PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

80th REPORT TO THE PARLIAMENT

REPORT ON THE 2008-09 BUDGET ESTIMATES – PART TWO

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Parliament of Victoria

Public Accounts and Estimates Committee

Report on the 2008-09 Budget Estimates – Part Two

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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

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DUTIES OF THE COMMITTEE

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

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

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

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

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

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

CHAIR'S FOREWORD

This report of the Public Accounts and Estimates Committee is presented to Parliament on the second component of the Committee's round of 2008-09 Budget Estimates hearings. It is my belief that the successful culmination of the budget hearings process and associated reports produced by the Committee serve to enhance Parliament's deliberations over, and understanding of, the content of the state budget. Importantly, the comprehensive estimates hearing process that has facilitated Parliament's oversight of the budget, complements the government's commitment to greater transparency and accountability in the budget papers.

Part Two of the Committee's *Report on the 2008-09 Budget Estimates*, which continues the new style of presentation introduced for last year's estimates, covers the final 25 budget estimates hearings held between 21 May 2008 and 3 June May 2008.

In addition to transcripts of proceedings for each of the hearings, this report provides an index, on a portfolio basis, of the key matters raised at the hearings in the form of the Committee's questions and responses from ministers (241 in total) and summarises the documents presented by Ministers at those hearings. The report also discloses a list of further information to be provided by Ministers and questions taken on notice for each portfolio.

To place in context the scale of the budget estimates hearings process, it is important to acknowledge that, apart from the many hours of preparatory work undertaken by Ministers and departmental staff, the entire hearings process involved:

- 50 hours of proceedings that extended over 10 days;
- in excess of 507 questions researched and raised by Committee members;
- the hearing of evidence from 174 witnesses;
- 603 pages of transcripts; and
- 102 questions on notice and further information requested.

Modelled on the Senate estimates process, the main purpose of the Committee providing early estimates reports to Parliament is to assist in the consideration of the 2008-09 appropriation bills before Parliament. The aim of the Committee is to enhance the timeliness and quality of information available to members on the budget and, in turn, to enrich the Parliament's debate on the bills.

A third and final report derived from the Committee's analysis of the 2008-09 Budget Estimates and related issues, which will include key findings and recommendations, will be presented to Parliament in the first half of 2008-09.

I wish to thank Ministers 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

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.

Following the tabling of the *Report on the 2008-09 Budget Estimates – Part One*, part two of the report includes an index of key matters raised and responded to by ministers for the remaining 25 hearings held between 21 May 2008 and 3 June 2008 and a list of further information to be provided and questions on notice for each portfolio. 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 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; and
- staffing matters.

Responses received from departments were reproduced in Appendix 3 of the *Report on the 2008-09 Budget Estimates – Part One.*

1.2.2 Acknowledgment

The Committee is grateful to the ministers and their accompanying staff for their assistance at the budget estimates hearings held between 21 May 2008 and 3 June 2008.

Ministers also during the hearings or at the end of each session agreed to provide further information or took questions on notice.

1.2.3 General

The cost of this inquiry was approximately $16,200.

CHAPTER 2: PARLIAMENTARY DEPARTMENTS

2.1 Key matters raised at the budget estimates hearing

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

CHAPTER 3: DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT

Review of portfolios

3.1 Education portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

3.2 Children and Early Childhood Development portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

CHAPTER 4: DEPARTMENT OF HUMAN SERVICES

Review of portfolios

4.1 Community Services portfolio

4.1.1 Introduction

The Committee received evidence from Ms Lisa Neville MP, Minister for Community Services, on 22 May 2008. The Minister provided an overview of the Community Services portfolio at the start of the hearing assisted by Fran Thorn, Secretary of the Department of Human Services; Alan Hall, Executive Director, Financial and Corporate Services; Arthur Rogers, Executive Director, Disability Services; and Paul McDonald, Executive Director, Children, Youth and Families. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.1.2 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 4.1.5) 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 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

4.1.3 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):

- outline of the revenue foregone, specific subsidies and concessions in the portfolio and any changes to these from prior years (p.4);
- disability services funding, including funding pending a new Commonwealth State Territory Disability Agreement (pp.4–7);
- supported accommodation (pp.7–9);
- *My Future My Choice* program – younger people living in residential aged care (p.9 and p.15);
- leaving care support for young people (pp.10–11);
- community awareness campaign on disability issues (pp.11–12);
- concessions payable for water (pp.12–13);
- water charges for North East Water and Goulburn Valley Water (p.13);
- increase in the water concession cap (p.13);
- recipients of maximum concession for utilities (p.13);
- aids and equipment for people with disabilities (pp.13–15);

- strategic replacement and realignment program (pp.15–16); and
- the Child FIRST program (pp.16–17).

4.1.4 Questions taken on notice at the budget estimates hearing

A number of questions on notice were taken by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

4.1.5 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.

4.2 Health portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

4.3 Housing portfolio

4.3.1 Introduction

The Committee received evidence from Mr Richard Wynne MP, Minister for Housing, on 21 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Ms Fran Thorn, Secretary; Ms Margaret Crawford, Executive Director, Housing and Community Building; Mr Rob Jenkins, Acting Director, Policy, Strategy and Communications; and Mr Alan Hall, Executive Director, Financial and Corporate Services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.3.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 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 4.3.5) 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 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

4.3.3 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):

- outline of the revenue foregone, specific subsidies and concessions in the portfolio and any changes to these from prior years (p.4);
- spending on housing assistance from sources not included in Budget Paper No.3 (p.4);
- financial statement for the Office of Housing (pp.4–5);
- definition of 'homelessness' (p.5);
- Supported Accommodation Assistance Program (SAAP) and unmet accommodation needs (pp.5–6);
- housing capital program for 2008-09 including major upgrades (pp.7–8 and p.13);
- management of waiting list and public housing stock (pp.8–9);
- matching applicants and available housing stock (pp.9–10);
- neighbourhood renewal program (pp.10–11);
- waiting time for early housing applicants (pp.11–12);
- energy efficiency measures (p.12);
- borrowings of the Office of Housing (pp.12–13); and
- transfers of stock from public housing to housing associations (pp.14–15).

4.3.4 Questions taken on notice at the budget estimates hearing

A number of questions on notice were taken by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

4.3.5 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.

4.4 Mental Health portfolio

4.4.1 Introduction

The Committee received evidence from Ms Lisa Neville MP, Minister for Mental Health, on 22 May 2008. The Minister provided an overview of the Mental Health portfolio at the start of the hearing assisted by Fran Thorn, Secretary of the Department of Human Services; Alan Hall, Executive Director, Financial and Corporate Services; and Ms Callister, Executive Director, Mental Health and Drugs Division of the department. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.4.2 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 4.4.5) 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 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

4.4.3 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):

Victoria's Alcohol Action Plan 2008-13

- proposals to reduce harm associated with the misuse of alcohol (pp.5–6);
- drug and alcohol treatment beds (p.6);
- funding arrangements (pp.7–8); and
- funding and output and deliverables (pp.7–8).

Other issues

- development of a new Victorian mental health reform strategy (pp.3–4);
- impact of the drought on the mental health and wellbeing of communities (pp.4–5);
- services for children and young people (pp.8–9);
- public drunkenness (p.9); and
- pre-emptive strike on ice (p.9).

4.4.4 Questions taken on notice at the budget estimates hearing

A number of questions on notice were taken by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

4.4.5 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 5: DEPARTMENT OF INFRASTRUCTURE

Review of portfolios

5.1 Major Projects portfolio

5.1.1 Introduction

The Committee received evidence from the Hon. Theo Theophanous MLC, Minister for Major Projects, on 30 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Howard Ronaldson, Secretary, Mr Alf Smith, Deputy Secretary, Mr Robert Oliphant, Chief Financial Officer, Department of Transport, and Sean Sweeney, Executive Director, Major Projects Victoria. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

5.1.2 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 5.1.5) 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 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

5.1.3 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):

- machinery of government changes and budget impacts (pp.3–4);
- outline of projects that MPV is responsible for (pp.4–5, and pp.9–10);
- Hepburn Springs bathhouse development (pp.5–6);
- Melbourne Convention Centre – funding provided for the lease payments into the forward estimates, and recognition of the liability in relation to the lease payments (pp.6–7, and pp.10–11);
- development of the Geelong cultural precinct (p.7);
- bioresearch centre project (pp.7–8);
- funding for the rectangular sports stadium (pp.8–9); and
- state athletics centre and MCG redevelopments (pp.9–10).

5.1.4 Questions taken on notice at the budget estimates hearing

A number of questions on notice were taken by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

5.1.5 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.

5.2 Public Transport portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

5.3 Roads and Ports portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

CHAPTER 6: DEPARTMENT OF INNOVATION, INDUSTRY AND REGIONAL DEVELOPMENT

Review of portfolios

6.1 Industrial Relations portfolio

6.1.1 Introduction

The Committee received evidence from the Hon. Rob Hulls MP, Minister for Industrial Relations, on 3 June 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Howard Ronaldson, Secretary, and Mr Tim Lee, Deputy Secretary, Department of Innovation, Industry and Regional Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.1.2 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 6.1.5) 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 2 July 2008. These answers will be considered by the Committee for inclusion in a further report.

6.1.3 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):

- review of the operations of the Office of the Workplace Rights Advocate (pp.2–3);
- outcomes from the Workplace Relations Ministers' Councils (pp.3–4);
- commitment to promoting cooperative workplace practices (pp.4–6);
- initiatives to promote work and family balance (pp.6–7);
- Equal Opportunity Act (p.7)
- Workplace rights advocate's information sessions (pp.7–8);
- support for Outworkers (pp.8–9);
- competitiveness of the Victorian Building industry (pp.9–10)

6.1.4 Questions taken on notice at the budget estimates hearing

A question on notice was taken by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

6.1.5 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.

6.2 Industry and Trade portfolio

6.2.1 Introduction

The Committee received evidence from the Hon. Theo Theophanous MLC, Minister for Industry and Trade, on 30 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Howard Ronaldson, Secretary, Department of Innovation, Industry and Regional Development, and Mr Ben Foskett, Deputy Secretary. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 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 6.2.5) are available on the Committee's website.

6.2.3 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):

- Victoria's manufacturing sector (p.3);
- Victoria's financial services industries (pp.3–4);
- investment facilitation incentives (pp.4–5);
- challenges facing Victoria's industries (pp.5–6);
- Victoria's automotive industry (pp.6–7);
- the investment support program (p.7);
- aviation services (pp.7–8);
- joint marketing with Qantas (p.8);

- export policies and programs (p.8); and
- expected and actual outcomes under the department's Exports output (pp.8–9).

6.2.4 Questions taken on notice at the budget estimates hearing

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

6.2.5 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.

6.3 Information and Communication Technology portfolio

6.3.1 Introduction

The Committee received evidence from the Hon. Theo Theophanous MLC, Minister for Information and Communication Technology, on 30 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by Mr Howard Ronaldson, Secretary, and Mr Randall Straw, Deputy Secretary, Department of Innovation, Industry and Regional Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.3.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 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 6.3.5) 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 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

6.3.3 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):

- Satyam project (p.2);
- *ICT: Start Here. Go Anywhere* project (pp.2–3);
- savings achieved to date on ICT project initiatives, and project initiatives to be implemented over the forward estimates (pp.3–4);
- timeframes for standardisation of the desktop environment (p.4);
- advocating strong competitive outcomes for broadband (p.4);
- ICT investment in Geelong (p.5); and
- Recurrent budget for Project Rosetta over the forward estimates (pp.5–6).

6.3.4 Questions taken on notice at the budget estimates hearing

A question was taken on notice by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

6.3.5 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.

6.4 Innovation portfolio

6.4.1 Introduction

The Committee received evidence from Mr Gavin Jennings MLC, Minister for Innovation, on 23 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Howard Ronaldson, Secretary, Department of Innovation, Industry and Regional Development, and Mr Randall Straw, Deputy Secretary. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.4.2 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 6.4.5) are available on the Committee's website.

6.4.3 Key matters raised at the budget estimates hearing

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

- science, technology and innovation initiatives and planned new innovation strategy (p.3);
- funding arrangements for the Australian Synchrotron (pp.3–4);
- importance of output targets for Victoria's design sector (p.4);
- discontinued output measures arising from the lapsed science, technology and innovation program (p.5); and
- future directions with biotechnology and the Healthy Futures program (pp.5–6).

6.4.4 Questions taken on notice at the budget estimates hearing

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

6.4.5 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.

6.5 Regional and Rural Development portfolio

6.5.1 Introduction

The Committee received evidence from Ms Jacinta Allan MP, Minister for Regional and Rural Development, on 30 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by Mr Howard Ronaldson, Secretary, Department of Innovation, Industry and Regional Development, Mr Justin Hanney, Chief Executive, Regional Development Victoria, and Ms Lea Corbett, Executive Director. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 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 6.5.5) 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 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

6.5.3 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):

- the Regional Infrastructure Development Fund (pp.3–8);
- output structure of the Department of Innovation, Industry and Regional Development (p.6);
- the Moving Forward statement (pp.8–9);
- the Provincial Victoria Growth Fund (pp.9–10);
- support for growth in Victoria's food industry (pp.10–11);
- quantity performance measures under the Regional Economic Development, Investment and Promotion output (pp.12–13);
- new exports facilitated in regional Victoria (pp.13–14); and
- drought assistance measures (pp.14–16).

6.5.4 Questions taken on notice at the budget estimates hearing

A number of questions on notice were taken by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

6.5.5 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.

6.6 Skills and Workforce Participation portfolio

6.6.1 Introduction

The Committee received evidence from Ms Jacinta Allan MP, Minister for Skills and Workforce Participation, on 30 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by Mr Howard Ronaldson, Secretary, Ms Patricia Neden, Deputy Secretary, Mr Phillip Clark, Executive Director, Skills Policy and Mr Stephen Ward, Director, Workforce Participation. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.6.2 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 6.6.5) are available on the Committee's website.

6.6.3 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):

- reform process for the TAFE and VET sector, including possible fee changes (p.3, and pp.8–9);
- regional call centres (p.4–5);
- closure of the Excelior call centre (pp.4–5);
- future of campuses at Glenormiston, Longerenong and Warragul (pp.5–6);
- variation in budget for the skills and workforce sector due to machinery of government changes (p.6);
- progress on the *Maintaining the Advantage* skills statement (pp.6–7);
- support for apprentices in Victoria (p.7); and
- outline of the Workforce Participation Partnerships program and the Indigenous Youth Employment program (pp.7–8).

6.6.4 Questions taken on notice at the budget estimates hearing

No questions were taken on notice by the Minister for Skills and Workforce Participation at the estimates hearing

6.6.5 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.

6.7 Small Business portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

6.8 Tourism and Major Events portfolio

6.8.1 Introduction

The Committee received evidence from the Hon. Tim Holding MP, Minister for Tourism and Major Events, on 30 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Don Richter, Acting Chief Executive, Tourism Victoria. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

6.8.2 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 6.8.5) 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 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

6.8.3 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):

- Melbourne Convention Centre timelines and budget (p.2);
- key performance indicators for domestic visitor numbers (p.3);
- improvements in aviation access into Victoria (p.4);
- plans to expand the exhibition centre (p.5);
- impact on growing tourism in Victoria of planned investment projects (p.5);

- signage rights for the 2008 Australian Open and Grand Prix (p.6);
- major events strategy and how it enhances investment and tourism (pp.6–7); and
- query as to whether the Australian Formula One Grand Prix will be staged at night (p.7).

6.8.4 Questions taken on notice at the budget estimates hearing

No questions were taken on notice by the Minister for Tourism and Major Events at the estimates hearing

6.8.5 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.

CHAPTER 7: DEPARTMENT OF JUSTICE

Review of portfolios

7.1 Attorney-General's portfolio

7.1.1 Introduction

The Committee received evidence from the Hon. Rob Hulls MP, Attorney-General, on 3 June 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Dr Roslyn Kelleher, Acting Secretary, Department of Justice, Mr John Griffins, Executive Director, Courts Division and Ms Paula Adams, Manager, Portfolio Coordination. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.1.2 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 7.1.5) 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 2 July 2008. These answers will be considered by the Committee for inclusion in a further report.

7.1.3 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, concessions and subsidies (p.3);
- court waiting lists (pp.3–5);
- alternative dispute resolution funding initiatives (pp.5–6);
- legal precinct master plan (pp.6–7);
- planned Koori County Court (pp.7–8);
- Parole Boards and the human rights charter (p.8);
- increased funding to the Victorian Institute of Forensic Medicine (pp.8–9);
- status of legislative actions under Legal Policy, Advice and Law Reform output (pp.9–10); and
- safety, security and risk management in the Magistrates' Courts (pp.10–11).

7.1.4 Questions taken on notice at the budget estimates hearing

A number of questions on notice were taken by the Minister at the 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 2 July 2008 and will be considered for publication in a further report.

7.1.5 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.

7.2 Consumer Affairs portfolio

7.2.1 Introduction

The Committee received evidence from Mr Tony Robinson MP, Minister for Consumer Affairs, on 21 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Dr Roslyn Kelleher, Acting Secretary, Department of Justice; and Dr David Cousins, Executive Director, Consumer Affairs Victoria. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 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 7.2.5) 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 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

7.2.3 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):

- review of alcohol licensing fees (p.3);
- initiatives to protect property buyers through education and regulation (pp.3–4);
- inspections, compliance monitoring and enforcement activities (pp.4–5);
- protection of consumers of credit services (pp.6–7);
- funding for enforcement and compliance activities, and outputs for licensing transactions and enforcement and monitoring activities (pp.7–8);
- liquor licensing inspectors (pp.7–8);

- protection of tenants (pp.8–9);
- retirement villages (pp.9–10); and
- liquor licensing fees (p.10).

7.2.4 Questions taken on notice at the budget estimates hearing

A question was taken on notice by the Minister 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 30 June 2008 and will be considered for publication in a further report.

7.2.5 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.

7.3 Corrections portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

7.4 Gaming portfolio

7.4.1 Introduction

The Committee received evidence from Mr Tony Robinson MP, Minister for Gaming, on 21 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Dr Roslyn Kelleher, Acting Secretary of the Department of Justice, Ross Kennedy, Executive Director, Gaming and Racing, Alan Clayton, Project Director, Gambling Licences Review, and Jennifer Shinn, Executive Assistant to the Executive Director, Gaming and Racing. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.4.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 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 7.4.5) 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 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

7.4.3 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 for the Problem Gambling Communication campaign and other campaigns (pp.4–5, p.9 and p.13);
- post-2012 gaming industry structure (p.6);
- Merkel review panel (pp.7–8);
- Intralot and expected revenue (pp.8–10);
- cooperation with the commonwealth and other states on gaming (pp.11–12);
- ATMs at gaming venues (p.12); and
- caps on gaming machines (p.12).

7.4.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Minister 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 30 June 2008 and will be considered for publication in a further report.

7.4.5 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.

7.5 Police and Emergency Services portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

7.6 Racing portfolio

7.6.1 Introduction

The Committee received evidence from the Hon. Rob Hulls MP, Minister for Racing, on 3 June 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Ross Kennedy, Executive Director, Office of Gaming and Racing and Mr Ged Prescott, Manager, Office of Racing. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.6.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 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 7.6.5) are available on the Committee's website.

7.6.3 Key matters raised at the budget estimates hearing

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

- governance in the racing industry (pp.2–3);
- future financial arrangements for the racing industry (p.3);
- integrity services in the racing industry (pp.3–4);
- greyhound adoption program (pp.4–5); and
- taxation revenue from racing over the forward estimates period (p.5).

7.6.4 Questions taken on notice at the budget estimates hearing

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

7.6.5 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 8: DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

Review of portfolios

8.1 Aboriginal Affairs portfolio

8.1.1 Introduction

The Committee received evidence from Mr Richard Wynne MP, Minister for Aboriginal Affairs, on 21 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Yehudi Blacher, Secretary of the Department of Planning and Community Development; Ms Angela Jurjevic, Executive Director, Aboriginal Affairs Victoria; Mr Stephen Gregory, Chief Financial Officer; and Mr Morrison, Acting Director, Governance and Legislation and Local Government Programs, all from the department.

8.1.2 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 8.1.5) are available on the Committee's website.

8.1.3 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):

- outputs and outcomes in Budget Paper No.3 compared with the strategic whole of government areas for action (pp.3 and 6);
- whole of government Aboriginal programs (p.6);
- the stolen generation (p.3);
- indigenous staff (pp.3–4);
- Aboriginal youth employment (pp.5–6);
- representational arrangements for Aboriginal people in Victoria (pp.4–5); and
- indigenous rehabilitation centres – healing services (p.4).

8.1.4 Questions taken on notice at the budget estimates hearing

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

8.1.5 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.

8.2 Community Development portfolio

8.2.1 Introduction

The Committee received evidence from the Hon. Peter Batchelor MP, Minister for Community Development, on 22 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Ms Gillian Miles, Deputy Secretary, Department of Planning and Community Development; Mr Damian Ferrie, Executive Director, Community Programs; and Mr Steven Gregory, Chief Financial Officer from the department. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 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 8.2.5) are available on the Committee's website.

8.2.3 Key matters raised at the budget estimates hearing

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

- the gaming industry post-2012 and the Community Support Fund (p.3);
- no-interest loan scheme (pp.3–4);
- impact of the Commonwealth social inclusion agenda (pp.4–5);
- Community Support Fund – project funding and management costs (pp.5–6);
- Office for the Community Sector (pp.6–7);
- Transport Connections program (pp.7–8);
- Community Foundations (pp.8–9);
- funding source for the Community Support Fund (pp.9–10);
- emerging community enterprises (pp.10–11);
- e-grant portal (pp.11–12);
- support for volunteering (p.11); and
- Community Support Fund, and compliance with the Gambling Regulation Act (pp.11–12).

8.2.4 Questions taken on notice at the budget estimates hearing

No questions were taken on notice by the Minister for Community Development at the estimates hearing

8.2.5 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.

8.3 Local Government portfolio

8.3.1 Introduction

The Committee received evidence from Mr Richard Wynne MP, Minister for Local Government, on 21 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Yehudi Blacher, Secretary of the Department of Planning and Community Development, Ms Angela Jurjevic, Executive Director, Aboriginal Affairs Victoria; Mr Stephen Gregory, Chief Financial Officer; and Mr Morrison, Acting Director, Governance, Legislation and Local Government programs. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.3.2 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 8.3.5) are available on the Committee's website.

8.3.3 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):

- Councils' Reforming Business program (p.8);
- local government and proposed planning decision making changes (pp.8–9);
- local councillor conduct (p.10);
- Winky Pop Pty Ltd & Or Australia Pty Ltd v Hobsons Bay City Council and possible impact (pp.10–11);
- neighbourhood houses (p.11); and
- sustainability of local councils (pp.11–12).

