelty to Animals
RTO	Registered Training Organisation
SEITA	Southern and Eastern Integrated Transport Authority
SPP	Specific Purpose Payments
SRO	State Revenue Office
TAFE	Technical and Further Education
TEI	Total Estimated Investment
VCAT	Victorian Civil and Administrative Tribunal
VCEC	Victorian Competition and Efficiency Commission
VECCI	Victorian Employers Chamber of Commerce and Industry
VET	Vocational Education and Training
VicSES	Victoria State Emergency Service
VMIA	Victorian Managed Insurance Authority
VPS	Victorian Public Service
VSP	Victorian Schools Plan

YES	Youth Employment Scheme