8.3.4 Questions taken on notice at the budget estimates hearing

No questions were taken on notice by the Minister for Local Government at the estimates hearing.

8.3.5 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.

8.4 Planning portfolio

8.4.1 Introduction

The Committee received evidence from the Hon. Justin Madden MLC, Minister for Planning, on 23 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary of the Department of Planning and Community Development; Genevieve Overell, Executive Director, Planning, Heritage and Urban Design; Prue Digby, Acting Deputy Secretary, Planning and Local Government; Stephen Gregory, Chief Financial Officer; and Monica Ferrie, Director, Corporate Strategy from the department. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.4.2 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 8.4.5) 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 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

8.4.3 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):

Melbourne 2030

- audit of Melbourne 2030 and government response (pp.4–5); and
- infrastructure plan for Melbourne 2030 and the growth boundary areas (pp.7–8).

Transit Cities

- Transit Cities projects (pp.5–6);
- Ringwood precinct plan (pp.6 and 21–22);
- Revitalising Central Dandenong project (pp.19–20);

- private investment in regional centre projects (pp.20–21);
- Broadmeadows Transit City project (pp.22–23); and
- Footscray Transit City project (pp.25–26).

Other issues

- green wedge policy (pp.6–9);
- overlay area DPO 7 between Narrawong and Portland (pp.9–11);
- Melbourne's growth areas and managing population increases (pp.11–12);
- assessing the Sugarloaf pipeline project (pp.12–14);
- strategic land use plan for Regional Victoria (pp.14–16);
- precinct structure plans (pp.16–17);
- development assessment committees (pp.17–18);
- housing affordability initiatives (pp.18–19);
- Rossdell Court, Portland (pp.23–25); and
- possible support for Councils' new planning zones (pp.26–27).

8.4.4 Questions taken on notice at the budget estimates hearing

A number of questions on notice were taken by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

8.4.5 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.

8.5 Multicultural Affairs portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

8.6 Senior Victorians portfolio

8.6.1 Introduction

The Committee received evidence from Ms Lisa Neville MP, Minister for Senior Victorians, on 22 May 2008. The Minister provided an overview of the Senior Victorians portfolio at the start of the hearing, assisted by Ms Fran Thorn, Secretary, Department of Human Services, Mr Alan Hall, Executive Director, Financial and Corporate Services, Dr Chris Brook, Executive Director, Rural and

Regional Health and Aged Care Services, and Mr Yehudi Blacher, Secretary, Department of Planning and Community Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.6.2 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 8.6.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 8.6.4) should be submitted to the Committee by 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

8.6.3 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):

- assistance to older Victorians with chronic wounds (p.3);
- concessions for senior Victorians (pp.4–5);
- Men's Shed program (pp.5–6); and
- re-development of category 2 public sector residential aged care facilities (p.6).

8.6.4 Questions taken on notice at the budget estimates hearing

A number of questions on notice were taken by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

8.6.5 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.

8.7 Sport, Recreation and Youth Affairs portfolio

8.7.1 Introduction

The Committee received evidence from Mr James Merlino MP, Minister for Sport, Recreation and Youth Affairs, on 23 May 2008. The Minister provided an overview of the Sport and Recreation portfolio at the start of the hearing, assisted by Yehudi Blacher, Secretary, Department of Planning and Community Development; Peter Hertan, Executive Director, Sport and Recreation Victoria;

Stephen Gregory, Chief Financial Officer; and James Montgomery, Director, Office for Youth. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.7.2 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 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 8.7.5) are available on the Committee's website.

8.7.3 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):

- development of the state athletics centre at Albert Park and the refurbishment of Olympic Park (pp.5–6);
- number of major projects in Victoria (p.7);
- grants made for Community Sporting Facilities (pp.7–8);
- scholarships at the Victorian Institute of Sport (p.9);
- funding for VFL grounds (pp.9–10);
- state level facilities in train, and completion timeframes (pp.10–11);
- positive body image strategy including Voluntary Code (pp.11–12 and pp.18–19);
- funding for country football-netball clubs (pp.12–14);
- women's participation in sport and recreation (pp.14–15);
- youth input to program agenda and policy development (pp.16–17);
- 'Advance youth development' program (pp.16–17); and
- FReeZA program (pp.17–18).

8.7.4 Questions taken on notice at the budget estimates hearing

No questions were taken on notice by the Minister for Sport, Recreation and Youth Affairs at the estimates hearing.

8.7.5 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 document at the hearing:

- Country Football and Netball Half-Time Report

The slides are available on the Committee's website.

8.8 Veterans' Affairs portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

8.9 Women's Affairs portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

CHAPTER 9: DEPARTMENT OF PREMIER AND CABINET

Review of portfolios

9.1 Arts portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

9.2 Premier's portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

CHAPTER 10: DEPARTMENT OF PRIMARY INDUSTRIES

Review of portfolios

10.1 Agriculture portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

10.2 Energy and Resources portfolio

10.2.1 Introduction

The Committee received evidence from the Hon. Peter Batchelor MP, Minister for Energy and Resources, on 22 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Richard Bolt, Secretary, Department of Primary Industries, Ms Marianne Lourey, Executive Director, Energy and Earth Resources and Mr Chris O'Farrell, Chief Financial Officer. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.2.2 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 10.2.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 10.2.4) should be submitted to the Committee by 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

10.2.3 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):

- planned rollout of smart meters by distribution companies (pp.5–6);
- review by the Australian Energy Market Commission of the effectiveness of competition in Victoria's electricity and gas markets (p.7);
- CCS technology, baseload generating capacity, demonstration projects and national emissions trading scheme (pp.4–5 and 7–8);
- establishment of Clean Coal Victoria (pp.8–9);
- solar power feed-in tariff (pp.9–10);
- energy technology innovation strategy (p.10);

- HRL project (pp.10–12);
- Otways Basin project (p.12);
- security of energy supply in one-off emergency situations (pp.12–13);
- impact of population growth on future demand for electricity (p.13); and
- Victorian Renewable Energy Target Scheme and renewable energy investment and emission reductions in Victoria (p.14).

10.2.4 Questions taken on notice at the budget estimates hearing

A question on notice was taken by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

10.2.5 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 11: DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT

Review of portfolios

11.1 Environment and Climate Change portfolio

11.1.1 Introduction

The Committee received evidence from Mr Gavin Jennings MLC, Minister for Environment and Climate Change, on 23 May 2008. The Minister provided an overview of the Environment and Climate Change portfolio at the start of the hearing, assisted by Mr Peter Harris, Secretary, Department of Sustainability and Environment, and Mr Des Hill, Chief Finance Officer. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

11.1.2 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 11.1.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 11.1.4) should be submitted to the Committee by 30 June 2008. These answers will be considered by the Committee for inclusion in a further report.

11.1.3 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 such as concessions and subsidies managed within the portfolio (p.4);
- targeted reduction of greenhouse gas emissions (pp.4–5);
- Natural Resources Investment Program (pp.5–6);
- whole of government reporting on environmental outcomes (pp.7–8);
- funding for bays and maritime initiatives (p.8);
- environmental impacts associated with north-south pipeline under the Food Bowl Modernisation project (pp.8–9);
- funding to assist low-income households to reduce their energy bills and greenhouse gas emissions (pp.9–10);
- native vegetation tracking strategies (p.10);
- bridge replacement in parks and forests (pp.10–11);
- integration of biodiversity issues with planning developments (p.11);
- extension of the black balloons campaign (pp.11–12); and

- commonwealth and state decisions relating to emissions reduction targets (pp.12–13).

11.1.4 Questions taken on notice at the budget estimates hearing

A number of questions on notice were taken by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

11.1.5 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.

11.2 Water portfolio

11.2.1 Introduction

The Committee received evidence from the Hon. Tim Holding MP, Minister for Water, on 3 June 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Peter Harris, Secretary, Department of Sustainability and Environment, and Mr Des Hill, Chief Finance Officer. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

11.2.2 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 11.2.5) 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 2 July 2008. These answers will be considered by the Committee for inclusion in a further report.

11.2.3 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):

- reconnection of Tarago Reservoir (p.3);
- Food Bowl Modernisation project and North-South pipeline (pp.3–11);
- Goldfields Superpipe project (p.5);
- water savings under Top 1500 industry program (pp.7–8);
- viability of construction of a pipeline from Tasmania to Victoria (pp.9–10);
- dams as an alternative water augmentation strategy (pp.11–12);

- environmental contribution levy (p.15);
- Small Towns Water Quality Fund and Victoria's overall performance in water management compared with other Australian jurisdictions (pp.15–16);
- Geelong-Melbourne pipeline (p.17);
- Victorian Water Trust (pp.17–18); and
- Sustainable Water Management and Supply output (pp.18–19).

11.2.4 Questions taken on notice at the budget estimates hearing

A number of questions on notice were taken by the Minister at the 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 2 July 2008 and will be considered for publication in a further report.

11.2.5 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 12: DEPARTMENT OF TREASURY AND FINANCE

Review of portfolios

12.1 Finance, WorkCover and Transport Accident Commission portfolio

12.1.1 Introduction

The Committee received evidence from the Hon. Tim Holding MP, Minister for Finance, WorkCover and Transport Accident Commission, on 3 June 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Grant Hehir, Secretary, Department of Treasury and Finance, Mr Paul O'Connor, Chief Executive Officer, Transport Accident Commission and Mr Greg Tweedly, Chief Executive, Worksafe Victoria. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

12.1.2 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 12.1.5) 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 2 July 2008. These answers will be considered by the Committee for inclusion in a further report.

12.1.3 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, concessions and subsidies (p.4);
- funding by Transport Accident Commission (TAC) for road safety programs of Victoria Police (p.2);
- new output funding initiative in 2008-09 for Efficient Technology and Administrative Services (pp.5–6);
- savings targeted under Efficient Government policy (pp.6–8);
- reporting framework following harmonisation of government financial statistics (GFS) and generally accepted accounting principles (GAAP) (pp.8–9);
- accounting policy for dividends paid by TAC (pp.9–10);
- planned review of Financial Management Act (p.10);
- performance of the WorkCover scheme (pp.11–12);
- movement in superannuation liabilities (pp.12–13);

- planned improvements in workplace health and safety (pp.13–14);
- Project Rosetta (pp.14–15);
- compensation scheme for sufferers of asbestosis (pp.15–16);
- WorkHealth scheme (p.16); and
- use of the Old Treasury Building (p.16).

12.1.4 Questions taken on notice at the budget estimates hearing

A number of questions on notice were taken by the Minister at the 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 30 June 2008 and will be considered for publication in a further report.

12.1.5 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.

12.2 Treasury portfolio

The report of the hearing on this portfolio was included in the *Report on the 2008-09 Budget Estimates – Part One.*

This report was adopted by the Public Accounts and Estimates Committee at its meeting held on 10 June 2008 in Meeting Room G7 at 55 St Andrews Place, Melbourne.

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 portfolio

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

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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

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7.3 Corrections portfolio

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Chapter 8: Department of Planning and Community Development

8.1 Aboriginal Affairs portfolio

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8.6 Senior Victorians portfolio

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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

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

CHAPTER 3: DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT

Transcript of evidence

3.1 Education portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

3.2 Children and Early Childhood Development portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

CHAPTER 4: DEPARTMENT OF HUMAN SERVICES

Transcript of evidence

4.1 Community Services portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 22 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. Neville, Minister for Community Services,

Ms F. Thorn, Secretary,

Mr A. Hall, Executive Director, Financial and Corporate Services,

Mr A Rogers, Executive Director, Disability Services,

Mr P. McDonald, Executive Director, Children, Youth and Families,

Ms P. White, Executive Director, Operations, and

Ms B. Whitmore-Seidel, Director, Program and Sector Support, Children, Youth and Families, Department of Human Services.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of community services, mental health and senior Victorians. On behalf of the committee I welcome Lisa Neville, Minister for Community Services; Fran Thorn, Secretary of the Department of Human Services; Alan Hall, executive director, financial and corporate services; Arthur Rogers, executive director, disability services; and Paul McDonald, executive director, children, youth and families. There may be some others whom we will call up from the ranks as needed. Departmental officers are also here. Members of the public and the media are welcome. In accordance with the guidelines for public hearings I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or her chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in 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 any presentations or documents 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 Assembly. I ask that all mobile telephones be turned off. I invite the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of community services.

Overheads shown.

Ms NEVILLE — Thank you very much, Chair. I was just going to take the committee through some of the key areas within the community services portfolio, looking at what has been achieved, the challenges, and the way in which this budget attempts to address that. Given the time constraints I will not be able to cover all of community services, but I will focus particularly on disability and the children, youth and families area.

What underpins our work in disability is of course the disability state plan. The plan is a shared vision and a commitment between government and people with a disability and the sector. It has a whole-of-government approach that puts the needs of individuals at the heart of policy and practice. This has been reflected in the priority of our investments since 2002 when the plan was first launched. This slide gives a sense of some of the achievements that we have been able to realise over that period of time, particularly noting that we now see a 105 per cent budget increase in disability since 1999–2000. But some of the other key achievements have been the closing the Kew Residential Services, the new Disability Act 2006, the establishment of the Disability Housing Trust, the commencement of My Future My Choice, which is the program to support young people in residential aged care to find better accommodation and the establishment of the Victorian Disability Advisory Council. But of course there are many challenges. We know, for example, that we have demand growing at about 4 per cent per annum. We know that employment opportunities for people with a disability are minimal despite the fact that many can and want to work. We also know we need to work closely with carers as they age and plan for the future of their children. Unfortunately we still need to tackle negative perceptions in our community about the ability of people with a disability. We must also continue to ensure our focus is on individualised support and make sure our services are based on people's needs rather than the needs of the services.

To try to meet and tackle some of these challenges, this budget represents the biggest ever investment in Victoria's history for disability services. It sees an increase of $105.3 million over last year's budget, and, as I said, represents a 105 per cent increase in disability service funding since 1999–2000. The budget provides $44.4 million, or $233.4 million over five years, for new initiatives to continue the reform and enhancement of disability services. The investment is in addition to $19.9 million for 08–09 provided in last year's budget, and it will see an extra 3700 people receiving services. It does not include the announcements by the commonwealth of additional funding. Some of the specific areas of funding, areas in which this funding will be spent on, include 70.6 million over four years to increase access to individualised support packages; $50 million in new capital investment to replace support accommodation facilities; $10 million over four years to support young people to develop job skills and achieve long-term employment options; $16 million over four years to deliver respite services, including a respite

information service and a carer's reward card; additional funding to the non-government sector for attendant care services; the implementation of more individualised funding approaches; as well as $5 million for access to aids and equipment and a further $10 million for My Future My Choice on top of the COAG commitment that Victoria already has.

Moving on to children, youth and families, this has again been a major area of reform for the government. There is new legislation, a new focus on early intervention and prevention, and also record investment, seeing an extra 110 per cent in funding since 1999–2000. A key focus is on providing more support to vulnerable families earlier to help them before they hit a crisis point and require statutory intervention. The statewide rollout of family support innovation projects is now complete across all 79 LGAs, a year earlier than previously planned, and it supports the statewide expansion of Child FIRST. These teams will be operational in 16 catchments in 2008, and this again is a year ahead of schedule. These reforms have contributed and are continuing to contribute to arresting the growth in notifications that other states are experiencing, which you can see on the slide. In addition we have implemented initiatives to enhance out-of-home care services, including therapeutic foster care and the Hurstbridge Farm. However, there are emerging challenges when we work with vulnerable children and families. In out-of-home care placements, even though we have the lowest growth in Australia, the growth rate continues to rise — around 49 per cent as at June 07 — but we are significantly behind the other states.

Kinship care, which is the other graph there, is the fastest-growing form of out-of-home care, and we need to continue to support kinship carers. We also need to continue to build the capacity of our residential care workforce and the capacity of indigenous organisations to be able to deliver on the legislative reforms. This budget has a particular focus on supporting children in out-of-home care; more money for 12 pilots of a therapeutic model of residential care; more money to support kinship carers to ensure stability and quality; also more money to pay for the increased demand for caregiver reimbursements; and a focus on indigenous children particularly in residential out-of-home care.

We continue our approach to youth justice. There is also our whole-of-government family violence program and, as you can see, these are the particular initiatives that sit within my area, within community services. Also concessions continue to grow to over $1 billion. This budget provides additional concessions particularly to tackle the impact of climate change with the increase in the water concession cap of 14.8 per cent as well as some other measures to support and assist low-income families.

The CHAIR — Thank you, Minister. We have about 1 hour and 25 minutes for questions on the community services portfolio. I might take up where you left off, and you might want to inform the committee across all of your portfolios on specific subsidies or concessions and revenues forgone within your portfolio and whether there are any changes to these in this year's budget. You might even want to tell us in more detail about your concessions review.

Ms NEVILLE — Yes, I will do this across all the portfolios. I have got responsibility for a range of programs where concessions and subsidies are in place to assist members of the community. The most notable is the concessions program. A detailed listing of those concessions — I will not go through every part of that — is provided through DHS in our resource guide on concessions.

The CHAIR — You will give us a copy of that.

Ms NEVILLE — But principally the main ones administered are the mains electricity concessions, mains gas concessions, the non-mains electricity concessions, water and sewerage concessions and pensioner concessions for municipal rates and charges. In 06–07, $264.8 million was expended on the provision of these particular concessions or subsidies. For 07–08 we cannot confirm yet what those figures will be as concession payments; it is an entitlements program, not an appropriated budget. In 08–09 the government will make changes to key concessions and hardship programs to assist more vulnerable members of the community and households to afford water, energy and other essential services. Key changes are making water and sewerage services more affordable by providing $42 million over four years to make it more affordable for low-income earners; funding of $2.1 million to ensure eligible concession cardholders continue to receive free emergency ambulance services; funding of $2.5 million over four years to further assist with the electricity bills of concession cardholders who suffer from some sort of health condition that means they are unable to regulate their body temperature; and providing funding of $9.2 million over four years to provide an additional 1855 grants through the Home Wise appliance and infrastructure grant program. This was previously known as the capital grants scheme.

In the disability area the aids and equipment program provides people with permanent or long-term disabilities with subsidised aids, equipment and home and vehicle modifications to enhance their safety and independence, reduce reliance on carers and prevent premature admission to institutional care or high-cost services. Recurrent funding for the aids and equipment program in 08–09 will be $29.6 million, and the program will assist about 28 310 Victorians.

The very successful companion card scheme is currently assisting over 19 156 people to access leisure and recreational opportunities without additional admission cost. The companion card is issued to people with significant permanent disability who can demonstrate they are unable to access most community activities and venues without attendant care support. In supporting the card over 1200 key industry participants have formally affiliated to accept the companion card, and 66 of the 79 Victorian local governments have formally affiliated with the companion card.

Across the area of children, youth and families there is only one service that actually incurs a fee, and that is in relation to adoptions. There are no concessions provided for these fees. In relation to youth justice it is known that adolescents 18 years and under and young people on youth justice orders are often unable to afford dispensing fees, so the Victorian government funds a pharmacotherapy dispensing support program to assist this most disadvantaged group to access opioid substitution therapy. The program has consequently removed a major impediment to commencing and retaining young people in a program that treats their drug addiction.

In terms of senior Victorians, as detailed on page 213 of budget paper 4, the estimated cost of concessions administered within the health category is $506 million for 08–09. The senior Victorians portfolio has responsibility for approximately $6.6 million of this amount, and this is an increase of 0.2 over the allocation in 07–08. The concession program administered within the senior Victorians portfolio is the Victorian Eyecare Service, which is a fixed budget program that provides optometrist services and spectacles to eligible people who are pension and health care cardholders to ensure they have correctible or preventable visual impairment. That gives you a summary of the concessions, fees and subsidies across all my portfolio areas.

The CHAIR — Thank you, Minister. I do appreciate there is a treatment of this in the budget papers, but we are trying to be a bit more comprehensive in the way we are looking at it this year. If there are any more questions, we will probably send them to the department to provide a little bit more comprehensive information. A list is always easier to see. It gives a comprehensive picture across the whole thing. Of course in the transport area, as you just mentioned, there are significant concessions to seniors, as well as pensioners too. We will be looking to try and consolidate these when we view our report in terms of the chapter.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the new CSTDA that is coming up next year. The Prime Minister last year indicated that would be fast-tracked. That has not happened and the budget papers note that at the earliest we will have it is January of next year. Minister Macklin has indicated Victoria would get, on a fifty-fifty funding basis, approximately $90 million extra a year — $450 million over the life of the agreement. Given those funds have not come through because the PM has not delivered an early agreement, has the Victorian government contributed funding in the disability area to make up for the funding that would otherwise have come from that agreement had it been delivered as promised?

Ms NEVILLE — I am pleased to say there is a pretty positive working relationship existing between the commonwealth and the states in the significant area around disability and ensuring that the arrangements around commonwealth and state funding for disability are well coordinated and are about enhancing the services and not competing across the commonwealth and state field. We are in negotiation for the next agreement and there has been progress made in relation to that agreement. Through the commonwealth budget, for example, on 13 May they made some announcements. Those included redirecting funding of $901 million over four years from the disability assistance package to the commonwealth state/territory disability agreement. That will mean that states and territories will be responsible for delivering accommodation support and other services that were to be delivered by the commonwealth government previously under the disability action plan.

Mr RICH-PHILLIPS — But that does not constitute new money, does it? That is just reallocating — —

Ms NEVILLE — It is money that has not yet been yet allocated.

Mr RICH-PHILLIPS — No, but it is not actually new funding for disability. It is existing funding that will now be — —

Ms NEVILLE — It is on top of the current CSTDA.

Mr RICH-PHILLIPS — It will now be state responsibility rather than a commonwealth responsibility, but it is not actually new — —

Ms NEVILLE — It is all new funds. It is on top of the current CSTDA that operates at the moment, which is due to expire in June of this year. This is on top of those current arrangements and that package of money.

Mr RICH-PHILLIPS — But in terms of service delivery though, those are services that are currently being delivered by the commonwealth?

Ms NEVILLE — No. The commonwealth allocated and made an announcement that on top of the CSTDA there would be $962 million which they would administer. Of that, about $901 million has not been allocated; the rest was allocated to some agencies. The $901 million is new money that does not exist in the CSTDA, has not been allocated, and will absolutely go to building and enhancing disability services that are able to be provided in Victoria and across Australia.

Mr RICH-PHILLIPS — For the current financial year until the new agreement comes into place has the Victorian government added additional funding to make up for the delay in the new CSTDA?

Ms NEVILLE — The CSTDA was extended to June of this year. So current money is still coming in. The budget I have just been speaking about has allocated an additional $44.4 million, which equates to, in fact $105 million of new money in the 08–09 budget, which is well and truly above our commitments under the CSTDA.

Mr RICH-PHILLIPS — If the CSTDA had been fast-tracked, as the PM suggested, it would have been $90 million, is that correct — with the commonwealth component and the 45 you have talked about from the state?

Ms NEVILLE — What will become available, which we did not have before, from 1 July, is the $901 million, and we are in negotiations with the commonwealth about our share of that at the moment. There is a meeting of disability ministers next week in order to progress that. It is expected that the CSTDA will be extended until January next year, as the other agreements have been, and that there will be indexation as part of that. So you will have the $901 million, you will have the CSTDA continue with some indexation on top of that until the new agreement is finalised at the beginning of next year. In addition to that the commonwealth has also announced $100 million, which is unmatched money, to provide for supported accommodation and respite services, and that will be distributed across the states on an equity basis, and we are expecting around $24 million — it is still to be worked out in detail but around $24 million — for Victoria to assist in building further supported accommodation.

Mr RICH-PHILLIPS — Will that flow before the CSTDA?

Ms NEVILLE — The CSTDA is still flowing.

Mr RICH-PHILLIPS — The new CSTDA?

Ms NEVILLE — The $901 million will flow from 1 July and the $100 million, as I understand, will come forward before 30 June, because it was 07–08 money.

Ms MUNT — I would like to talk about disability funding as well. Budget paper 3, page 291, talks about enhancing disability services and outcomes. Also in your presentation there is a page on disability funding. It seems to me that there is a very big increase in disability funding, including a whole lot of new funding. I was wondering if you could detail what that funding will be used for. Also, on this page it gives the increases in funding but it does not give the total funding for disability services. I wonder if you could detail that as well?

Ms NEVILLE — Thank you for that. It is a very significant budget for disability. In fact, as I indicated in my presentation, it is the biggest ever increase in funding in disability in Victoria's history. So it is a significant increase, which takes the total funding for disability services to $1,175 million. It is a significant increase.

The CHAIR — That is just under your portfolio, isn't it?

Ms NEVILLE — That is right. That is under my portfolio. That is what sits under the community — —

The CHAIR — So there are disability services for kindergartens and things like that which are separate.

Ms NEVILLE — That is right. So there was additional money on top of that that was provided as part of the whole of government disability commitment which sits also within the department, particularly in the Department of Education and Early Childhood Development.

Ms MUNT — So it is a huge spend when you put it into figures.

Ms NEVILLE — It is.

The CHAIR — It would be useful to have a figure for the whole package across government.

Ms NEVILLE — Yes, someone can quickly pull that out actually. I will just take you through some of our specific funding, so hopefully by the end I will be able to give you that particular figure. But it is a 105 per cent increase. This particular year we have allocated $44.4 million in 08–09, $233 million over five years, and it is really about continuing the reform and enhancing disability services in Victoria. It is a very significant boost to try and meet some of the demand patterns that I talked about also in my presentation. It is also in addition to further investment that we committed last year that comes on board in the 08–09 year, which is $19.9 million.

The 08–09 budget initiatives provide more responsive and enabling supports for people with a disability, easing the pressures on families and carers and strengthening the capacity of the non-government sector to deliver its essential supports for living and participating in the wider community. I will just take you through a little bit of what that means and what that represents in numbers of people as well. So in this year's budget, 08–09, $17 million will provide additional individualised support packages that promote access for an additional 340 people with a disability to a range of flexible support options based on their individual choices and needs. It builds on our commitment of an additional $12 million which is also provided in 08–09, which will promote access for a further 350 people with a disability; $4.2 million in 07–08 to pilot enhanced client-centred planning — this initiative is to pilot in two regions, one metro and one rural, and the pilot is not included as a specific performance measure, as it is a pilot; $9 million in 08–09 to support the ongoing viability and sustainability of the non-government organisations who play a very important role in providing community-based supports and services to people with a disability; $3 million to assist the disability service sector to transition from what has been historically block funding to a much more individualised funding approach which we know will put some pressure on the non-government sector but is really about providing much more flexible and more individualised focused support and more choice to people with a disability.

There is also $5 million to increase the number of people with a disability or chronic illness who have access to aids and equipment. It is in addition to $3.9 million that was committed under LFS for aids and equipment that also comes on board in 08–09; $3.7 million to expand carer support which includes $3 million to deliver 300 episodes of respite that are flexible and meet individual families' needs. Respite has changed a bit and someone might want to explore that a bit further but it is a really exciting area of change in supporting people with a disability and their families.

Ms MUNT — Very welcome too.

Ms NEVILLE — Yes. There is money to establish the carer reward card to recognise the contribution of carers; also money for a centralised respite information service — that is about better informing and enabling carers to get advice and information about access to respite services; $2.4 million to provide intensive support to eligible young people to develop their job skills and achieve a sustainable and long-term employment outcome; $1 million on top of another $4 million which was an LFS commitment — that comes on board in 08–09 to address the increasing demand for the slow to recover ABI program; just over $1 million to facilitate the disability action plans in public and community organisations — so that will enable us to work with more than 50 of those organisations to improve people's access to buildings, et cetera, and workplaces to improve employment opportunities and participation of people with a disability; also $1.6 million to develop a targeted community awareness strategy to try and shift community attitudes and perceptions about people with a disability and their capacity to contribute and participate in the community; $50 million which will come forward in 07–08 which will be given to the Disability Housing Trust, which is now called Housing Choices Australia, to replace 38 supported accommodation facilities over the next three years in partnership with the department; $10 million, which is in 07–08, on top of the $60 million COAG commonwealth-state commitment for My Future My Choice, which assists young people in residential aged care who want to either move out, want enhanced support, or young people who are at risk of

entering residential aged care to find alternative accommodation, and this will assist around 43 younger people who move out to either be able to move back home or into some other form of accommodation.

Money is also provided to continue the consultation and planning about the future of the Colanda Centre, which remains one of our institutional care areas. The investment will continue the process of the service transformation that has been initiated by the government under the State Disability Plan by providing more responsive enabling supports for people with a disability, easing the pressure on families and carers and strengthening the capacity of the non-government sector.

The CHAIR — Okay. Thank you, Minister.

Dr SYKES — Minister, I have got a question on supported accommodation but just before I go there: just putting the budget increase in context you said that the expenditure in your area has gone up 105 per cent since 1999 but the state's income has gone up the same amount so it is really just keeping track with the increased income of the state.

Ms NEVILLE — I will just have a bit of a look at the per cent, but it is a significant per cent as well so we have acknowledged these demands.

Dr SYKES — Yes, you have doubled it, but the point I am making is the money available for spending has doubled too.

Mr BARBER — That is why we take in more taxes. So that we can double it.

The CHAIR — We could quote you on that.

Ms NEVILLE — Obviously, it is about a long-term commitment to continuing to try and meet the pressures and the demands — —

Dr SYKES — Yes, but you would be disappointed if you had not doubled the expenditure given that you have got double the income to spend. Just looking at supported accommodation, I noticed in your introductory remarks that $50 million is being allocated to new investment in refurbishing or replacing all the buildings and rebuilding supported accommodation units. Looking at pages 106 and 107 of budget paper 3, it appears to me that there is no increase in the number of new beds. There are no new beds coming on line. Given that the Auditor-General's report commented that there is a continuing crisis in unmet accommodation needs for people with a disability across Victoria, and he also said currently demand for supported accommodation exceeds supply by around 30 per cent — that is, 1370 people in need of accommodation — and the DHS forecast is that demand will grow by around 4 to 5 per cent annually, given that situation and given that you recognise that there is an ageing population and older carers, what is being done to make more beds available to address that backlog?

Ms NEVILLE — I think just to be clear that the combination of both state and commonwealth capacity will provide new and additional accommodation, and we have been delivering that already. I just want to be clear so that — —

Dr SYKES — So where does that appear in the budget papers?

Ms NEVILLE — Since 1999–2000 there are around 257 additional supported accommodation places coming on in 08–09, and a further 75.

Dr SYKES — That does not show up in the papers. Your prediction for 08–09 is the same as 07–08, isn't it?

Ms NEVILLE — If you have a look at what we are measuring in the budget papers, when you talk about bed capacity — —

Dr SYKES — Page 106 says for clients in shared supported accommodation the 2007–08 target was 4880, the expected outcome is that and the target for 08–09 is 4880, so there is no change.

Ms NEVILLE — Exactly. If you have a look at bed capacity in the disability and service system it is much more complex than it used to be. What we used to do, and really what this is trying to do as well, is that we

used to count the number of beds in institutions. That was pretty easy: Kew and Colanda and Sandhurst. We used to count those beds and so we always knew how many accommodation supports that there were. But we are now managing a much more flexible, more individualised range of accommodation services for people with a disability, including providing supports for people in their own homes to live at home.

If you look at out-of-home care accommodation support, there is a total of just over 1000 — 1065 — facilities that provide accommodation and support. This has increased from 1045 with the redevelopment of Kew, so we have got an additional 20 properties in the Kew redevelopment. The total of that includes 902 long-term group homes, so they are a specific form of accommodation — a group home that people might call CRUs. There are 82 facilities that provide respite care; 32 that provide congregate care for larger numbers; 15 accommodation units providing independent living; 13 units that provide outreach accommodation; a holiday facility for Kew residents; and there are a total of 287 supported accommodation provided by the non-government sector. They also manage some on our behalf. There are over, as you see, 4800 people in the group home component of the total component of beds of accommodation stock and this is reflecting people who live in a group home. These places will increase as innovative options become available — for example, My Future My Choice. That will be a form of accommodation for some — it will not meet everyone's needs — young people in residential aged care. There will also be additional accommodation that is built. The commonwealth has also announced, as I said before, about $24 million or $23 million for the state government to build further supported accommodation and it might — —

Dr SYKES — It does not show up in the — —

Ms NEVILLE — No, because that money will flow from the — —

Dr SYKES — I will cut to the chase. The Auditor-General — —

Ms NEVILLE — But can I just finish, Bill? So if you then look at what is also provided in here under clients receiving individual support, what that enables is for people to have choice about their accommodation. A lot of those packages are used to assist people to live at home, to live independently in a flat or a unit, to live in stock that is being built by the Disability Housing Trust, for example. In the past the way that we supported people with a disability in terms of accommodation was either institution-based or group home-based. We are now moving to a system which is about individualised funding and support packages to people with a disability to assist them to make the right choice. Some of those packages enable people to move out of, for example, our current group home arrangements and back into more appropriate accommodation because they have the capacity and the desire to live more independently than living in a group home arrangement. There is a flow in and out of the group home arrangements. There will be growth in that figure over a period of time, but where the biggest growth is going to be in accommodation for people with a disability is going to be enabling people to make choices about where they live with the support that they need to do that.

Dr SYKES — Sorry, I am not finished. When Mr Dalla-Riva has done the sums on the total forms of accommodation available on page 106, there has actually been a decrease since 06–07 from 5088 to 5070. But again to cut to the chase, the Auditor-General has identified 1370 people in need, and he has identified or reported that the DHS forecast is that demand will grow by 4 to 5 per cent per year. If the Auditor-General comes back tomorrow and asks how you are addressing the needs of those 1370 people, what is the answer? Has the number been reduced? Is it going to be reduced with either supported accommodation or other means, or are there still going to be 1370 people in need?

Ms NEVILLE — Firstly, can I just say they are numbers of people, not facilities. So they are the number of people.

Dr SYKES — Yes. Sorry, they are numbers of people, but the fact is that it has gone from 5088 — —

Ms NEVILLE — Which does support what I am saying in that what we are trying to do is support people with the right packages to make choices.

Dr SYKES — The 1370 — —

Ms NEVILLE — Rather than just saying that people with a disability should and have to live in a group home, that they should and can with our packages be able to choose other more appropriate forms of accommodation — —

Dr SYKES — I accept that argument.

Ms NEVILLE — Which is a good thing; it is a really good thing.

Dr SYKES — I will accept the argument, but now if you could answer the question: 1370 have been identified by the Auditor-General as unmet demand; if he comes back tomorrow and says, 'What plans do you have in place, what will be the number at the end of the next financial year?', will it still be 1370 with unmet demands or will it be reduced to, say, 600 because for the other 770 their needs have been met by A, B, C and D?

The CHAIR — Dr Sykes, I might point out that as I understand what the minister is saying you need to look at individual support and residential accommodation support together and that they are now looking at packages, rather than just simply whacking people into an institution.

Dr SYKES — Yes, I understand that.

The CHAIR — You will see under 'Individual support' further up the page there is an increase of 5500 clients receiving individual support for next year. The footnote says that some of those are for acquired brain injury and those sorts of things. That is the way I am reading it, as a total thing.

Ms NEVILLE — There might be a question about the long term, whether these are the only performance measures, and we need to have a look at that.

The CHAIR — Maybe the minister can try to give us something in writing to try — —

Ms NEVILLE — Can I just say that the number of those waiting is declining. In 04, 1950 people were waiting. It is now on the decline, so the trend is down. That is obviously through a mix of measures, through our young people in nursing homes program, through the money from the commonwealth and through the individual support packages. They are all about and are all designed to try to continue to drive those figures down but also to meet the right needs in the right way.

Dr SYKES — I am happy with the general principle, but perhaps there can be a question on notice. Currently the Auditor-General has identified the figure as 1370 and the minister has said it has come down from a higher figure. My question on notice is: what will it be at the end of the 2008–09 financial year; what is your target?

The CHAIR — In responding to that, I would understand if the response comes back with a more sophisticated analysis in terms of individual packages as well as actual places. I note also that in the Auditor-General's report there was a response by the secretary which I assume they will probably review and come back to us on.

Dr SYKES — At the end of the day you have to address those needs. If all this is happening, that number should be reducing.

Ms NEVILLE — Yes, and it has been.

Mr SCOTT — Minister, my question relates to younger people in residential aged care. On pages 309 and 312 of budget paper 3 is a detailing of a $10 million investment in the My Future My Choice program. Could you give the committee some information on this initiative, because I understand it is dealing with the very important issue of young people living in residential aged care?

Ms NEVILLE — Thank you for that. This is a really important issue and it has been a major concern and a major priority for the Victorian government. We have also been working very strongly in cooperation with the commonwealth government. It is a national problem and all the states and territories have committed to some change in this area. In fact Victoria has been certainly leading the way. We signed our bilateral agreement with the Australian government in August of 06 committing at that time $60.2 million in joint funding over five years. In this budget this $10 million represents an addition to that $60 million joint funding.

As at February this year there were about 213 people under 50 who were in a residential aged-care facility in Victoria. The initiative My Future My Choice has three main objectives. They include providing alternative accommodation and support for younger people who currently live in a residential aged-care facility. Where this is what they choose, this is about how we support those. We are trying to provide an alternative suitable option where

they do not want to remain in residential aged care. We are also seeking to minimise the number of young people being admitted to residential aged care in the future, by providing more appropriate options. We do want to enhance the quality of life for young people who are in residential aged care. What the initiative has involved is a comprehensive assessment and individualised planning for all the people younger than 50 who are currently living in residential aged care and who choose to participate. Not everyone has decided to participate, so we have provided this to 150 people out of the 213.

Provision of new, more suitable housing and support options which meet the needs of people who would otherwise be living in or are at risk of entering residential aged care includes in-home support and new facility-based models located within the community. The range of options will respond to the diverse needs of the population. People with acquired brain injury are the primary target group. To date funding has been allocated for the development of seven new purpose-built services to provide accommodation for a total of 46 people: in Alphington, Glen Waverley, Noble Park, Balwyn, McKinnon, Geelong and north and western regions. Further services will be developed as the initiative progresses. The provision of these new services will strengthen the capacity of the disability housing sector to respond to people with a range of disabilities and support needs. Priority for further developments in coming months will include options in rural Victoria.

Over 30 individual support packages have also been allocated to enable people to be supported in their own home or in another community setting, if that has been their choice. Many of these people were ready for discharge from hospital or rehabilitation services, with the residential aged-care placement their only option. Other packages have enabled people to move out of a residential aged-care facility back to their home or into another community setting.

To prevent future inappropriate admissions to residential aged care, wherever possible a joint strategy between aged-care assessment services, health services and disability services is being established. Regional disability services are working actively with their residential aged-care and ACAS colleagues to avoid admissions of younger people wherever possible. In addition, Multiple Sclerosis Ltd has recently commenced a pilot project to identify and respond to factors which lead to early admission for younger people with MS.

For younger people who remain in residential aged care, because that is what they have chosen to do or because they are still waiting for a more suitable option to become available, the My Future My Choice package has also allocated additional supports to improve their quality of life while remaining in a residential aged-care facility. About 90 funding packages have been allocated to provide community access, being able to go home on a weekend — all those sorts of things — social opportunities, therapy and allied health aids and equipment, and case management for younger people in residential aged care. We are continuing to work with the commonwealth to ensure that we are monitoring and evaluating the outcomes of this program. The $10 million is welcome and will ensure that we are able to meet even more of those demands, and the intention is to not allow that figure of 213 to grow, but to continue to bring that down as well as prevent inappropriate admissions to residential aged-care facilities.

Mr DALLA-RIVA — Minister, I refer you to the service delivery budget paper 3, page 109. As you know, I put a few questions on notice in the upper house. I asked you a question 1355 in relation to the numbers of young people receiving a leaving care support response, which is in the budget paper. I asked specifically in respect of the 2006–07 budget how many young people have been supported as a direct result of these funds. In your reply you said:

> The 2006–07 information will be reported in the 2008-09 budget paper 3 and the 2007–08 information will be reported in the … annual report …

I have gone to the budget paper, to page 109, in respect of exactly that question that I asked in Parliament and in respect of exactly your response that you would provide it in budget paper 3. I note that in the budget paper it has 'nm' — no measure. I am concerned that the response you gave me was not exactly what would be reported in the budget paper. Secondly, I am trying to get a feel for the 450 target expected outcome and future target being the same. How much money of the allocation that is down below 213 is apportioned to that? Because I understand in the 06–07 budget it was 2.09 growing to 3.73 recurrent. Is it still 3.73 recurrent into the forward estimates? Or has that increased? And if so, then why is the target not increasing correspondingly?

Ms NEVILLE — I am not sure why it is 'nm'. I do not know if Alan has an answer to that. But as I understand it, there were about 424 young people who were assisted in the 06 — —

Mr DALLA-RIVA — Four twenty?

Ms NEVILLE — Four hundred and twenty-four young people who were assisted in 06-07.

Mr DALLA-RIVA — So we take that as the given number?

Ms NEVILLE — As I understand.

The CHAIR — It could be there may not have been a measure in that particular year and it was introduced the following year. You would have to go back to the history in terms of — —

Mr DALLA-RIVA — Yes, it is just that the response from the minister was that it would be provided.

The CHAIR — You have got a number now.

Ms NEVILLE — Yes. In terms of the — —

Mr DALLA-RIVA — Yes, the second part is about the funding allocation. Is it still $3.73 million or is it higher?

Ms NEVILLE — Yes. The funding continues to grow as allocated, so rising $2.09 million rising to $3.73 million in 2009–10.

Mr DALLA-RIVA — Sorry, where is that?

Ms NEVILLE — In 08-09 there will be $3.167 million in this budget. You are quoting figures that were announced at the time, in the budget?

Mr DALLA-RIVA — Yes. I am trying to get a feel for the expected income or the expected expenditure in the 08–09 forward estimates.

Ms NEVILLE — Sorry, $3.167 million will be spent.

Mr DALLA-RIVA — Is that a drop? It is growing to 3.73. Is that up to — —

Ms NEVILLE — No, it is not a drop. The intention of the project — I think you asked in your question — it is rising from $2.09 million.

Mr DALLA-RIVA — Two point zero nine growing to 3.73.

Ms NEVILLE — 3.73 in 09-10 over the four-year period.

Mr DALLA-RIVA — Okay.

Mr PAKULA — Minister, I am looking at the same budget paper that Mr Dalla-Riva was just referring to, but at page 291. Under the output initiatives 'Enhancing disability services and outcomes', I know that over the forward estimate period there is money allocated for a community awareness campaign in the vicinity of between $4 million and $5 million over that forward estimate period. With that in mind I am wondering what the government plans to do to raise awareness of disability issues and increase the community participation of people with disabilities?

Ms NEVILLE — This is again another really important area in terms of improving the opportunities and participation of people with a disability, turning around community attitudes, focusing on the abilities of people with a disability to encourage people to take up and to enable people to get jobs and participate more broadly in our local communities. The Office for Disability has already undertaken a number of initiatives to improve awareness at local levels. Educating the community around accessible housing options and supporting public sector bodies in relation to the disability action plans are some of our new initiatives.

If I can just, firstly, touch on some of the things we have already done that have been extremely successful. Many members of the committee would have noticed the Bar None campaign, which was a community awareness campaign launched last year. It was an eight-week local media campaign aimed at recognising the leadership of

people and organisations in local communities that are tackling the barriers for people with a disability. As part of the campaign, Victoria's first media charter on disability reporting was developed and implemented in conjunction with News Limited-owned Leader community group. As a result of the charter, a clearly identified trend of improved reporting standards emerged throughout the campaign. Examples included more positive photographic representations of people with a disability, a decreased use of unacceptable language, and a wealth of stories that placed no undue emphasis on the disability but portrayed the active and varied role played by people with a disability in our community.

The campaign included eight regional events and one metropolitan event attended by about 2000 people. More than 150 Bar None stories appeared in the Leader community newspapers — 33 mastheads across Melbourne. There were more than 30 campaign-inspired stories on general access and disability issues, demonstrating a noticeable improvement in the reporting standards as a result of that media charter. There was extensive coverage in regional news media, including radio, television and print outlets. Stories about Bar None featured in 15 mastheads in regional papers. These stories focused largely on businesses and individuals that actively employ and support people with a disability, and sporting and recreation clubs that provide an inclusive environment. One example was the Spotlight store in Mill Park that works with a local employment agency to find suitable employment for people with a disability. The store has recruited three men with intellectual disabilities and is providing them with a supportive work environment. Another example was a bowling alley in Moorabbin that provides a fully inclusive recreational facility, with wheelchair-accessible lanes, gutter guards and ramps for players of all abilities to bowl. That would probably help a number of us, actually.

Mr PAKULA — I grew up at that bowling alley.

Ms NEVILLE — They are good cases to illustrate the really practical ways in which local businesses and organisations can really try and improve the participation of people with a disability.

In relation to accessible housing, the Office for Disability is currently working with the Office for Senior Victorians in building policy, and with the Office for Housing, VicUrban and the Building Commission to develop an accessible housing awareness campaign, and that is what funding has been provided for in the 08–09 budget. It will provide a coordinated approach to a range of accessible housing initiatives that aim to promote a greater understanding of the need for and the benefits of building and supporting accessible housing. It will comprise a number of elements, a media component, an advertising campaign and website and a consumer industry resource. It is anticipated that it will be launched later in 2008.

Funding was also provided in this budget for disability action plans. They are regarded as one of the most effective vehicles for increasing participation, promoting employment opportunities for people with a disability and systematically addressing physical, technological and attitudinal barriers for people with a disability in our community sector and also the public sector. We currently support all 10 Victorian government departments in the planning and implementation of their disability action plans. This additional $1.1 million will enable us to work with about 450 over a three-year period. Also, in 08–09 the office has been allocated $1.6 million to develop a targeted community awareness strategy and support a range of activities. It will deliver specific cross-government and community awareness campaigns aimed at improving educational outcomes and opportunities and promoting increasing participation in mainstream community activities for people with a disability. This targeted strategy will strengthen the current government effort to remove physical and attitudinal barriers for people with a disability in our community.

Mr RICH-PHILLIPS — Can I ask you about the concessions payable for water. I take you to page 113 of budget paper 3 which lists 638 000 households receiving water and sewerage concessions for the current year. Can you tell the committee what proportion of those 638 000 households receive the full concession or are eligible for the full concession?

Ms NEVILLE — One hundred per cent of the cap — up to the cap.

Ms WHITMORE-SEIDEL [inaudible]

The CHAIR — Can you come up to the table and announce who you are? Otherwise Hansard finds it virtually impossible to deal with. You will need to swap places with one of the others.

Ms WHITMORE-SEIDEL — I am Brenda Whitmore-Seidel, and I look after the budget for the children, youth and families division, and the concessions program — hence the question. You are talking about water and you want the percentage of people who receive the full amount of the cap for water, which is around 70 per cent.

Mr RICH-PHILLIPS — Seventy per cent of the 600 000?

Ms WHITMORE-SEIDEL — Yes.

Ms NEVILLE — Of the current cap.

Ms WHITMORE-SEIDEL — Of the current cap.

Mr RICH-PHILLIPS — The actual number for the current year.

Ms WHITMORE-SEIDEL — Yes.

Mr RICH-PHILLIPS — The increase the minister mentioned earlier — 14.8 per cent in the cap going forward — why is that less than the expected increase in water charges this year? Why are you having a declining proportion of the bill covered by the concession?

Ms NEVILLE — The 14.8 per cent increase in the cap?

Mr RICH-PHILLIPS — Yes. The charges are expected to go up 17 per cent, but your cap is only going up just under 15 per cent.

Ms NEVILLE — The cap is indexed for a start. I think there is only at the moment one water authority — and it is still going through a process of consultation — where it is more than 14.8 per cent.

Dr SYKES — Just for clarification, Minister, I believe the water charges for North East Water and, I think, Goulburn Valley Water are going up 50 per cent, or thereabouts.

Ms NEVILLE — That is over five years.

The CHAIR — A year on year increase — —

Ms NEVILLE — It is over five years. This is 14.8 per cent that is indexed and ongoing, so the cap will continue to rise to be able to do that. There is only one, as I understand it — and it is still going through consultation, so the final outcome is still to be determined — that is suggesting, I think it is Gippsland, that the first year the increase would be around 17 per cent but then it would decrease over future years. But the 14.8 per cent does cover the predicted rises in water, and will continue to grow by CPI.

Mr RICH-PHILLIPS — Consistent with water prices — —

Ms NEVILLE — With the recommendations that are currently being considered.

Mr RICH-PHILLIPS — So it is the government's position that it will maintain the same percentage of the bill as prices rise, so you will adjust the cap accordingly?

Ms NEVILLE — At the moment it is 14.8 per cent, which is indexed. We are still waiting on the final outcome of the decision by Essential Services Commission, at which point if any further adjustments need to be made they will be considered as part of future budget considerations.

Mr RICH-PHILLIPS — Just on the proportion receiving the maximum cap, for the other utilities you provide concessions. Are you able to get the figures, perhaps on notice, as to what proportion gets the full cap?

Ms NEVILLE — Sure.

The CHAIR — Minister, I would just like to ask you a question about aids and equipment for people with disabilities. Being disabled myself and relying on an aid and equipment — one of which failed during the hearing this morning, but fortunately I have got two so I can carry on — what is the budget — —

Ms NEVILLE — I do not think you are eligible for our aids and equipment.

The CHAIR — This is true. What are you going to do in terms of aids and equipment in this budget? I think you have got some information there on page 105 of budget paper 3. Can you advise us what funding you have for essential aids and equipment, and what are you going to do with that funding?

Ms NEVILLE — Thank you for that, Chair. We are very committed to ensuring that we are able to provide appropriate and responsive supports for people with a disability. We know that the aids and equipment program is an important component of encouraging and enabling people to participate in our community. Since coming to government we have increased the recurrent budget for aids and equipment by 80 per cent. It has grown from a budget of $16.4 million in 1999–2000 to $29.6 million in 08–09.

The aids and equipment program, for those who may not be as familiar with it, Chair, as you might be, provide people with a disability of all ages with subsidised aids and equipment like wheelchairs, walking aids, continence aids, domiciliary oxygen, and home and vehicle modifications to enhance their safety and independence. The program is delivered by about 30 issuing centres across the state, including five statewide providers. It was actually originally a program established by the Australian government back in 1981. It was then handed over to the states in 1997. Since then, as I have said, we have continued to increase the recurrent funding for the aids and equipment program. This year we will see it being able to support about 28 000 Victorians.

The new budget for disability supports includes an immediate one-off funding boost of $5 million 07–08 to enable a further 2650 people to be assisted by the aids and equipment program. The funding will also support a number of equipment libraries and equipment advisory services, including the Motor Neurone Disease Association of Victoria and the Yooralla Independent Living Centre. The $5 million funding is in addition to the $3.9 million already committed for 08–09 under Labor's financial statement in 06, which allocated a total of $20 million over a four-year period. The $3.9 million will be used to support a further 2100 people to access aids and equipment over the 08–09 period. It will also continue to meet our commitment to establish a vehicle modification subsidy scheme and provide more home modification subsidies and to broaden the eligibility of the program to support people in receipt of commonwealth community aged care packages and extended aged care at home packages.

As part of the 07–08 budget announcements, $30.2 million was provided to help meet the increased demand for aids and equipment to support people with a disability and their families. That included the $20 million growth funding over four years and the $9.9 million one-off funding in 06–07. Of the $9.9 million, $6 million was provided to reduce the risk waiting lists for new aids and equipment, $3.5 million to resource a range of equipment libraries and 400 000 to the Royal Children's Hospital to clear the waiting list of 300 children. Subsidy levels have also been increased on a number of items. Since this funding the number of people waiting for aids and equipment has reduced by more than 60 per cent. In March 07, prior to the $6 million funding boost, there were 5043 people waiting on the waiting list for aids and equipment. By June, following the additional money in 07, the waiting list had dropped to 1900 people. Because of the immediate impact on waiting lists, the government has funded increases to aids and agreement on a non-recurrent basis — one-off money to try and reduce waiting lists over that period. The additional new growth funding of $2 million in 07–08 has had a direct impact on reducing the increasing waiting list figures, and the waiting list has remained relatively stable. The aids and equipment program has a significant impact on quality of life and improving independence, with 89 per cent of people reporting in the annual client satisfaction survey that their life is now better because of access to aids and equipment. It is a significant program and one that we continue to invest in to reduce waiting lists and meet the needs of people with a disability who require aids and equipment.

Dr SYKES — I have got a question on young people in nursing homes, but just clarifying the issue in the discussion on access to aids and equipment, in terms of your targets for clients accessing aids and equipment, your targets have actually dropped. In 2006–07 — and I am now referring to budget paper 3, page 105 — 30 343 accessed aids and equipment. In 2007–08 the expected outcome was 28 860, and your target for 08–09 is 28 310, so it is actually going down.

The CHAIR — I think the minister mentioned there was a one-off boost in 2006–07, if you look at the output cost across the next page.

Dr SYKES — It is still coming down, okay.

Ms NEVILLE — There is historically a commitment, wherever possible, where additional money is available or money that has not been spent is available, that we have been able to put it into aids and equipment. So you cannot really predict that from year to year. Also, the other thing about it is what you cannot predict is what sort of aids and equipment people might want. Some years you might find yourself in a high demand for oxygen, which added additional cost. It is about trying to make sure you have a program that is flexible and is able to actually meet the demand. So I imagine that the performance outcome will be higher than that. That is the best we can do to predict.

Dr SYKES — Then my question, Minister, relates to young people in nursing homes. I know you have covered this in part in your earlier responses. My assessment is that in budget paper 3, page 309, there is $10 million going that way. Your media release of 5 May says you promise to reduce the number of young people in residential care by more than 35 per cent, and in that same media release you say there will be 46 new beds. My calculations are that there are 212 or 213 people under 50 in residential aged care, and 35 per cent of that is 74, so there is a difference of 28 people between your media release, or what your 35 per cent claims, and the numbers you are delivering. Can you explain that difference to me?

Ms NEVILLE — Firstly, can I just say, I think you said 46 beds; it is 46 people.

Dr SYKES — Forty-six people.

Ms NEVILLE — Just to make it clear that we are working on people and what their individual needs are — some of whom might want a facility, some of whom will not.

Dr SYKES — Yes, sorry, 46 people.

Ms NEVILLE — So of course, as I also mentioned we have our ongoing commitment to My Future My Choice, so there is the five-year program which we have agreed with the commonwealth, which involves $60 million of joint funding which continues to roll out each year. On top of that we have also put in an additional $10 million, so over the 08–09 period, that is what the figure is talking about, so there is the additional 46 out of the $10 million, and then — did you say 75?

Dr SYKES — But even in the same media release one figure says 35 per cent, and your actual number is 46, and that does not — —

Ms NEVILLE — Sorry, can you just say that again? So 35 per cent — you are talking about percentages — of the 213?

Dr SYKES — You are saying 35 per cent by 11 June and you are suggesting 46 in the coming financial year, so the rest will come in the subsequent period. Is that the answer, or is it coming from other sources?

Ms NEVILLE — It is the $60 million, of which the portion in 08–09, combined with the $10 million — so the $10 million will include the 46, but there is also the flow-on of My Future My Choice for the 08–09 period — —

Dr SYKES — So that will do the other 28?

Ms NEVILLE — That is right. The flow-on will continue either to build facilities, provide in-home support to people, move people out into in-home support; there is a range of measures, so it is the combination.

Dr SYKES — So the net result will be, or you are confident of achieving, your outcome of reducing it by 35 per cent, which is 46 one way and 28 covered by other means?

Ms NEVILLE — That is right, so our ongoing program will continue to roll out, but this gives that a boost and enables us to assist more people than we have been able to under the original $60 million.

Ms MUNT — Minister, can I refer you to budget paper 3, page 309, under output initiatives for Human Services. There is a line item there, 'Strategic replacement and realignment program — stage 3, for which $50 million was allocated. Could you tell the committee what that is actually for?

Ms NEVILLE — Certainly. Thank you for that. This is, as I talked about in my presentation, in relation to our $50 million commitment to continuing our strategic replacement program for disability accommodation in Victoria. This funding is being done in a partnership with the Disability Housing Trust, which is now known as Housing Choices Australia, and the government. Just to remind the committee, the Disability Housing Trust was established back in 2006, and we established it with a capital grant of $10 million. That was about providing new and innovative forms of housing for people with a disability. It is a community based charitable trust, with a board elected by its members, with the exception of the chair, whom I, as the minister, appoint. The 08–09 budget provided $50 million in 07–08 to the Disability Housing Trust — Housing Choices Australia — to replace 38 supported accommodation facilities over the next three years, in partnership with the department. It builds on our strategic replacement program that we have been undertaking over the last few years to ensure that all our facilities meet disability standards and provide the best and most modern forms of care and arrangements for people with a disability who do need to live in a group home.

The committee will probably be interested to know that the Disability Housing Trust has already developed a number of other housing opportunities through a range of partnerships and joint ventures. It is developing a family package, for example, which is used to assist in working with families who wish to assist in accommodation development for their family members with a disability. There are approximately 80 housing opportunities in planning and development stages, of which 36 have been purchased or are under construction. A number of properties are now tenanted. Examples of some of the accommodation options provided or in development include a two-bedroom unit in Eastern Metropolitan Region; 3 units with five bedrooms all up in Southern Metropolitan Region; 2 two-bedroom units in Gippsland; Parkville Gardens, with nomination rights for 12 properties in Parkville; and 8 in regional Victoria — 2 in Geelong, and 3 each in Bendigo and Ballarat. They are examples of innovative developments and accommodation options, which I was talking about a little bit earlier in terms of individual support packages and different choices that people are making. The residents in these new places all receive support and were on the disability support register or have moved from a group home to a more independent option.

To assist project developments the Disability Housing Trust has now established significant partnership arrangements with a housing association and community service organisation, and the coming together as the Housing Choices Australia organisation has brought together the Disability Housing Trust, Singleton Equity Housing and Supported Housing Ltd, all of which have a very long history in developing and delivering supported accommodation and alternative accommodation for people with a disability, including those with an intellectual disability. It will aim to continue to provide and manage a range of affordable accommodation for people with a disability. For example, tenancy and property management — they will be managing in excess of 600 properties and 1000 tenancies of people with a disability. This will grow over the next few years as they continue to develop new properties and new arrangements for people with a disability and their families.

Mr DALLA-RIVA — Page 109 of budget paper 3 relates to child protection and family services delivery. I note in the number of operational Child FIRST sites that its target is 24. I understand these services were supposed to take the pressure off child protection and intervene earlier. My understanding of the budget paper is we see that the same number of clients receiving a specialist assessment and treatment service is there; there is a minor reduction in child protection reports also in that area; and there is an increase in the daily average number of placements from 5300 to 5400. I guess what I am trying work out is: with the increase from 16 to 24 there really is no noticeable change in some of those other measurements in some of the other areas. I am just trying to work out: is Child FIRST failing to meet its objectives, or does it just indicate that child protection is, as everyone knows, pretty much stretched as it is? How are you going to apply these projected number of operational Child FIRST sites to ensure there is a reduction in some of those other key areas, which there does not appear to be? Are you expecting a period of time delay?

The CHAIR — I am not sure what Mr Dalla-Riva is getting at there, but anyway.

Ms NEVILLE — You have mixed up a number of different things in that. If I can just firstly talk about the front end of our system, which is really what Child FIRST is all about. I mean by that how do we manage and continue to manage what has been substantial growth in notifications right across the country. I think I showed you a graph in the first presentation I did on, in fact, how well Victoria is doing. We are undoubtedly leading the way. There is growth in notifications, but we are basically stabilising our growth. We will continue to grow a bit, and in fact in the context of the new legislation, it would be predicted that you would have some growth, because, as

people would be aware, the new legislation also provides, importantly, for very early notification: pre-birth notifications, unborn children notifications, all designed around intervening very early.

We would predict in fact there would be some increase in that, because we are wanting to encourage a system that is about identifying potential risks for children and issues in families very early on in the process. A system around Child FIRST, our system around family support innovation projects, is all about intensive, early intervention and prevention services for families. We are predicting a pretty stable number of reports despite the fact that we are encouraging additional reports in unborn children, and in the context of a national major increase in notifications, we are predicting a stabilisation around notifications. Child FIRST: as you see, we are rolling this out more quickly. We are going to be a year ahead of schedule. The reason we are doing that is that we think that this is a really important platform to ensure that families are identified early, that families get intensive support; not just one-off support but ongoing, intensive support to turn around the issues that often contribute to children having to come into the out-of-home care system.

Can I also say that Child FIRST is not just about saying we want less notifications; in fact what we want is to ensure that we can also arrest some of the out-of-home care growth. What we want to make sure is that we are getting in early before the problems become entrenched, before it becomes more difficult, before there is greater damage to children to ensure that families have a real opportunity to sort through their problems. I do not want to give a message to the community that they should not be alert to the wellbeing of children. We are trying to measure in a number of ways — both in stabilising notification growth but also in giving a message — that it is important we all have an interest in children's wellbeing as well as ensuring we have got the services to keep families together, because we think that is the best outcome for children.

With out-of-home care placements, there is, as I spoke about before, a challenge for all governments, but in Victoria we are growing at around 49 per cent, the growth rate in out-of-home care placements. I think New South Wales is growing at about 300 per cent from the recent inquiries they have had in their child protection system. So again we are hoping that we are able to get to a point where we can start to stabilise that but at the same time continue to ensure that the out-of-home care system that we have is also the best possible. Internationally and across Australia, Victoria is held up as the model for child protection. These are early days yet, but we are already seeing some results in terms of arresting growth in notifications, and I think the Child FIRST program will prove to be extremely successful in helping us continue to do that.

Mr DALLA-RIVA — Maybe you can take on notice my question about the cost per site. I do not know if you have provided that, but you have increased it in that total output cost from 118 to 121.7. I would be curious what the cost componentry of that would be — of each of the sites.

Ms NEVILLE — It will vary a bit, again, on the partnerships, but — —

Mr DALLA-RIVA — They are not part of DHS, are they?

Ms NEVILLE — They are a partnership; they are alliances between family support agencies. For example, I launched one in Maryborough the other day, which is for the Southern Loddon Mallee region, and it has St Luke's involved, it has the Bendigo Community Health Services involved and it has two Aboriginal organisations involved. It has a unique model around indigenous support, and it is going to be really interesting to see how that goes — I think, very positively. It brings together a number of organisations which will play a range of roles, but within the Child FIRST sites there are also very strong linkages, rightly, with the statutory child protection system, and that is one. It has been great to build those relationships, but also it is about learning about the sort of supports and interventions that work with families. So a lot of the sites, not in all, will have a child protection worker operating out of them.

The CHAIR — Thanks, Minister. Obviously this program is getting out there and getting right ahead of its targets, so we are pleased with that. Minister, that completes our questions on community services, and I thank the officers.

Witnesses withdrew.

Transcript of evidence

4.2 Health portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

4.3 Housing portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 21 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. Wynne, Minister for Housing,

Ms F. Thorn, Secretary,

Ms M. Crawford, Director of Housing & Executive Director, Housing and Community Building,

Mr R. Jenkins, Acting Director, Policy, Strategy and Communications, and

Mr A. Hall, Executive Director, Financial and Corporate Services, Department of Human Services.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of housing, and later, Aboriginal affairs and local government. On behalf of the committee I welcome Mr Richard Wynne, Minister for Housing, Minister for Aboriginal Affairs and Minister for Local Government; Ms Fran Thorn, secretary; Ms Margaret Crawford, Director of Housing & Executive Director, Housing and Community Building; Mr Rob Jenkins, acting director, policy, strategy and communications; and Mr Alan Hall, Executive Director, Financial and Corporate Services. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings I remind members of the public they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording procedures 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 being 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, 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 related to the budget estimates. Generally the procedure follows that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off, and I invite the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the portfolio of housing. Minister, I gather you have something to table as well and circulate to members.

Mr WYNNE — Yes, I do, Chair, thank you very much. I have got here a slide presentation. I will just hand it around and I will basically talk to it in overview form. This is my second year of the Public Accounts and Estimates Committee, and I of course want to welcome Margaret Crawford, the new director of housing, who is with us today for her first PAEC presentation.

The CHAIR — A very important area.

Mr WYNNE — Indeed, absolutely, and we are delighted to have Margaret with us, and Fran of course, and various other colleagues who you have met on no doubt numerous other occasions.

The CHAIR — That is right. Thank you.

Mr WYNNE — I am going to give a brief overview of the budget priorities for 2008–09 and the progress against 2007–08 commitments and then we will move to questions and answers as is your wont, Chair.

The CHAIR — Correct.

Mr WYNNE — So 2008–09 budget priorities really are set against the backdrop of, of course, the record investment by the state in the last budget of $500 million, including the commitment of $200 million to public housing and $300 million to housing associations. As you know, this was a record commitment by a state government — the biggest commitment by a state government anywhere in Australia to date — and we were particularly pleased with that budget outcome. This of course has run out successively over the last 12 months. Within the public housing side of the commitment, a lot of that has been about being very aggressive and proactive in terms of a spot purchase program — really getting out there into the market and seizing opportunities as they would come along. The forward years now are about, given that we have got a lot of the planning in place, implementing a lot of the projects that have gone through the planning process through the relevant local governments. Similarly for housing associations, $300 million into housing associations. That is a very big commitment. In A Fairer Victoria you may well have noticed, Chair, that we have had a transfer of stock in the order of nearly 500 units that are currently managed by housing associations which will in fact go onto their budget bottom line. So it is a pretty healthy situation for both public and social housing.

So 2008–09 priorities include $201 million to buy and build 1030 properties, both public social housing and indeed Aboriginal housing as well; $194.3 million for 2150 upgrades and major improvements; increased homelessness and family violence services with an announcement of $36.4 million in that area. Renewing neighbourhoods of

course, with an additional $12.8 million over four years for neighbourhood and community renewal, and I would be very happy to talk some of the initiatives in that area which have been, I think, terrific outcomes for those communities more generally, and $52 million to promote social inclusion through our neighbourhood renewal program. Now what do we mean by that? We mean not only lifting the physical infrastructure of those areas but also lifting the social infrastructure, offering people the opportunity for education, training and employment, and I would be happy to talk in more detail about that.

In 08–09 the government has indicated that it has allocated the $201 million for more units, and I think that is a good setting for us going forward in terms of public and social housing, because if you think about it in a broader context we are trying to be active right across Victoria. So a third of our stock, as you know, is in regional Victoria, and we want to be actively ensuring that the funds do in fact get allocated in a fair and equitable way across the state. This is of course against a backdrop of a very difficult commonwealth-state housing agreement that we had in the past which effectively meant that Victoria was short by over 5000 units of public housing from the net effort of the CSHA. We have always committed, since we came to government, above and beyond our commitments that we were required to fulfil under the matching component of the commonwealth-state housing agreement, the 2 for 1 agreement, but the net effect is we are 5000 units down so we have got a fair way to go. We have got a new commonwealth government now and indeed I can say with certainty that we will have a commonwealth-state housing agreement going forward. It may be rebadged in a new name, but, as members of PAEC will recall, we were under the previous government in a situation where we were not at all clear about what form of new social or public housing arrangements the previous government was proposing to prosecute. But I can say with confidence, having had discussions with the commonwealth, that we will be signing a new agreement, hopefully by the end of the year.

Mr WELLS — And there will be no more problems.

Mr WYNNE — We can talk about that, Mr Wells. I would be very happy to talk about that. Progress against the 2007–08 commitments — there are always challenges, as you know.

Ms MUNT — There is always more to do, Kim.

Mr WELLS — There is more to do?

Mr WYNNE — We will have delivered by 30 June — 2007–08 — 1150 new social housing properties; we will have upgraded 2450, which exceeds the target; and assisted close to 120 000 people in need of homeless support services. In that context, particularly around homelessness, we have the most developed intervention in the homeless service sector of any state in Australia, and widely recognised as such. I was pleased to see the bipartisan support that we were given for the recent supported housing initiative, the 120 units that we are doing down at Elizabeth Street in the city. I was very pleased with that. I appreciated the bipartisanship that occurred around that because it is trying to fill a gap in the homeless provision, where for the chronically homeless this new model called Common Ground is about wrapping the services around the most vulnerable people on site.

We think that that is a really interesting model going forward, that with drug and alcohol services, health services, mental health services, education and training opportunities in fact you can turn people's lives around from a position of chronic homelessness to lead very productive lives. As I am sure the committee is aware, Chair, and I will finish on this point, I did look at some of these models overseas, both in New York and in the United Kingdom, and there are some very impressive outcomes going forward. Longitudinal research that is being done, particularly in the US, would indicate that an early intervention up-front, wrapping services around chronically homeless people, can make a real difference to their lives and they can get back into productive outcomes for themselves.

Chair, it is a good picture for housing going forward, with A new commonwealth government to work with. Challenges ahead, Mr Wells, no doubt — —

Mr WELLS — More to be done?

Mr WYNNE — But some that we are absolutely up for.

The CHAIR — Thank you very much, Minister. You should realise that both the Chair and the Deputy Chair have a very strong interest in these matters, so I am sure you will get lots of questions.

Mr WYNNE — Indeed. We look forward to it.

The CHAIR — First of all, I refer you to budget paper 3, which you have already mentioned, page 115 and following, where you have the outline of the performance measures and outputs, deliverables et cetera. Can you tell us about specific subsidies, concessions and revenue forgone — and I am sure there is a lot in your portfolio — and whether there are any specific changes to them in this year's budget; and also whether the figures in the budget paper represent the total spending on housing assistance in the coming year?

Mr WYNNE — In relation to your first point, specific subsidies, I can advise the committee that in 2008–09 the budget puts housing in reach for more low-income families. As you know, the announcements that we made in relation to stamp duty will save Victorian home buyers in the order of $2460 on the purchase of a median-priced house, that is around about the $315 to $317 000 mark, a cut of almost 17 per cent. And more expenditure is expected, as I indicated, for social housing and homelessness in 2008–09 than in 2007–08, help which we believe is directed to the people in most need.

The budget does commit $395.6 million to grow and improve social housing, to build another 1030 units for over $200 million, and a further $194 million for upgrades redevelopments. We will be undertaking 2150 upgrades in 2008–09 and major redevelopments on at least 15 sites. It is a big agenda, Chair. There will be more funding to the vulnerable through our homeless services and family violence services, as I indicated. Our Opening Doors program, which is one of our significant interventions which is providing a coherent response to young people when they come through the agencies. Being able to provide a comprehensive response to particularly young people at risk is, I think, a really important initiative here.

In supported housing I have already indicated the Common Ground proposition that we have down here in Elizabeth Street. Putting the services in place, putting long-term stable accommodation in place can make a difference to people's lives. Support for high-risk tenancies is the last aspect that I wanted to touch upon there. That is a $4.2 million program over four years to try to support some of the most vulnerable people who are living in public housing. Many of those people, as you know, suffer from a whole range of difficulties. They might be drugs and alcohol, they might be mental health, they might be a combination of all those, or family breakdowns. Public housing for those people is really critically important. Stable, long-term, affordable accommodation is fundamental to maintaining these people's lives. We will be putting in place a program to support those tenancies over the next four years.

In relation to your second point, does budget paper 3 reflect the total spending on housing and homelessness, the answer is no, it does not. It tells part of the story but not all. It reflects the appropriations obviously made by the Parliament, but there are a number of other key aspects of the housing budget, including contributed capital, rental revenue — obviously the rental revenue that we get from the organisation itself — and earnt interest. In reality, Chair, we are expecting to spend $1 billion in 2008–09. That means our acquisition budget will be going up this year. In 2006–07, 52.2 million; 2007–08, 102.8 million; and in 2008–09 we will have 111.6 million in the next financial year for acquisitions.

On contributed capital, budget paper 3 does not include contributed capital. Contributed capital are appropriations that are used to acquire assets that go onto the state's balance sheet, such as houses but not land. Therefore, when the government provides funds to the Department of Human Services, to my section of the broader department, for the acquisition of public housing, some $100 million in 2007–08 is not reflected in budget paper 3. But budget paper 3 shows funds appropriated for expenses, such as funds used to undertake upgrades or for homeless services more generally. So that is the broad sweep. In essence, Chair, $1 billion to be allocated to public and social housing in the year going forward, which is the amalgamation of both what you have here in your budget papers and contributed capital, rental revenue and any interest that we have earnt.

The CHAIR — Is there a separate financial statement for the Office of Housing?

Mr WYNNE — At the end of the financial — —

The CHAIR — To cover all these ones that you mentioned. A billion dollars is quite different to what we see in the budget papers.

Mr WYNNE — Yes, it is in the annual report.

The CHAIR — It is in the annual report. Separately? Not just as an overall figure within DHS?

Ms THORN — It is the total DHS annual report.

The CHAIR — You do not actually pull it out in terms of the Office of Housing?

Mr WYNNE — I will ask the director of housing to respond.

The CHAIR — That is okay. So long as it is there, you can give us a copy.

Ms CRAWFORD — I asked the same question.

The CHAIR — I am sure. It would probably have been the first question you asked.

Ms CRAWFORD — We do bring that all together and report once a year in this summary of housing assistance.

The CHAIR — It would be good if you can give us a copy of that. My other question, just to follow up in clarification of my colleagues talking about subsidies, is that I would have thought a major subsidy would be the revenue forgone in terms of rent. Have you got a figure for that, in terms of revenue forgone for rent? You are paying only 25 per cent of your income, if you actually have a job — —

Mr BARBER — If I can be of assistance, Chair, that figure is in the annual report. It is market rent less the subsidy. That is how it is worked out.

The CHAIR — I know how it is worked out; I am looking for a figure.

Mr WYNNE — You want to know what the total figure is. We will get you that figure.

The CHAIR — Thank you.

Mr WYNNE — Mr Barber is correct.

Dr SYKES — He might be applying for a job as ministerial adviser, Minister.

Mr WYNNE — With all due respects to my colleagues, I do not think he is shooting for ministerial adviser; I think he would like to be the minister. Just watch — you cannot have it, at least not at the moment.

Mr BARBER — You will be out at the next one.

Mr WYNNE — I do not know about that. I am happy in the service, believe me.

Mr WELLS — Minister, before I ask my question, what is the definition of 'homelessness'?

The CHAIR — We had this discussion last year, didn't we?

Mr WELLS — I just want to know if it has changed in the last 12 months.

Mr WYNNE — It is a very interesting question. There is a range of academic definitions of 'homelessness'. My definition of 'homelessness' is someone who is living in insecure housing. That could be in a whole range of ways. I can elaborate, if you want.

Mr WELLS — No.

Mr WYNNE — A person living in insecure housing would be how I would define it — insecure housing or no housing.

Mr WELLS — Minister, I refer you to budget paper 3, page 115, in regard to the 'Proportion of SAAP support episodes where an accommodation need was unable to be met'. I note that this output has increased from 9 per cent in 06–07 to 17 per cent and is expected to remain 17 per cent, so it is one in six requests being turned away. Are you able to tell the committee why this percentage of unmet need for SAAP has doubled in the last 12 months and why you are prepared to accept it remaining at 17 per cent?

Mr WYNNE — Thanks, Mr Wells, for the question. The whole question of support to homeless services is a matter that is currently being addressed by the federal government in an inquiry in relation to homeless services by Tony Nicholson, which is on at the moment. A green paper will be released in the next little while. It seems to me that one of the key aspects of this is to ensure that the support that is provided to homeless people is in fact developed in a more integrated way. We are going to be a part of that conversation, both with the Nicholson report and, more specifically, around how the federal government resources are in fact better allocated than they are now. He would argue that we need to ensure that people do not continue to cycle into chronic homelessness, so the initial intervention ought to be the one that assists a homeless person to stabilise their life. He would argue, more broadly, that SAAP services are potentially missing the longer-term supports that people require — for instance, if you look at the Common Ground initiative that we have in Elizabeth Street, that is about a strong and early intervention, wrapping the services around people and being able to redirect the outcomes for them.

We in Victoria, as I indicated in my introductory comments, are one of the largest users of SAAP services of any state in Australia. We have the most comprehensive intervention of any state and we are one of the largest users of SAAP services. In that context, it is I think a good story, but a story that is not complete because we want to ensure, in our engagement with the Nicholson review, that there is a more comprehensive response. You cannot forget that that is in a context, Mr Wells, of clearly increasing demand because of the critical private sector rental situation that we are in.

Mr WELLS — You say it is a good story, but unmet demand has jumped from 9 per cent to 17 per cent. I am not sure where you get a good story on that.

Mr WYNNE — The story is that when you have an incredibly tight private rental market, where do people go? Let's have a look at the situation of the private rental market at the moment. Anywhere within 10 kilometres of where we sit and meet here today, the vacancy rate is about 0.9 of 1 per cent. There are no vacancies in the private rental market at the moment, anywhere within 10 kms. The further out you go, it is not necessarily much better than that; it around about possibly 1 or 1.2 per cent. So if you are a poor person, how are you going to compete in that marketplace? Where does the pressure come? The pressure comes onto the public housing waiting list and of course it comes onto supported accommodation assistance programs and all those support organisations. That is why you see this type of phenomena. That will take time to change.

In your early comments you said, 'Oh, well, you'll have the federal government and everything will be better'. It will be better, and I will tell you why it will be better. For the first time in my history of knocking around in the housing sector, you have a government that has said it is prepared to intervene in the private rental market. Now, I have never heard of that before. You have a proposition afoot now where the federal government has said, 'We will actually intervene to try to take some of the pressure off the private rental market' — through this scheme called NRAS, the national rental affordability scheme.

I will not go into huge detail about this, but basically this is a scheme where investors would invest in a newly built rental property. It has to be retained in the private rental market for a period of 10 years and it has to be at 20 per cent below the market value for where that property is. In return the investor gets $6000 subsidy per year from the federal government, $2000 subsidy from the state government for the 10 years, plus obviously the rental income that comes through the property as well. That is a significant intervention that, in our view, will make a big difference to the private rental market.

What does it mean for Victoria? Probably over the next four to five years we will get somewhere in the order, we would think, of 10 000 to 12 000 units of private rental accommodation through this NRAS scheme — around about 12 000 units. But it also means, and the Prime Minister has indicated that if this scheme is as successful as what we hope, they will look at doing another 50 000. That would be 100 000 units across Australia. So for Victoria we would be looking in the order of, say, in the next 10 years potentially 25 000 units in the private rental market. That makes a big difference to how the equation works. It opens up opportunities for a bit more competition in the private rental market, and of course the peaks and troughs of the way the private rental investment market works will in fact change over time as well. If we get a gradual easing of vacancy rates that will assist; the NRAS scheme will assist; the investment in the public rental and social housing sector will assist as well. All of those combined will make a significant impact on really your initial question, which is the SAAP outcomes.

The CHAIR — Okay.

Mr WYNNE — But it is a difficult environment, and I do not shy away from that.

Ms MUNT — Minister, I refer you to budget paper 3, page 116, headed 'Long-term housing assistance'. There is a line item there, 'Number of dwellings with major upgrade during year (includes neighbourhood renewal areas)'. I would like to focus on the housing capital program and what is happening in the 2008–09 budget in that regard. I have had an interesting example of a capital upgrade in my own electorate, in Parkdale, where the upgrade was proposed and the plans were put together and they did not have community approval.

Mr WYNNE — Sorry, which one was this?

Ms MUNT — Parkdale.

Mr WYNNE — Parkdale, yes.

Ms MUNT — Parkers Road, Parkdale; it did not have opportunity approval. It went back to the community, where everyone got together to put together a better plan, and it has ended up being a wonderful example of where the community supports public housing. Could you expand on the housing capital program for 2008–09?

Mr WYNNE — Yes, briefly on the Parkdale one, this was an example of where there was disputation with the local authority?

Ms MUNT — That is right.

Mr WYNNE — Over what sort of housing outcomes should occur there. These, as I recall, were a number of very downgraded, I think it was concrete stock?

Ms MUNT — Yes, long-term housing.

Mr WYNNE — The classic long-term stock that has been around for a long, long time and, from all of the points of view on energy conservation and decent quality housing, were ready for replacement. I think there were 16 one-bedroom units that we replaced. It went through quite a significant ebb and flow with the council. I think there were initially plans approved, as I recall, and then the council rescinded, Ms Munt?

Ms MUNT — Yes, that is right.

Mr WYNNE — Rescinded the planning approval. This has gone on for a number of years and it is only more recently that we have been able to get a plan that has been basically approved by both the council and the local community more generally. We let a contract for initial site works on 7 April, so we are finally off and going with a new redevelopment down there at Parkdale. It took a lot longer than what any of us would have hoped, but there you go, at least we are up and going again.

But on your broader question, in 2008–09 we are spending more money on capital than last year. Over $300 million this year versus $291 million, nearly $292 million last year. The capital budget balances our commitments to grow whilst ensuring we have quality living environments. So it is really this tension about doing redevelopments such as Robert Street in Northcote, or Parkdale, where you have got clearly run-down, old concrete stock that — —

The CHAIR — Ashwood.

Mr WYNNE — Ashwood, which are past their useful life, so getting those sites redeveloped and trying to get a bit more density there so the net outcome is positive, as well as doing our acquisitions program. We spent over $2 billion investing in improvements and maintenance and redevelopments since 1999. Now that is $2 billion. Without getting too rhetorical — —

Dr SYKES — Go on, your previous ministers have — have a go.

Mr WYNNE — All right. Chair, I have been invited by Dr Sykes to have a go.

The CHAIR — You are limited to about 4 minutes per answer, so just restrain yourself.

Mr WYNNE — I will only say one thing, but it is a very telling comment. Over the years of the previous government we got 44 high-rise towers. Apart from general maintenance, $1 million a year was spent on those estates. It tells a story. We were left with a smouldering wreck in the high-rises. So when you drive home tonight, if you drive past any of the high-rises have a look up, and you will see floor by floor by floor by floor renovations of all of those high-rises. That is an enormous task. We have spent tens of millions of dollars on what had been some shocking neglect of those high-rise estates, and they are an important part of our broader housing portfolio.

When you say, '$2 billion, where has it gone?', they are some of the places it has gone, into readdressing some of the neglect that had occurred in the past. It is a big number. We have delivered, since we came to government, to June 2007, 11 500 social housing units, 90 million on building and buying more units in partnership with housing associations, and as I indicated our stock numbers for this year and going forward. People laugh and say, 'There is more to be done'. There is more to be done; there is always more to be done in housing. There are big backlogs — CSHA, 5000 units down. We have inherited some really difficult situations, particularly the high-rise stuff. We are catching up still.

Mr WELLS — But you still support the 2030 program, don't you?

Mr WYNNE — Of course I support the 2030 program.

Mr WELLS — But it is putting an enormous pressure on the price of houses in Melbourne.

Mr WYNNE — How do you mean?

The CHAIR — I am not sure this is actually relevant.

Mr WELLS — We are talking about supply and demand.

Mr WYNNE — I am happy to talk about 2030 — no problem.

The CHAIR — It is actually Mr Rich-Phillips's question.

Mr WYNNE — If Mr Rich-Phillips wants to ask me that question, I will answer it.

Dr SYKES — That was a decoy strategy.

Mr PAKULA — Now is the time for unity, Gordon.

The CHAIR — Gordon, it is yours.

Mr RICH-PHILLIPS — Thank you, Chair.

Mr WYNNE — Is this a 2030 question?

Mr RICH-PHILLIPS — The minister may respond in terms of 2030 in his answer. The budget papers show net long-term stock only increasing by 130 units next year.

Mr WYNNE — Yes.

Mr RICH-PHILLIPS — It is 74 556, up from 74 426. At the same time the Office of Housing waiting list at March was 35 394. There is obviously a substantial waiting list for public housing.

Mr WYNNE — There is.

Mr RICH-PHILLIPS — When could those people on that waiting list reasonably expect to be accommodated in public housing? Obviously, I take what you say about capital work for this year, there is minimal increase in stock so you have got roughly a 50 per cent additional demand on top of the stock you have got now. When can those people expect to actually be accommodated? What is the turnover rate in the existing stock that would see those 35 000 people accommodated in public housing?

Mr WYNNE — As you say, Mr Rich-Phillips, you are right. At March 2008 we had 35 000 on the waiting list. It has gone down by about 6000. We had 41 000 in 1999 and that is not a bad result, but — —

Dr SYKES — There is more to be done.

Mr WYNNE — The waiting list does move around, according to what the market conditions are. As I indicated in my earlier answer, the private market for low-income people is no longer an option for them. As members of Parliament we all get representations from our constituents, and every one of you has written to me in relation to somebody who has been waiting on the public housing waiting list for a period of time. My advice generally to those of our constituents is, 'Broaden your scope of where you are prepared to go to'. That is my answer. I am sure you will have stories, as we all have, of people who say, 'I have been waiting on the list six, seven, eight, nine years'. Why? It is because they are asking for a highly specific property in a highly specific area, and they are not prepared to open up to other options. Therefore it is so contained. The particular area they may be asking about may have a very limited amount of stock in it. It is not for me to be saying to people how they should seek to redress their applications, except in broad terms to say, 'Be as expansive as you possibly can be and that will improve the opportunities for you'. We should not forget of course we do have a segmented waiting list as well. Obviously those in most acute need are those who are housed first. In broad terms, that is my answer.

Mr RICH-PHILLIPS — In the context of that answer, do you have stock that is occupiable but is unoccupied because it is in areas where there is no demand at the moment?

Mr WYNNE — Yes, we do.

Mr RICH-PHILLIPS — What sorts of numbers are currently unoccupied?

Mr WYNNE — Current vacancies?

Mr RICH-PHILLIPS — Current vacancies that could be occupied.

Mr WYNNE — I have that figure for you. I will just get it for you off my colleagues here. For instance, yesterday I was up in Maryborough; we had a community cabinet up there. We have got a very small number of people — about 35 — who are sitting on the public housing waiting list. For that area it is nothing; it is a very small number of people. But we have got a whole bunch of stock that does not fit people's needs. For instance, we are top-heavy across the broader portfolio with a lot of two and three-bedroom units, where the waiting list is predominantly single people. You have got this mismatch.

Ms THORN — Or very big families.

Mr WYNNE — Or big families. So you have big families at one end and a huge amount of the waiting list are single people. There is a mismatch between the stock and the supply. But to answer the question more specifically, as at 30 June 2007 we had 559 vacant properties, which is exactly 0.9 per cent of direct tenure stock.

Mr RICH-PHILLIPS — Will you accommodate an applicant where they do not match the stock? Will you put a single person into a double-room unit to accommodate them?

Mr WYNNE — Will we put a single person into a double — —

Mr RICH-PHILLIPS — Into a room that exceeds their requirements just to accommodate them.

The CHAIR — A two-bedroom place.

Mr WYNNE — Yes.

Mr RICH-PHILLIPS — Likewise, larger families into smaller accommodation simply to accommodate them in the absence of a larger house?

Mr WYNNE — We will accommodate families. We have particular issues with some communities. Where we are building now we are building more five-bedroom stock for some communities. I opened some units in Footscray months ago which were very large — significantly larger units, four-bedroom units — to try to accommodate some of the larger families. We obviously try to match stock to people's needs. It requires us to reconfigure our stock configuration, and that takes time. But the answer to your question on vacancies is 559.

The CHAIR — Thank you, Minister. By the way, the housing stock numbers that Mr Rich-Phillips refers to, does that include the housing cooperative numbers?

Mr WYNNE — That is total public and social housing stock, yes.

The CHAIR — So it includes the housing cooperatives.

Mr SCOTT — My question is regarding neighbourhood renewal. I refer the minister both to his handout and page 116 of budget paper 3. Will the minister confirm and outline what is being done to address the needs of disadvantaged communities through the neighbourhood renewal program, particularly through funding in this budget? And do not miss out on East Reservoir, if you can.

Mr WYNNE — No, we will not miss out on East Reservoir. I think we have a map at the back here. The second last page shows you all of our 19 neighbourhood renewal sites around Victoria. I reckon this is probably one of the best success stories of this government — 19 sites.

In 2008–09 we are going to invest a further $52 million, $41 million for capital projects and $11 million for what we call community building. If you think about any of the neighbourhood renewal sites, in my own and indeed Mr Barber's area, the Atherton Gardens estate in Brunswick Street, Fitzroy, is a good example of where we are doing fantastic work around not only renovating all of those high-rise towers, but we have also put in place a terrific rainwater and grey water collection scheme for the collection of water to be used on the gardens there and really tried to lift the environment of that estate; and we have controlled entry to the towers to make sure the places are secure. But the interesting aspect there is that we actually have a very significant employment program afoot there as well, with Brotherhood of St Laurence.

People are getting trained as concierges in the foyers of the towers to monitor people coming in and out of the foyers. People are employed in maintenance and in cleaning programs. This is really the essence of what we are trying to do with neighbourhood renewal. It is about saying, 'Right, we will fix the physical infrastructure of the place', but you will not actually make a profound and long-term difference if you do not fix up the social infrastructure.

If you think about much of the public housing that has been built around Victoria and you remember its history, it was designed as worker housing, whether it was the high-rises, which were part of the slum reclamation program, or Braybrook, Maidstone or Broadmeadows — all of those large conurbations of public housing were worker housing.

If you go back to the early research, a very good piece of social research that was in fact undertaken by the Brotherhood of St Laurence in relation to the high-rises — I think the research paper was called 'High Living' — shows that everybody worked. There was not this concept that people in public housing did not work, whereas now if you go to any of the large conurbations of public housing, most people do not work. So that is the big social challenge for us going forward.

It is in not that difficult to lift the physical infrastructure of these areas, but it is when you change the social fabric, when you in fact offer the people the opportunity to get training, to get employment, to get education that you profoundly change the way those suburbs work. So if you think about Corio-Norlane, you are driving into Geelong, past the waterslide there, everything to the left and everything to the right is basically all public housing; that whole area in there is a massive area of public housing. We have put $40 million into there in terms of lifting the physical infrastructure, and we have now put in place other aspects of urban renewal to start to get employment in there and to start to get community hubs in there. The generation of community interest and activity there has been quite phenomenal.

I was down there three weeks ago. They have taken over one of the Commonwealth Games demountables. That has now become a community facility, a place for people to meet, and a place for the neighbourhood renewal staff to work from in the community. They are a huge success story right across not only metropolitan Melbourne but particularly also in country Victoria.

Those areas and places like Kangaroo Flat and Wendouree West are terrific examples of where you would often go to some of those public housing areas and see there was not a shop or local convenience store to be found. We have a great example of where we in fact reopened the local milk bar and put within the complex some computer and

internet facilities so that kids could come to the milk bar after school and be casually supervised by the milk bar staff while doing their homework and so forth next door.

Also located on the site is a men's shed to enable blokes who have been unemployed or out of mainstream activity, to get themselves engaged in the men's shed activities. So we have this sort of hub that has been developed and a whole lot of local people have been employed in the milk bar. That is a sensational outcome for that community. In a broader sense that is what neighbourhood renewal does: it is about renewing in every sense the fabric of the community.

I am a huge fan of neighbourhood renewal. We support these projects. They are long-term projects. All of the commitments are in the order of eight years, and that is a big commitment by any government going forward. But if you go to some of those places now, compared to what they were before, you will see they truly are renewal, and they are sustainable renewal going forward.

Dr SYKES — Minister, I refer you to budget paper 3, page 116, and the output under the heading relating to the average waiting time for public rental housing for those clients who have received early housing allocation, which are those families at risk of recurring homelessness, coping with a disability, or have special housing needs. It is the third one down, I think.

Budget measures apparently show a steady increase in waiting times from an average, as I understand it, of 3.7 months in 2001–02 through to 6.4 months in 2005–06; and the waiting time for 07–08 is 6 months and the target for 08–09 is 6.1. I have noted your comments on increasing pressure on housing and the activity the government is undertaking in general. Do you have plans to lower the waiting time for this group; if so, what is the target; and what additional measures would you implement to achieve this lower waiting time, keeping in mind that this group is particularly vulnerable?

Mr WYNNE — Certainly. You would be aware of the Disability Housing Trust. We have just amalgamated three organisations together. I know I will get these wrong, and I will be flogged for this because the chair of it is my former boss, Brian Howe. It is Disability Housing trust, Singleton Equity Housing and Supported Housing Ltd, and it is chaired by my former boss, Brian Howe. These include a registered housing association. These three have come together and combined their resources to enable, as their new name suggests. I think they are calling themselves or rebadging themselves as Housing Choices Australia.

We just launched them last week. Naturally enough, Dr Sykes, their specific area of interest is people with a disability; they are — I think — going to do some really excellent work in this space. If you think about the fact that we are transferring across to those housing associations in the order of 500 properties by 30 June that would have been managed by those organisations, they get the titles of those at no consideration, so they have built an asset base of their own now, they have got access to the $300 million leverage that comes off that.

I know, in talking to Brian, he is particularly interested in engaging the families who are often getting older and who are seeking to support a disabled person. They are saying, 'What does the future hold for my son or daughter going forward?'. Clearly often it is an older woman who is trying to support a child who might be getting into their 30s and 40s. What is this person's future going to look like? That is absolutely the space that Brian and the housing association are in, you will see a terrific amount of activity in that area starting to pick up on the incredible demand there is and the demand that we would all naturally respond to, of ensuring that a person with a disability has got decent, long-term accommodation options for them going forward.

Dr SYKES — Let me clarify: the waiting time has gone from 3.7 to 6, and you are saying pressure of housing plus growing demand — I presume as the baby boomer parents have a greater need — what is your target? It is sitting at six months at the moment. Are you proposing to bring it back down to 3.7 over the next couple of years?

Mr WYNNE — We are expecting to meet our target of six months in 2007–08.

Dr SYKES — That is just holding it.

Mr WYNNE — We think that the sort of propositions that Housing Choices are engaging in will be of assistance there, Bill. At this stage I can paint you the broad landscape of how that looks going forward, and I think that is going to make a big difference, because there is a big appetite and a strong recognition of the need. There is a

strong engagement, particularly with the carers and the families, but there is also a strong engagement with the broader philanthropic sector who want to be involved with this as well. I think there are good outcomes coming forward, Bill.

The CHAIR — And it varies throughout the state of course, as you described?

Mr WYNNE — Yes; of course.

The CHAIR — Two years in our area.

Mr NOONAN — Minister, I wanted to ask you about energy efficiency measures being taken as part of this budget. I wonder whether you can explain to me what you are doing as part of this budgetary process? I think you mentioned greywater and rainwater. If that is the extent of it, you might expand on that; but if there are broader implications out of what you are doing in that area, it would be useful for the committee to understand.

Mr WYNNE — We are doing some good work in terms of environmental sustainability. All of our new-built housing is appropriately energy rated — 5-star-plus energy rating, and that is what we have got to work towards. All of the projects that I have opened most recently — or many of the projects — have got rainwater tanks in them. A lot of them have got the solar panels on the roofs for hot water and correct orientation to the north in terms of passive solar access. That is just good, sound property development, I would have thought. In the future we have a responsibility to be leading the way as public authorities.

If members are not aware of the K2 apartment block, I recommend it to you. It is in Windsor. We have got a 96-unit, environmentally sustainable development down there which has pretty much cleaned up every award you can think of. It is an absolutely cracker development, and it achieves 6 and 7-star greywater, third-pipe, black water — — you name it. It is doing everything that is right on the edge of environmental sustainability, and that is the way we want to lead going forward.

More generally, we have done about 13 600 upgrades of energy and water saving initiatives in public housing, so we are progressing through that. As I said, all new buildings have 5-star energy rating — 3075 dwellings have been done since 2001. The water saving projects that I indicated at Atherton Gardens is a terrific one as well. We are going to be looking to work more collaboratively with DSE around other projects that can make a difference to our public housing tenants more generally.

It is our responsibility; we are major builders. The government public housing authority is a major investor in housing, and we ought to be leading the way, not only in terms of our multi-unit developments, but more generally the provision of public housing and social housing.

Mr BARBER — Minister, over the last couple of years you have made an annual payment of over $60 million a year to the Treasurer under an old arrangement we are familiar with, set up by Mr Stockdale.

Mr WYNNE — Yes.

Mr BARBER — It is a repayment of principal and interest to what used to be the Office of Housing — or the Housing Commission — debt.

Mr WYNNE — Yes.

Mr BARBER — I understand it is up for negotiation each year between yourself and the Treasurer, but is it a fair bet that it will be 60 million next year and ongoing? If it is at that rate, can you tell me how long it will take to finally get out from underneath these sharks?

Mr WYNNE — Sorry? Sharks?

Mr BARBER — Loan sharks; I think that is what you would call them.

The CHAIR — I am sure you are not referring to the officers of Department of Treasury and Finance in that way.

Mr BARBER — Thirdly, when I look at the budget papers and I see output group 'Long Term Housing Assistance', 230-odd million, is that before or after the 60 million?

Mr WYNNE — Thanks, Mr Barber, for your question. It is not 60; it is 50. It is $50.5 million; that would be payment to the Treasurer — 50.5.

Mr BARBER — I am looking at note 24(d) from last year's accounts.

Mr WYNNE — Fifty million is what I am — —

Mr BARBER — Whatever your advice.

Mr WYNNE — No, it is not my advice, it is what I am up for paying; I am not paying 60! It is 50.5.

The CHAIR — Answer, please, Minister.

Mr WYNNE — It is $50.5 million, which you rightly portray as a scheduled payment to the Treasurer. It is a deed of debt assumption agreement between the director of housing and the Treasurer, to be paid in instalments every year — that 50.5. This year the adjustment was $37.9 million, so we kept $37.9 million and paid back 12 million. But every year it is different. I mean some years it is extinguished for the year; other years we have to pay a bit back. I do not know whether, Rob, you want to clarify this 60 figure?

Mr BARBER — Staff are going to advise you that $60 million is the contingent liability, because you cannot be charged more than the amount of principal and interest that is due each year. But if you tell me you paid 50 million last year, I will take your word for it.

Mr WYNNE — I did not pay $50 million. No, 37.9 we retained, and we paid whatever it is less than 50 — 12, or near enough.

Mr JENKINS — There is a formal agreement between the director of housing and the Treasurer, and the schedule to that agreement has got the $60-odd million in it. The figure that is in our budget at the minute is 50.5, as the minister has indicated, and this current year we are paying 12.6, I think.

Mr BARBER — At that rate how long does it take to extinguish this debt?

The CHAIR — You might check with your actuary on this.

Mr WYNNE — No, that is an ongoing conversation that we have with the Treasurer each year.

The CHAIR — If you could provide additional advice, we would appreciate it.

Mr PAKULA — Minister, page 116 of budget paper 3 talks about long-term housing assistance measures. I am just wondering if you could give a little bit more information, and if you like, Minister, you could talk specifically about the Western Metropolitan Region. We are talking about what major public housing redevelopments are in the pipeline; what projects you might have, including, as I say, those in the western part of Melbourne.

Dr SYKES — Have you got notes on that one?

Mr WYNNE — Yes, I have got my notes on that one, of course I have. Where do you want me to start?

Dr SYKES — At the beginning, Minister.

The CHAIR — Dr Sykes would probably prefer you start at Benalla.

Mr WYNNE — Dr Sykes, where would you like me to start? Benalla?

Dr SYKES — That would be a lovely spot

Mr WYNNE — We know Benalla well, don't we?

Dr SYKES — We do, it is a lovely area. A great place to live, work and a raise a family.

Mr WYNNE — I used to live there part-time. I did not raise a family there.

Dr SYKES — Come back and have another go.

Mr WYNNE — I was very happy there; I have very happy times in Benalla. The biggest redevelopment we are doing at the moment is the Carlton redevelopment. It is down to a short-list of five developers. As you know, it is a major walk-up estate, which is being progressively demolished. At the moment we would expect on advice to the director of housing, who is of course responsible for these tenders, to be in a position to announce that development in the next two or three months; I believe we are on schedule. But that will be, at this stage, the biggest public housing redevelopment that we will undertake. It will be closely followed by Richmond, which we will be commencing consultations and planning work with the community and the council in the next short while. That is the largest conurbation of high-rise public housing in the state — a really huge development opportunity there.

Then we get to smaller redevelopment opportunities, and to, for Mr Pakula, the Braybrook–Maidstone area, which of course you are extremely familiar with. We have got a large redevelopment proposition on those broadacre estates in the order of 1200 units. So that is a massive project there. I talked about Corio–Norlane earlier — again, a massive project. At Shepparton, where the shadow minister is, there are 84 units of housing there; Wodonga, 79 units; Kensington, which as we know is just about complete now, 900 units — that is a huge development over there.

We are busy right across the state. As I indicated, we want to really look at both redevelopments and particularly neighbourhood renewal projects. I was up in Horsham last week. We were very much welcomed by the community, with the upper house member, Jaala Pulford, with a $1.8 million community engagement project up there. There is tremendous energy up there around it. We are very keen to continue those investments right across the state. These are big projects. Carlton is a huge project. Richmond will be a huge project, and others going forward.

Mr DALLA-RIVA — Minister, in your presentation you had on the first page, 'Growing social housing and making it better'.

Mr WYNNE — Yes.

Mr DALLA-RIVA — In terms of the 201.3 million to buy and build 1030 properties, I understand that you have indicated a number of times that you will be transferring, I think it is, 500 properties from public housing to the associations. Is that correct?

Mr WYNNE — Yes — the titles.

Mr DALLA-RIVA — I understand that when it was initially set up there was not going to be any large-scale transfers of stock from public housing to associations. There seems to be a change in policy in respect of that.

Mr WYNNE — Yes.

Mr DALLA-RIVA — How does that impact on the budget and the forward estimates with this sort of changing from it being public housing to housing associations, and has that been a policy change that is not reflected in the budget? Or is it something that is reflected in the budget, and, if so, what impact?

Mr WYNNE — It is a very good question, because you point to a potential inconsistency — it is not. These are properties that have been managed by those associations through the director of housing for significant lengths of time in all of those circumstances. There is a differentiation that needs to be had between the direct provision of public housing, which is the responsibility of the director of housing. So if implicit in your question is whether we are going to be transferring direct public housing stock over to housing associations through that transfer of the 500, the answer is no. These are properties that have been administered — some of them quite long term — by these housing associations. So it is not a change in policy.

Mr DALLA-RIVA — Is there any property transfer?

Mr WYNNE — Absolutely, the title is transferred.

Mr DALLA-RIVA — Are you paying land tax? Are you paying stamp duty, I should have said?

Mr WYNNE — They are being transferred at no consideration.

Ms THORN — And it has a negligible impact.

Mr WYNNE — Perhaps that could assist me with the Treasurer.

The CHAIR — That might actually be a subsidy.

Mr WYNNE — That is a cunning plan.

Mr RICH-PHILLIPS — He would assess them at market value.

Mr WYNNE — Why didn't you think of that?

The CHAIR — There might be some revenue forgone there, Minister, which might actually land you in more trouble.

Mr WYNNE — As the director of Housing reminds me, they are charities as well; they have got charitable status.

The CHAIR — That is revenue forgone, which I am sure the Treasurer has taken into account.

Mr WYNNE — I am sure he has.

The CHAIR — Minister, thank you for the presentation on the housing portfolio, and I thank the departmental staff for their attendance and assistance.

Witnesses withdrew.

Transcript of evidence

4.4 Mental Health portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 22 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. Neville, Minister for Mental Health,

Ms F. Thorn, Secretary,

Mr A. Hall, Executive Director, Financial and Corporate Services, and

Ms G. Callister, Executive Director, Mental Health and Drugs, Department of Human Services.

The CHAIR — I again welcome the minister and welcome to the committee Ms Callister, executive director, mental health and drugs division of DHS. I call on the minister to give a brief presentation of not more than 5 minutes on the mental health portfolio.

Overheads shown.

Ms NEVILLE — Thank you, Chair. I will be taking people through mental health and drugs, as it is a combined division within my area of responsibilities. I will start with mental health. Over the last few budgets we have been investing in improving triage systems, building bed capacity as well as enhancing the capacity within our emergency departments to respond to mental health clients. This has started to see improvements in outcomes. For example, 74 per cent of mental health patients waited less than 8 hours in an emergency department, which is an improvement from 62 per cent in 04–05. Growth in presentations to emergency departments with mental health or related drug and alcohol problems in this financial year is also on track to be our lowest since 2000. The investments in things like short-stay beds in EDs for mental health patients, specialist mental health staff in our emergency departments and the capital program both in acute and community beds are all contributing to these performance improvements, as well as contributing to improving care for people who have a mental illness.

We move on to the challenges. What this slide indicates is some of the challenges that we have in relation to mental health. Firstly, it indicates clearly that there is a mismatch between the prevalence and the burden of disability and the way in which our resources are distributed in mental health. Currently spending by public mental health services is heavily directed towards adults, yet we know that 75 per cent of mental illness and substance abuse issues occur before the age of 25. It is mainly the result of a historical problem; as we deinstitutionalised that is the way that resource allocations were made.

Another problem is that our system remains very focused on acute and crisis responses and not enough effort in prevention and early intervention. Although we have commenced investment in those areas — things like the youth early psychosis program, conduct disorder et cetera — the process of investment in services that are focused on intervening earlier is required. It is also difficult for people to understand how to actually access the system and what the appropriate services are that might meet their individual mental health needs. Also the capacity of other parts of our service system to respond to people with a mental illness is still limited, whether that is child protection, housing, corrections, drug and alcohol. That is despite the fact that people with a mental illness are overrepresented in that service system. We need better linkages between our primary care system, especially GPs, and the specialist system to ensure the continuum of care for people experiencing a mental illness.

In order to meet these challenges and ensure that we are able to reduce the burden of mental illness on the community and on the individual it is essential that we reconfigure, or refocus, our mental health system. We know from the work that the government has done that just investing in more of the same, or more money in doing exactly what we are currently doing, will not create greater access or improve outcomes. I have recently released a green paper, *Because Mental Health Matters*, which sets out a direction for change and seeks input from community professionals in the field, consumers and carers. It is focused around seven strategic areas, which I will not go through, that are listed there — prevention, children, youth and families, for example. The final strategy will be released later in the year. It will have a strong focus on a system that can intervene early in life, early in illness and early in an episode.

This budget provides $128 million to both enhance the capacity of the current system as well as seeding reform. The budget has a strong focus on improving access and referral pathways, redesigning and expanding our children, youth and family service system, new approaches to supporting housing needs for people with a mental illness, and it also continues our capital program. This slide indicates some of the initiatives, such as the new 24 hours, seven day a week community information and referral service, our new supportive housing model and the statewide provision of a perinatal depression screening program.

If I can move onto drugs, we have made a significant investment in drugs and alcohol issues. In fact, since 1999 over $490 million has been invested, and this budget continues our commitment but also provides additional money to address the issue of alcohol misuse. Our investment since 1999–2000 has seen us almost double the number of drug treatment beds as well as reduce waiting times for counselling and drug treatment. We have also improved access to services with a 33 per cent increase in the number of clients. It has also enabled an enhanced focus on prevention activities to reduce the uptake of illicit drugs and reduce the misuse of legal drugs like alcohol. During this financial year, for example, a successful Ice — It's a dirty drug campaign was undertaken, targeted at

15 to 25-year-olds. We, of course, need to be constantly vigilant and able to respond to ongoing and emerging problems. Some of the particular challenges relate to binge drinking, especially amongst young people, and increasing levels of poly drug use. We know that about 64 per cent of 18 to 24-year-olds binge drink and 32 per cent of 14 to 17-year-olds are binge drinking, and we have also seen increases in alcohol-related hospital admissions, ED presentations, assaults and unfortunately also alcohol-related deaths.

The budget provides $37.2 million to support the initiatives that are outlined in the alcohol action plan, which is focused on preventing and reducing the harms of alcohol through changing community attitudes and behaviours, clear rules for responsible use and sale of alcohol, and measures to improve enforcement and safety. Some of the specific measures include online and telephone screening, which has shown — in fact, you might have seen recently some research on this — to be extremely effective in reducing harms, short intervention treatments, community-based alcohol education programs, access to family-based counselling services for young people, capacity-building for GPs, new rehabilitation treatment options and a community awareness campaign. There are initiatives that sit within the Department of Justice around the liquor licensing compliance unit and also some non-budget items like the late-night entry restrictions and the 12 month freeze on liquor licensing.

The CHAIR — Thank you very much, Minister. Certainly I appreciate today's announcement that the police are going to look at extending the 24-hour restrictions to Glenferrie Rd in Hawthorn, which is not too far from my area.

Mr SCOTT — Minister, in your handout you outline the mental health reform strategy briefly, and I understand on pages 309 to 312 of budget paper 3 there are a number of mental health initiatives related to this matter. Can I ask what progress is being made on the development of a new Victorian mental health reform strategy, particularly relating to this budget?

Ms NEVILLE — As you have indicated, the budget does talk about — and as I just spoke about briefly in the presentation — the need to reform, and we have commenced that process in this budget. We provide the funding to do that reform. The green paper that I released, *Because Mental Health Matters*, does set out a clear direction for service development and improvement across the spectrum from prevention and early intervention through to recovery and support. It also proposes a range of specific reforms to the way we plan, coordinate and deliver support for Victorians with mental health problems. The paper is a reflection of intensive consultation over the last few months with key stakeholders and an extensive internal whole-of-government process. Following a further period of consultation over the next three months I hope that we will be able to release the final strategy at the end of 2008. It will take a whole-of-government approach to mental health and guide reform and investment over the next 5 to 10 years.

Key changes that are being pursued through the strategy are a broader whole of population response to the spectrum of mental health and illness; a less acute-oriented system that relies on people being in crisis and being acutely unwell before providing intervention; a greater emphasis on earlier support, as I said before, in life, particularly in childhood and adolescence and in the development of a disorder and also in illness and episode; also a more networked capacity across sectors, as I spoke about before, in primary care and acute sectors, to provide support and foster social participation; and an organised targeted effort to prevent mental health problems and reduce the prevalence of disorders. The budget announcement provides a concrete response to this policy context, allocating, of the 128 million, around 76 million as part of our total investment to particularly focus on initiatives that seed reform that are talked about in *Because Mental Health Matters*. There is also money to provide essential infrastructure to support that reform.

The reform is about rebalancing the mental health system towards earlier intervention and supporting recovery within an integrated community-based system. Recovery, stronger support for children, stronger support for young people and families and improved responses for people with complex health and social needs are very much major themes of this reform package. Initiatives in the budget that have been selected for early commencement because they address the most significant risks and gaps in current service delivery models and/or trial new service delivery models where there is considerable lead time required to get them up and running are what is the focus of this budget — for example, and I touched briefly on this, in order to improve and streamline access and ensure appropriate referral pathways to mental health care and support, we are establishing a 24-hour, seven days, mental health telephone line. That will be statewide.

In conjunction with this we will also be enhancing specialist mental health triage services in metropolitan and regional areas. We are also redesigning and expanding services to children, young people and families: $16.8 million over the next four years through a redesign of the child and youth platform. This is about testing ways of delivering age-appropriate programs and we will also be enhancing our support to families where a parent has a mental illness, substance abuse problem and particularly those families that are engaged with our Child FIRST services.

We also trialling a new approach to supporting people with a mental illness in community housing: $8.7 million over four years through a new model which provides intensive, on-site support to assist people to achieve stability in accommodation and through additional funding to the psychiatric disability rehabilitation and support services sector to support people who require intensive and sustained psychological and clinical outreach to live in various types of independent accommodation.

Funding has also been provided to address increased complexity and demand pressure in public hospital mental health services with further support provided for paediatric eating disorders at the Royal Children's Hospital, Southern Health and Austin Health. The budget also delivers on our commitments to continue to build prevention and recovery care services and bring some of those into operation. The capital will provide 30 new beds in three community-based facilities affiliated with Monash, Maroondah and also Peninsula hospitals, which completes our election commitment of 70 new PARC beds in Victoria. This is a comprehensive package that continues to deliver on our election commitments but also begins the process of what will be significant reform, which I believe will deliver much better outcomes to people with or at risk of developing a mental illness.

The CHAIR — Thank you, Minister. That is a certainly a big improvement.

Dr SYKES — Minister, my question relates to access to mental health services, and the general issue is the relationship between government commitment to increasing delivery of mental health services and increased funding but little apparent change in performance indicators, and I refer particularly to pages 91 and 92 of budget paper 3. While people are getting their minds around that because I am going to come back to the detail of those performance indicators, I just want to touch on a specific example of the need that is out there and the need to have the policy commitment backed up with money and people on the ground, and I am talking about the drought. Unfortunately we are in our 11th year of drought and it is hurting like hell. Even the most financially and emotionally robust people are crumbling; they are very fragile and they just say they cannot go through another year. We have a very good person in our area called Ivan Lister, an outreach worker, and people think he is God because he is their lifeline. He has saved a large number of lives because he can connect with people that are hurting. He goes to their kitchen table, he wins their confidence and connects them with support people.

Last Saturday we actually had an art exhibition opening where Ivan displayed another talent he has of creating art objects out of farm junk. The people that were there were many of his clients and they were there because they love him, and they were there because he is their lifeline. In talking with me their eyes were begging me to say, 'Bill, can you please ensure that Ivan is going to be around full time next year'. The problem is that some of Ivan's funding cuts out 30 June so I am making a plea to you: I am passing on that beg that they begged to me, please ensure that Ivan and other like workers are given an ongoing commitment. Can you perhaps answer me on that now?

Ms NEVILLE — Yes. There is no question that the drought has impacted and is impacting on communities across Victoria, and is having an impact on the mental health and wellbeing of those communities. That is why a number of programs have been put in place one of which supports Ivan. The programs include the Sustaining Community Wellbeing program where I think in fact his funding might come from which sits under the community services portfolio. Last year we announced this as a sort of trial to see how this worked. The mental health intervention teams were also funded and there is also money for supporting communities to tackle rural poverty. These provided a number of things. Some of them provided direct service delivery, some of it was about secondary consultation, some of it was about training to skill up the broader community and service sector as well to actually be able to respond better to the ongoing needs of communities that were affected by drought. Of course in that there has also been funding for things like the Looking Out for Your Neighbour program with the VFF, which is a really good program, which again is trying to build capacity amongst the broader community to provide support for members of the community who might otherwise be isolated and might not actually be able to seek out services. There has also been great programs like the Mental Health First Aid program, building up capacity in

community and other service sector areas to again ensure that the whole community takes some responsibility and has some capacity to respond to each other because often the local community is the best place to do that.

As you know, the government has also recently announced the Future Farming strategy and the document as part of that. It is a new environment that we are working in in terms of the Future Farming strategy which is trying to look long term at the sustainability of farming as well as the sustainability of the communities that develop around farming in many of our rural communities. This strategy includes and also is focused on improving the health and wellbeing of Victorian farmers. Some of the initiatives are about assisting farmers to make long-term decisions, some of it is about supporting the physical, mental health and wellbeing of 500 particular families as well. There will be some case management part components of that as well. In the context of this and these new developments, some of which sit within the Department of Human Services but some also sit within the Department of Primary Industries, I am currently in the process of looking at the initiatives that we have in place to see what has been effective, and through some of our initiatives what have been some of the sustainable changes that we have seen in communities that we could then look at shifting and responding to in different ways.

We need to make sure our interventions are right, but we also need to make sure in this changed environment around Future Farming that we can best respond. I understand that technically that funding is running out for many on 30 June this year. For many of the councils in fact it will not be until about September. At the moment we are doing that evaluation and we are doing that evaluation in the context of Future Farming. I am very aware of the issue that you have raised — and you have also spoken to me about it. At the moment I am very aware of the time pressures around this, but I am also needing to make sure that the programs we have in place to support the health and wellbeing of rural communities are the right programs and targeted in the right way.

Dr SYKES — I close off on that by saying that the guy's performance is outstanding. The desperate need of the people is being met. Just to confirm, it is only about $15 000, for heaven's sake, it is not millions; so please come back to me on that one. Just coming back to this broader issue of increased commitment or increased funding, when you look at the performance indicators on page — —

The CHAIR — You have asked your question on the drought, so I think we might — —

Dr SYKES — That was an example of the relationship between increased commitment, and that performance indicator is not change.

The CHAIR — If there is time, we can come back to your further question.

Mr PAKULA — Minister, during your presentation you touched on alcohol and drugs. Looking at pages 22 and 23, you talk about the alcohol action plan and $37 million over four years. With that in mind, I am just wondering if you could take the committee to some more detail about the plan and what it is proposed to do to reduce the harm associated with the misuse of alcohol?

Ms NEVILLE — As the committee would be aware, late last year the Premier committed the government to a renewed focus and a renewed attention on what is undoubtedly one of the biggest social issues that is facing Victoria and Australia and particularly facing young people. If you would indulge me for a moment so I can take you through just very briefly, I suppose, why we needed to act in this area. What we have seen in Victoria each year are 24 700 inpatient hospital admissions as a result of alcohol; 4700 ambulance attendances in metropolitan Melbourne as a result of alcohol; 759 alcohol-related deaths, which include 57 road deaths that were alcohol related; and 10 000 to 15 000 people apprehended for public drunkenness. Also we have seen in the CDB an increase in assaults by 17.5 per cent in a 12-month period. Those statistics give you an idea of the level of alcohol-related harm that is occurring, and clearly it is unacceptable.

As a result of that the Premier established a task force which I chaired and on which I worked closely with the Minister for Health, the Minister for Corrections and for police, the Minister for Consumer Affairs and the Attorney-General. The work that we undertook was supported by an expert advisory group which had experience across health, policing and licensing. So it was a broad-ranging expert committee that provided advice to us on what some of the key priorities for action should be. They identified good practice strategies for addressing alcohol-related harm and provided comments on the draft alcohol action plan. I would like to thank them for the work that they put into that.

We launched in on 2 May the alcohol action plan. The budget provides the financial commitments behind it to deliver on some of the key priority areas for action. It is a five-year plan with the investment over the next four years. It is called *Restoring the Balance* because the emphasis of the document is on getting the balance right. In recognising that there are benefits that alcohol provides, that it is part of our social and community life, we also want to shift the balance a bit so that we can prevent and reduce the harms, particularly violence, road accidents and some of the chronic illness that is associated with alcohol. The plan contains some long-term measures to address the culture around binge drinking, education, prevention and early intervention treatment as well as some licensing and policing initiatives to address alcohol-related harms in our community. In addition *Restoring the Balance* also focuses on some short-term actions to try to address public safety and alcohol-fuelled violence that we are seeing particularly in the CBD of Melbourne. Those people would be aware, because they have had probably the most publicity, of the three-month trial of a 2.00 a.m. late-night entry declaration, which will cover the four local government areas of Port Phillip, Stonnington, Melbourne and Yarra, as well as a 12-month freeze on late-night liquor licences, after-1.00 a.m. licences, in those four municipalities. There will also be the establishment of a liquor licensing compliance directorate and some Safe Streets project work by Victoria Police.

In my area of responsibility, the budget areas focus on the community awareness campaign, providing $4.3 million on that, looking particularly at the issues of risky drinking and the harm that can be caused. That will be particularly targeted around not just changing young people's behaviour but also working with parents on the risks associated with alcohol use and binge drinking. There is also money for early intervention and prevention initiatives and, as I mentioned, things like the online and telephone screening and the community-based alcohol education programs. There is also money, $9.4 million, to provide support to GPs from trained alcohol-addiction specialists. There is also money for family-specific interventions and a new medium-intensive, community-based rehabilitation model. *Restoring the Balance* builds on a range of programs and initiatives that we already have in place, such as alcohol and drug education in our schools. There is an increase in the number of alcohol and drug treatment beds which, as I have said, has almost doubled; and there are the reforms we undertook in the Liquor Control Act as well as the Koori Youth Alcohol and Drug Healing Service. This is a whole-of-government strategy that will focus action right across government, reduce violence but in the long term reduce drinking behaviour in our community in Victoria.

Mr RICH-PHILLIPS — Minister, my question is on the same plan. To clarify, you mentioned a doubling of drug and alcohol treatment beds?

Ms NEVILLE — Yes.

Mr RICH-PHILLIPS — How many beds are delivered under this plan?

Ms NEVILLE — We have the new community rehabilitation program, and we want to see how that works. But a lot of our intervention in this area will be on the short interventions, which overseas experience shows are if not more successful than treatment beds, very successful at reducing risky levels of drinking. There is also the work with the GPs to improve their ability to respond to alcohol-related harms, particularly linking into new evidence around pharmacotherapy work in the area of alcohol. There is also the family therapeutic services and programs for young people, which work with young people and their families. Again overseas experience suggests that these are extremely effective at changing alcohol misuse amongst young people. There is also the online telephone screening program Again we have had, in fact just this week, one of the experts in this field talking about the success this has, particularly amongst young people, in reducing risky drinking behaviour. This is a package that has tried to invest in the things that we have had a look at, that we have had experts have a look at and advise us on as being the most effective ways of intervening in terms of somebody's alcohol problem.

Mr RICH-PHILLIPS — So the plan does not actually deliver? Treatment beds are not part of this plan?

Ms NEVILLE — Sorry, no; certainly, as I said, there is the community long-term rehabilitation, which will be for a particular targeted group, and again we will pilot that — whether that achieves more sustainable changes in someone's drinking patterns. But as I said, all the experience suggests that these other mechanisms are much more effective in reducing and treating alcohol problems in our community than just using the alcohol and drug beds.

Mr RICH-PHILLIPS — Do you have a figure for the beds that will be contained in that pilot aspect?

Ms NEVILLE — We can let you know.

Mr RICH-PHILLIPS — As to the funding of the program, this year there is $6.4 million in the budget across presumably your department and Justice for the action plan. Can you tell us how much is funded through the drug and alcohol outputs?

Ms NEVILLE — That is what I was just going through then, the things that fall within my outputs.

Mr RICH-PHILLIPS — You mentioned the 4.3.

Ms NEVILLE — So $4.3 million over the four years for the community awareness campaign, $4.7 million for early intervention and prevention initiatives — that is all the online and telephone screening, the community-based alcohol education programs.

Mr RICH-PHILLIPS — That is also over four years?

Ms NEVILLE — Over four years, yes. There is $9.4 million for support for GPs, the family-specific interventions, and that is over four years.

Mr RICH-PHILLIPS — And that is included in the drug treatment and rehabilitation output group for this year?

Ms NEVILLE — Yes, I think that is where it sits.

The CHAIR — This is on page 104, is it?

Ms NEVILLE — Yes, that is where it sits. The footnotes talk about that.

Mr RICH-PHILLIPS — There is only a $2.6 million increase in that output group for this year. Does that indicate there are cutbacks in other programs in that output group for this year?

Ms NEVILLE — No, I think it sits in there. There will be some under drug prevention and control, which will be the community awareness area as well.

Mr RICH-PHILLIPS — Across the two you have an increase of $3.6 million, but the funding you outline would suggest there is more than $3.6 million for VAAP for this year. Has something else been cut back in order to fund for VAAP for this year?

Ms NEVILLE — Unless Alan knows, otherwise I will take it on notice. Can you just — —

The CHAIR — Let us take it on notice and you can give us a picture of the alcohol plan as it relates to the output and deliverables areas. Mr Hall, did you want to add something?

Mr HALL — Yes, the output price has a number of changes that are wrapped up in that, so there is some new money for initiatives, there is some money that is the impact of savings that have come in the efficient government process last year and so forth. There is indexation on the base, so we would need to unpack all of that.

Mr RICH-PHILLIPS — If you could do a reconciliation, that would be helpful.

Ms NEVILLE — If you look at page 84 of the budget papers, it shows that.

The CHAIR — We are looking at pages 22 and 23, which outline the alcohol action plan. If you could give us the details of where that extra funding fits in under the various outputs and deliverables.

Ms NEVILLE — If you look at the drug services output summary in DHS, so $116 million to 123.9 million.

Mr RICH-PHILLIPS — Sorry, what page is that, Minister?

Ms NEVILLE — Page 84.

Mr RICH-PHILLIPS — That is not necessarily aligned with those other two output groups, drug prevention and drug treatment?

Ms NEVILLE — Then you have to look at what is included in the revised, which is indexation and all of that. But if you take against the budget, again 08–09 will have revised as well, but if you are against the 07–08 budget that is where it sits.

Mr RICH-PHILLIPS — Perhaps if we could get a reconciliation so we can separate out the program from the indexation.

Ms NEVILLE — Sure.

The CHAIR — Minister, I want to ask you about child and youth mental health, because we have an interest in that in our local area, particularly about some work in Box Hill and also in Camberwell. I am wondering what you have got on hand to basically improve services for children and young people with mental health disorders.

Ms NEVILLE — As you would have seen in the slides, the impact of mental illness and substance abuse issues is significant, with most of the onset of mental illness occurring before somebody is 25, so it has a serious impact potentially on the lives of children and adolescents.

This is a major focus for the government. This budget increases resources and seeds the development of new innovative services for children, young people and families. It is very central to the budget but it is also very central to our mental health strategy, which as I said before is very much about rebalancing our mental health system towards one that is much more able to intervene earlier, and in this case earlier in life, as well as support recovery. Recovery and stronger support for children and young people and families are very much underpinning themes of our whole reform process, as well as underpinning themes of our current budget. The reforms recognise the need for more widespread responses to mental health problems among children and young people, delivered as part of core services and within our communities, including early years services, schools, GPs; the need for greater capacity for specialist mental health care for those with severe and complex problems; and better supports for families and carers. The budget includes a package of initiatives that are aimed at improving these service responses.

As I indicated before, funding of around $16 million has been announced to redesign and expand services for children, young people and families through the child and youth services redesign initiative and through enhancing the support to families where people have a mental illness. Children who live in a family where a parent has a mental illness are at a higher risk of developing a mental illness later in life, so being able to support the whole family, not just the parent who has a mental illness, is important in the prevention over the long term of the development of a mental illness amongst children and adolescents. Of course this funding of $16 million builds on our budget of last year of just under $60 million for child and adolescent mental health services and for Orygen Youth Health.

The child and youth services redesign initiative will test more effective ways of delivering age-appropriate services and evidence-based programs for children and young people under 25 years of age that remove some of the current barriers to early intervention and to continuity of care across service boundaries. These service developments, which will be trialled in one metropolitan and one regional area, will bring together services involved in the everyday lives of children, young people and families and build upon our CAMHS work.

The child and youth service redesign initiative will also expand the knowledge that we have gained through the CAMHS in schools, the conduct disorder program which we introduced in 2004. This program, which is already operating in 24 schools each term, is a multi-level, early intervention program for primary school children and is proving to be extremely successful in changing behavioural problems in prep to grade 3 children. Enhanced family support will provide vulnerable families and at-risk children where a parent has a mental illness with the expansion of our FaPMI program, but will also have a particular target of families who are in the Child FIRST platform.

As I indicated earlier, the budget also expands our eating disorder responses and enables our paediatric response to be expanded in the Royal Children's, Southern Health and Austin Health. This builds on the trial that we have currently, the day program, at Southern Health which is also at the moment suggestive of being a very important new additional service in our service system. Just out of interest there is also money in the Department of Education and Early Childhood Development area which is about building student wellbeing and support services. Some of our initiatives will be able to work in conjunction with those new initiatives which will see some additional 70 new student support officers being placed in schools to assist students who have particular mental

health and life adjustment difficulties. There is significant investment and work in expanding our response to children and young people and to families. The mental health strategy will have this as a central focus so that as we move forward we are able to get a better match between the level of disability burden and the resources that we provide to children and young people in supporting their mental health and wellbeing.

The CHAIR — We have the Festival for Healthy Living in our area, which is ongoing. It is a one or two-year program, and there has been a marvellous response from schools in terms of creating awareness in a community-based way of the difficulties people are faced with in mental health and accepting that that is a part of normal living. I commend that particular program and the support that has been given to it, particularly through the Royal Children's Hospital.

Mr DALLA-RIVA — You mentioned earlier the issue of alcohol consumption and the amount of drug offences. Do you support the offence of public drunkenness, or do you see that as being a social issue?

The CHAIR — Is this an estimates question?

Ms NEVILLE — It is not really in the estimates. I spoke about some of the figures which said that there were about 10 000 to 15 000 people who were picked up on charges of public drunkenness. I think what our action plan is about and where our focus needs to be is on trying to turn around our culture around drinking. That is a really significant challenge for us here but also a challenge across the country. The figures are pretty extraordinary and astounding, and we need to put our energies into that end of the system. What we also know at the moment is that — which is why some of the initiatives that sit within DOJ are included in the whole-of-government response — alcohol at the moment has social health harms but there has also been an incredible increase in the rate of assaults and therefore a reduction in the sense of safety on our streets in Melbourne's CBD. That is concentrated between Friday night and Sunday morning; so it is Friday night, Saturday morning et cetera.

What contributes to that, or what the police will say to you, is that you have both perpetrators and victims of violence, large numbers of them all together. Something like 47 per cent of perpetrators of violence are alcohol-affected, and I think it is 43 per cent of victims of violence are alcohol-affected. We have got this sort of combination in the street. I think we need to continue a very strong licensing focus, a very strong policing response to ensure our young people who are out on Friday, Saturday nights can do so safely, as well as really focus our attention on changing the way that we see alcohol in our communities and within our families.

Mr DALLA-RIVA — And keep arresting them if they are drunk in a public place, I gather?

Mr PAKULA — We might ask you what you think of alcopops.

Mr DALLA-RIVA — It must be my old police hat!

Mr BARBER — The question was if you are drunk and not violent, should you be arrested for it?

Mr DALLA-RIVA — I thank you for your very long answer; I thought it would be short. I just want to get to the question of the pre-emptive strike on ice, which I think was announced last February — the $14 million funding that was allocated. I asked a question on notice, no. 790, to which you responded. I asked in particular about how much of the $14 million had been spent at present. You indicated 'Spending on drug prevention programs and treatment services will be reported in the budget papers'. I asked how much had been spent on initiatives or programs. You said along the same lines, about spending on drugs. I asked in question 5, 'How much funding is unallocated at present for the government's pre-emptive strike?'. You said, 'All funding has been allocated'. In terms of budget paper 3, drug service delivery, I am trying to work out where the $14 million that has been committed is allocated in the forward estimates. What measure is there in relation to ice, given that there was a significant amount of money for that program? I know you indicated that ice was a dirty drug, which I think many people have heard — it is a good advertisement, I must say. I guess I am trying to get a measure in the forward estimates in terms of the money allocation, where it is going and in terms of the quality outcomes, and how successful it has been.

The CHAIR — It is a very long question and we have basically run out a time. Unless you can answer that very quickly, Minister, we will take it on notice.

Ms NEVILLE — I do not think I can do it quickly. That is the only problem.

The CHAIR — We will take that one on notice.

Mr DALLA-RIVA — Do not refer to the next year's budget, that is all.

The CHAIR — I thank the officers for that. I know Mr Barber is very keen to get on to the senior citizens portfolio.

Witnesses withdrew.

CHAPTER 5: DEPARTMENT OF INFRASTRUCTURE

Transcript of evidence

5.1 Major Projects portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 30 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. Theophanous, Minister for Major Projects

Mr H. Ronaldson, Secretary,

Mr A. Smith, Deputy Secretary, and

Mr R. Oliphant, Chief Finance Officer, Department of Transport; and

Mr S. Sweeney, Executive Director, Major Projects Victoria

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of major projects, industry and trade and information and communications technology.

On behalf of the committee I welcome the Honourable Theo Theophanous, Minister for Major Projects, Minister for Industry and Trade and Minister for Information and Communication Technology; Howard Ronaldson, Secretary; Alf Smith, Deputy Secretary; Robert Oliphant, Chief Finance Officer, Department of Transport; and Sean Sweeney, Executive Director, Major Projects 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 that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in 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, PowerPoint presentations and any other documents tabled by the minister 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 give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of major projects. Thank you, Minister.

Mr THEOPHANOUS — Thank you, Chair. It is a pleasure for me to be here to address the committee. As a former chair of the committee's predecessor, I value very much the work of the public accounts committee and I support its work as part of our democratic institutions.

Let me talk to you today about major projects in this first segment. Perhaps I will begin by saying major projects is one part of the infrastructure build that the Victorian government is engaged in, and it is an enormous infrastructure build. I am happy to talk about how big it is compared to our predecessors, but it is approximately four times greater in money terms at over $4 billion compared to about $1 billion in the last year of the Kennett government.

I have got a number of slides I will try to get through as quickly as I can. I think I will move on to the first slide.

Overheads shown.

Mr THEOPHANOUS — I want to just mention a few of the exciting projects in the portfolio. MPV is responsible for approximately $4.1 billion of projects that we are currently managing. It is a very broad portfolio. It has been described as the specialist major project arm of government. We do not build roads and we do not build public transport, but we do build a range of specialist-type buildings that add to Melbourne's infrastructure. Some of the new ones are up there on the screen. They include the Melbourne rectangular stadium, which is under construction at the moment. It is going to bring soccer and Rugby to Melbourne in a significant way. It will have 31 000 people capacity, and we think it will be a valuable addition to our infrastructure in that precinct.

The Biosciences Research Centre is a new one which will be built at La Trobe University in a partnership with La Trobe University. I am happy to answer questions on it, but it is the other half of our biotechnology capability. We already have an enormous biotechnology capability in the human biotechnology space at Monash University and at Melbourne University, and what this will do will be to put us right at the forefront in world-class research and development in planning and biotechnology. It is an exciting project.

The Melbourne wholesale markets is also an exciting new project which will reconfigure our wholesale markets. Again, it is one that has been negotiated with the providers, and we are looking forward to constructing that major project as well.

Three are a bit unusual: the Geelong future city master plan is one that I am happy to answer questions on, but we want to develop the cultural precinct of Geelong, which will include the Courthouse Youth Arts Centre and some detailed planning and a business-case development for the Geelong Performing Arts Centre, the Geelong central library and the Geelong Heritage Centre. This is part of developing Geelong's culture.

The other one is the upgrading of the sporting facilities at Olympic Park and Albert Park, and there is $50.3 million allocated in the budget for that specific purpose. Finally, because I know you want me to be brief, Federation Square East is an exciting project. We intend to cover the Federation Square East area with a platform which will then allow us to build exciting new infrastructure for Melbourne. It is the missing part of Federation Square. It will double the size of Federation Square, and again it is a fantastic new project that has been given to Major Projects Victoria.

I want to talk about leadership in three areas. One is in sustainability, which we are very keen to try to promote. You might know that we have therefore made sure that the Melbourne Convention Centre will be the largest convention centre in Australia, and perhaps the largest in the Southern Hemisphere. It will have 5000 seats; it is hi-tech; it is a fantastic new facility, and it is 6 star green rated for environmental design. It is a 6-star building. It is certainly the only 6-star convention centre that I know of in Australia.

I refer to Parkville Gardens. All the housing in Parkville Gardens is 6-star rated housing. Again it is an attempt for Major Projects Victoria to lead the way in that space. The Melbourne rectangular stadium also has a number of such features, including water capture and reuse.

On leadership in sustainability and leadership in PPPs, there have been 18 Partnerships Victoria projects since 2000 worth $5.5 billion. Some recent studies that have been concluded have shown that we get better value for money out of these projects than would be the case if we did them in a traditional build environment, particularly for larger projects, and the gain to the community is as much as 10 per cent better value for money through a PPP. Again, I say that it varies from project to project, but in relation to larger projects that has been what seems to have come out.

Our PPP structure is so well regarded now that it has been taken up by other Australian states. Incidentally, it has also been taken up by the World Bank which has made comments on our PPPs as the way to do PPPs in the Asia-Pacific region, and has suggested that we should try to export our PPP capability into that region to help those countries develop their own economies. Some examples are listed. The Southern Cross station, Melbourne Convention Centre, Biosciences Research Centre and the Royal Melbourne Showgrounds redevelopment are just some of the PPP portfolios that have taken place within MPV.

I want to mention some of the machinery of government changes that have occurred and what that has meant. Major Projects Victoria was a part of the old DOI, which has now become the Department of Transport. It has now been brought over into DIIRD, and I think that is a much better fit for Major Projects Victoria. It is certainly a much better fit for me personally as the lead minister of DIIRD. It makes sense that these major projects are done from our main economic department.

It does mean that there will be arrangements that will have to be put in place in order to ensure that it is done smoothly, but so far as I am aware this has been welcomed by the department and by MPV itself. We want to create a range of benefits for Victoria, and we do so through a range of developments. I guess the thing I would like to say is that we are adding to the sporting, the cultural heritage of Victoria, and the way in which Victoria is seen. The range of projects, like the convention centre, the bathhouse development, the synchrotron, which adds to our scientific capability, the new bioscience centre and a range of other projects that add to our cultural and sporting infrastructure, will mean that future generations will benefit from the spending that is taking place right now in the construction in major projects.

The CHAIR — With the machinery of government changes — which of course changes a whole lot of things — perhaps you or the secretary could take us through what that means in terms of where we are within the budget formulation in terms of outputs and funds; is that possible?

Mr THEOPHANOUS — I am happy for that to occur. I have mentioned the machinery of government changes have been well received, but I am happy for the secretary to refer to them as well.

The CHAIR — I do not know whether the secretaries have gone down and talked about what outputs they are going to have in regard to various new parts.

Mr RONALDSON — The budget scenario for Major Projects is a bit unusual compared to other mainstream government departments. Most of the money for major projects is usually allocated through the budget process to the client department as the department that is the home, if you like, of the capital works. Embedded in this budget normally is the resources involved for MPV to get the right resources on board to undertake the project, but of course you will note that in the budget papers there are never any great dollar figures against MPV because they reside elsewhere in the budgets of other departments.

Other than that there has been the normal transition between the departments. We have had a normal transition of resources to appropriately run the unit. Once again Major Projects is a bit unusual compared to other government units. It is set up as a small commercial group and, as such, has very few line items, very few public servants and proportionately more contractors who work for it. The contractors come and go according to the number of projects and the size of projects, so its employees from one, say, six-month period to another might vary quite considerably depending what projects are taken on and what mature.

Once again it is unusual in the budget context in that projects do arise from time to time that are allocated to the Major Projects unit. Prior to that the government has to be satisfied that it wishes to do them, and indeed the projects will give us an adequate return to government. Then there is usually a discussion in government as to who is to do these major projects, and quite often outside the mainstream departments — by that I mean, generally speaking, as the minister has indicated, transport does transport projects; education builds schools; and generally speaking health does hospitals. But broadly speaking, outside that purview, Major Projects is likely to be allocated a major project from the government.

The CHAIR — I notice in the outputs on page 141 of budget paper 3 you have got 'Delivery of nominated Major Projects Victoria projects complies with agreed plans'. So that is your output for this particular group?

Mr RONALDSON — Yes, that is right.

The CHAIR — I wanted to clarify that before we started.

Mr DALLA-RIVA — Following on from the questionnaire, page 5 of the *Victorian Budget Overview* mentions that:

> This budget delivers:
>
> ….
>
> net infrastructure investment of $3.9 billion in 2008–09, averaging $4.3 billion over the four years to 2011-12.

Given that the Major Projects website states:

> Major Projects Victoria manages large-scale development and construction projects — from concept to completion …

why is it that under your responsibility as Minister for Major Projects you do not have large-scale developments like the desalination plant, the north-south pipeline, channel deepening and others, just to name a few? And if you could also provide, Minister, what MPV has responsibility of of the nominated $3.9 billion, as mentioned in the budget overview?

Mr THEOPHANOUS — Thank you for the question. I did indicate in my preamble that Major Projects Victoria is responsible currently for $4.1 billion of projects. Whilst you could keep adding to that $4.1 billion ad infinitum, Mr Dalla-Riva, it was the government's decision that Major Projects Victoria would be a specialist agency that would deal with what are usually very complicated types of constructions that require an unusual degree of expertise. So you can see that, for example, the recital centre, which is an exciting project that Major Projects is building which will give Melbourne its first recital centre — but the construction is extremely complicated. The whole building is on springs; the building has to be soundproofed to a certain standard, and we

have had to do the design of the sound imaging and the sound stage to the point where I am confident that it will be amongst the very best, if not the best, in terms of acoustics of any such recital centre in the world. That is why we are a specialist agency.

Similarly, the construction of the Australian Synchrotron required a specialist-type of construction. And you can go through virtually every circumstance. The Melbourne Convention Centre, which incidentally, with the commercial elements of the convention centre, there is probably in the order of $1.5 billion of economic development down there. That is one of the most complicated convention centres you can imagine. It is built in the form of a sort of amphitheatre internally, but it can be divided into three, with walls that come up and provide three smaller areas for usage. I am told — although we will see in the testing — that you can have a band in the middle one and you still cannot hear it on each of the other two convention centres on each side.

Designing these kinds of specialist constructions is what Major Projects Victoria does. It does not build roads; I have said that right at the beginning. We do have a transport department that is specialist in public transport and in road construction. Health is for the same reasons, and education builds schools. Now it is true that the government decided to establish a specialist water construction area with the Minister for Water, who is responsible for the construction of a number of pipelines and the desalination plant. That was a deliberate decision by the Premier. In a more general sense, every major project as it comes up goes through a process of deliberation as to who should, and which agency is best suited to, construct it. Major Projects is one arm of our construction capability, and it is a very important arm, and as I said it has $4.1 billion of construction currently in hand.

Mr DALLA-RIVA — You might just take it on notice then, Chair, for the minister in terms of what he is saying about those projects in more detail.

Mr THEOPHANOUS — I am happy to provide a list of the projects.

The CHAIR — If you could provide a list of projects which are the responsibility of Major Projects Victoria, that would be terrific.

Mr THEOPHANOUS — Yes, I am happy to provide it.

Ms MUNT — Minister, in the context of the Regional Infrastructure Development Fund, I was wondering if you could provide some more information on the Hepburn Springs bathhouse development that you mentioned in your initial presentation.

The CHAIR — Is this to reduce stress, is it, Minister?

Mr THEOPHANOUS — I thank you for the question, because the Hepburn Springs development is one which has been criticised by the opposition in particular, and I am a bit surprised the opposition did not ask the question, in fact. In any case, I am very happy to receive the question. This is a very significant investment that will have a long-term benefit going over perhaps 50 years of usage. I was up there recently, and I can tell you that it just looks better every time I go up and have a look at it. It will be a fantastic new facility for the region. Everyone up there is very much excited by it. We did have little bit of a delay; we did not try to hide that delay. We are working very hard, as a matter of fact. We did say we would get it done, I think, by the end of July or around July. Or was it the end of June?

Mr SWEENEY — The end of June.

Mr DALLA-RIVA — Last year, I think it was.

Mr THEOPHANOUS — We said we would get it done by the end of June, and I am working very hard to try to bring that forward. Without going into it here, I am very hopeful that we will be able to have an announcement in relation to it in the not-too-distant future.

This area is very much loved as a tourist attraction. It has 250 000 visitors per year going into that region. It is an iconic bathhouse, and it will generate $200 million, we estimate, of annual activity once it is all constructed. It is an unusual thing for a government to go and build, a bathhouse, but we wanted to lift tourism in that region, and it had been neglected for many, many years in the past, and so the government went in, took up the challenge, and we are building this bathhouse. It is a complicated construction — very complicated. We have had a slight delay, but it is coming in on budget, and so I will be very pleased to be able to make the announcement, and I am sure there will

be lots of members of Parliament and lots of members of the public who will enjoy it. I would say to anyone who likes to have a decent spa that you should go up there once it is constructed, because the experience will be fantastic.

Mr DALLA-RIVA — Minister, I refer you to budget paper 4, page 123. It relates to the Melbourne Convention Centre. Can you outline what administrative appropriation for the lease payments will be provided in the forward estimates, and what have you recognised as the administered liability in relation to the lease payments associated with the Melbourne Convention Centre? In addition, what is the dollar amount for the loan payable — and the interest rate — to the department in relation to this administered liability?

Mr THEOPHANOUS — The first thing to say — and I want to make this point about the convention centre — is that the convention centre is a project which is, from our point of view, coming in on budget. We are working very hard to bring it in on time as well. There has been a little bit of a slippage of maybe a week or two only in the construction, because it varies a little bit, but we are trying to recover that at the moment. It is a huge project for the state. It is fair to say we got a very good deal in relation to it with the Plenary Group, where the Plenary Group made a significant contribution to the state as a result of this arrangement that was made for the construction. That significant contribution has resulted in a reduction in what would have been the cost of the convention centre.

Upon completion obviously there will be a set of financial arrangements that will be put in place in order to ensure the ongoing performance of this convention centre. I might say that there have been at this point a number of conventions that have already been signed up for the completion of the centre. They will generate a very significant amount of commercial activity around the convention centre going forward once it is open. The financial arrangements — the specific detail of what you are seeking in the financial arrangements — I am happy to pass on to Sean if he wants to make a comment about that. Otherwise, if we are not able to provide that detail at the moment, then we will get back to the committee.

Mr SWEENEY — Sorry, I cannot provide detail about this administrative appropriation. It is a DIIRD matter, and I think we will have to come back to you.

Mr DALLA-RIVA — The secretary? It is a DIIRD matter; we have got the secretary here.

Mr RONALDSON — I am joining Mr Sweeney; I would rather come back.

Mr DALLA-RIVA — There is a line item on page 127 — I think it is $27 million — but it does not actually clarify what percentage it is in relation to that. I am just concerned you do not know what the liability is in terms of the answer.

The CHAIR — We will get that one on notice. There are two items there: one is the item on top, 'Appropriations — Payments made on behalf of the state' starting in 2008–09, $27 million, which seems to relate to the receiving of an administered appropriation for lease payments starting in 2008–09, so there is some relationship there. I note that DIIRD has to recognise administered liability, which may or may not, depending on your explanation, be in the last line of that particular table.

Mr DALLA-RIVA — Can I just ask in relation to the convention centre, Chair, is it 6-star?

Mr THEOPHANOUS — Yes.

Mr DALLA-RIVA — And it is going to remain at a 6-star energy rating when it is built?

Mr SWEENEY — The way the rating system works is that the proposed design is assessed and then the building is assessed on completion, and it may even be assessed during operation.

Mr DALLA-RIVA — It may change?

Mr SWEENEY — It could be.

The CHAIR — If there is any further information, you can provide it to us, but my understanding is there are various definitions of star rating, and very few commercial buildings are 5-star rated. There is some explanation in that regard which is too technical for me to try and explain.

Mr DALLA-RIVA — Yes. You would not want to change the wiring or something.

Mr SWEENEY — The design as it is now being constructed is 6-star rated, but it will still go through ongoing assessment; that is all I am saying.

Mr PAKULA — I will stay on culture while we are on it. In the context of the line item in the budget about the promoting, presenting and preserving of Victoria's heritage and art through Victoria's cultural agencies, it would be helpful if you could enlighten the committee on what work Major Projects Victoria will undertake towards the development of the Geelong cultural precinct.

Mr THEOPHANOUS — Thank you, Mr Pakula. I might say, as I earlier indicated, that culture is one of the things that Major Projects Victoria is very much engaged in. I gave the example of the recital hall, which is one such activity, but this one in Geelong is a bigger challenge in some respects. It is not bigger in a construction sense, but it is different, in that what we are trying to do is change the cultural face of Geelong. The government has allocated $7.9 million over two years to begin stage 1 of the Geelong future city master plan. This is in order to do a number of things, which will include upgrading and improving the functionality of the Courthouse Youth Arts Centre. The former Geelong magistrates courthouse has been used principally by the Courthouse Youth Arts Centre for the past 10 years. It is one of the uses that brings young people into the precinct regularly and engages them in the arts scene and exposes them to a wide range of arts activities. So improving its functionality will provide good-quality, low-cost accommodation for community arts organisations.

We are also going to undertake detailed planning and a business case development for the Geelong Performing Arts Centre, the Geelong central library and the Geelong Heritage Centre. These projects will be of significant social and economic benefit to Geelong. They will attract intrastate and interstate visitors to what will be a cultural precinct in effect. They will encourage a high level of daytime and night-time activity, and they will stimulate private sector investment as well in the provision of a mix of appropriate commercial and cultural enterprises that will build around these cultural activities. This is an exciting project for us. It raises new challenges for us, but they are important challenges that we are happy to take up.

Mr SCOTT — Minister, I refer you to budget paper 2, pages 66 and 67, where under the heading 'Future Partnerships Victoria projects' three projects are outlined as being prepared for future procurement. Can you please provide further details on one of these projects, the bioresearch centre, which is being developed by Major Projects Victoria?

Mr THEOPHANOUS — The bioresearch centre that Major Projects Victoria is engaged in is going to be an exciting project. Major Projects Victoria has only recently acquired this as a project, and we are looking forward to its construction. It did take quite a lot of negotiating, because it involved negotiation with La Trobe University, but the project as it stands now is a $230 million project. It will put Victoria and Melbourne at the forefront of bioscience research in relation to plant and animal research. That is essentially what this does. It fills a gap which we had in our bioscience capability. You have probably heard the Premier and other people in government saying in the past how we have 2 of the top 20 bioscience centres in the world, at Melbourne University and at Monash University. But those two bioscience centres are focused on human bioscience research. This will add the missing bit, which is bioscience research into plants and animals.

People should not underestimate how important this is, because this is about putting us at the forefront of being able to develop new ways of producing food, new animal husbandry methods, new ways of dealing with diseases in both plants and animals, and a whole range of things like that which again will put Victoria at the forefront in this particular space. So it is a major facility for agricultural bioscience. Its location at La Trobe University is, we think, the right place. It potentially will offer ready employment opportunities for La Trobe graduates and postgraduate students as well. It will have one added advantage from my point of view: it will actually boost Melbourne's north significantly as well in terms of employment. The project will be managed by MPV, and its construction is expected to commence in late 2009. There is quite a lot of planning involved before we get to the construction phase, because this is a complicated project. It is not just building a building; it is very complicated in terms of how you design a building which will be optimal for this kind of research. We expect that the centre will be fully operational — it will take three years to complete — in 2012. It will, as I said, strengthen our international reputation in this space, improve our international competitiveness and enhance our preparedness for rapid-detection response and management of plant and animal pests and diseases.

We have an $8.4 billion agricultural sector, and this kind of research facility is designed to protect that sector going forward. It is one of our top three exporters as well. Building this was a deliberate decision by government in collaboration with La Trobe University, and we think it is going to be a fantastic development.

Mr DALLA-RIVA — I refer you to table A.14 on page 346 of budget paper 3. In relation to the rectangular sports stadium, can you explain to the committee whether this $11.5 million is an injection of additional moneys for this project, given the initial denials in April this year that the $268 million project had blown its budget due to delays in the start of stadium? Can you also in your explanation explain the relationship of footnote (a) to that table, and how that footnote impacts on the forward estimates as reported?

Mr THEOPHANOUS — The answer to your question is no, it is not an extra amount. This is part of the original budget of the rectangular stadium. The 11.5 million — I will ask Sean in a minute to explain it further, but my understanding of it is that it was to provide for additional capacity to increase the capacity of the stadium to 31 000. It is not, in any sense of the word, a blow-out. There was a policy decision made by government as part of a series of policy decisions, commencing with an initial idea of a stadium of around 20 000, which progressively increased until we came to a landing where we decided that it would be 31 000. The price went up commensurate with that, but once we decided on the 31 000, that has been the budget. That has not changed; there has been no blow-out at all.

Mr SWEENEY — Footnote (a), I think, refers to 57 million which was the first part of the overall funding increase.

Mr DALLA-RIVA — How much?

Mr SWEENEY — I think it was 57 million.

Mr DALLA-RIVA — Fifty-seven million dollars?

Mr SWEENEY — I just have to check.

Mr DALLA-RIVA — And that was expended in the current year?

Mr SWEENEY — No, it was granted in a different year, that is all.

The CHAIR — If you can give us the details on notice, that is best, I think.

Mr DALLA-RIVA — I guess what I am trying to get clarity on is that the $268 million claimed as being the cost of the project remains.

Mr SWEENEY — Yes.

Mr THEOPHANOUS — That is correct; $267.5 million.

Mr DALLA-RIVA — That is right.

Mr SWEENEY — That project went up by 68 million, and if you add those two together, that is the difference between the 199 and the 268.

Mr THEOPHANOUS — When we were looking at a much smaller stadium it was around 200 million, and it has gone up in that time as a result of the increase in size. We finally decided on a 31 000 capacity, and the cost of that is 267.5. That is what government settled on, and we expect to build it within that budget.

Mr DALLA-RIVA — Is it going to be on time?

Mr THEOPHANOUS — On time and on budget are the two things we aim for consistently. We always aim for excellence, Mr Dalla-Riva.

The CHAIR — Does Mr Sweeney wish to add something, Minister?

Mr SWEENEY — That figure I gave you, it is 57 million, not 58 — it was footnote (a).

The CHAIR — That fits with the minister saying 57 plus 11.5, then adds up to 267.5.

Mr SWEENEY — Yes.

The CHAIR — Are you going to soccer tonight? I assume it will be a topic of discussion.

Mr THEOPHANOUS — I am going to the soccer tonight. I am sure that Melbourne Victory is looking forward to playing in the new stadium when it is built, as well.

Mr NOONAN — Minister, I want to stay with the sporting theme if I could. In the Treasurer's speech, under the heading 'Maintaining and improving livability', on page 9 of budget paper 1 he references 66 million to go to the state athletics centre at Albert Park and, of course, the upgrade of the MCG and also some funding for the VIS. My question is whether you can provide details on what projects Major Projects Victoria is managing as part of that commitment?

Mr THEOPHANOUS — This was another project given to Major Projects Victoria. Again, it is in that sphere of sporting culture or building up sporting infrastructure along with the rectangular stadium. This was $50.3 million which has been provided to Major Projects Victoria, and it is to build a new state athletics centre in a multipurpose facility at Albert Park with Olympic Park to make way for training grounds for Melbourne and Olympic Park tenants. The athletics centre will improve training fields for touch football and soccer in Albert Park; it will redevelop Lakeside oval to provide improved facilities for South Melbourne Football Club and new facilities for athletics and the Victorian Institute of Sport; and it will redevelop Olympic Park to provide a training oval for Collingwood and Melbourne football clubs. This work complements all the other things that we are doing in relation to the sports precinct, including the rectangular stadium, which is incidentally a great facility with a spectacular new bioframe that will just be a landmark for Melbourne as well.

This is about grassroots sport as well as elite sport in building further the infrastructure we need to maintain not only the capacity to stage events but also the capacity for clubs to be able to train and bring themselves up to the absolute best so that when they do play they can represent Victoria and Melbourne in the best possible way.

The CHAIR — Mr Dalla-Riva referred before to $3.9 billion worth of infrastructure investment Budget paper no. 1, on page 4, also refers to 17 billion over four years. What role overall in this total program is your portfolio playing?

Mr THEOPHANOUS — The major projects portfolio, as I indicated earlier, is involved in $4.1 billion of economic activity. I want to go through some of them for you, if you do not mind. The value of the combined projects we are doing is $4.1 billion. Some of them are nearing completion, but many of them are about to begin.

I have mentioned already the bioscience centre as one which is important. The former fish market will come on screen soon, it is a $170 million project; there is the Geelong future city master plan; Hepburn Springs; the Melbourne Convention Centre; Kew Residential Services; the Melbourne Recital Centre, the MTC; and the Melbourne wholesale markets redevelopment. There is the Olympic Park and Albert Park upgrade at Lakeside oval. There are the Parkville Gardens, which is $370 million worth of development. There is the Princes Pier restoration and the Melbourne rectangular stadium. In addition to that we are also doing the State Library of Victoria. We have to do 4 to 6; we are just finishing stage 6 of that project. That was a $91 million development as well of the state library. The state library is a fantastic facility, incidentally, for anyone who has not gone down and had a look at it lately. The developments that we have done down there make it, I think, one of the premier libraries certainly in Australia and one of the best facilities in the world.

I think it is important to see how the government has prioritised infrastructure construction and development.

The CHAIR — There is a lot of it.

Mr THEOPHANOUS — We use these figures, we talk about $4 billion — $4.3 billion on average over the next four years. You should bear in mind that at the point where the present government came into power, the last year of the Kennett government, it was around $1 billion. There has been a four-fold increase in expenditure on new infrastructure. You might say, 'Oh well, fair enough', but put it into this context. The increase in the budget as a whole, which includes of course recurrent spending in the budget, has been about 70 per cent over the same period, so the budget today is 70 per cent greater than it was back in the last year of the Kennett government in

1999. But infrastructure spending is 400 per cent greater, and that gives you an indication of just how much more proportionately is being spent on infrastructure.

Why are we doing this? We are doing it because this is what makes Victoria competitive. If we stop spending on infrastructure, we will lose our competitive edge. In Victoria our competitive edge is about how well we can manufacture things, how well we can get them to market, how much better we are in our educational institutions, how much better we put on major events. All of these factors are the factors that are driving our economy.

People sometimes talk about a dual economy, and that is because you have Queensland and Western Australia being driven by the mineral resources boom. But somehow Victoria is holding its own not only against them but well ahead of the other non-resource states in terms of our economic activity, in terms of the number of jobs that we are creating. We created more jobs in Victoria last year than in any other state, including the resource-rich states. We are increasing our population at a faster rate in Melbourne than in any other capital city. We are doing this because we have got our unemployment rate down to 4.3 per cent. Regional unemployment is 4.7 per cent. These are numbers that have not been heard of for decades. The reason we are able to do this in Victoria is that we are prepared to spend on new infrastructure and build the capability in our educational institutions, in our sporting capability and in a whole range of areas which create economic activity. We have done this as a deliberate policy by the government to build new infrastructure so that the next generation of Victorians has a solid base upon which they will be able to build a future for themselves as well.

Mr DALLA-RIVA — I thank the minister. It has taken him 50 minutes to get fired up, so I do appreciate it.

Mr THEOPHANOUS — Not to one of your questions, though.

Mr DALLA-RIVA — I just wanted to get clarification, because it was the first question that I sought in respect of it. With those projects — in particular I think it is the $1.4 billion Melbourne convention centre — there are no government dollars in that. It is a PPP, isn't it?

Mr THEOPHANOUS — No, that is not correct, Mr Dalla-Riva.

Mr DALLA-RIVA — You put it down here as a PPP portfolio — $1.4 billion on your slide — so that is a quarter of your claim already gone. I am just seeking clarification, because it is — —

The CHAIR — Can you be more exact in what you are seeking clarification on?

Mr DALLA-RIVA — The minister refers to the $4.1 billion infrastructure and how great it is. I am concerned that we are getting told a particular line when in actual fact there is no government money. It is all private partnership arrangements and it is private money going in and you are claiming it as being part of MPV.

Mr THEOPHANOUS — You know what, Mr Dalla-Riva, I have not got fired up to any of your questions!

The CHAIR — No need to do so now, Minister.

Mr THEOPHANOUS — I do not think with 10 minutes to go you are going to succeed in getting me fired up.

Mr RICH-PHILLIPS — Perhaps if Mr Davis were here — —

The CHAIR — Which one?

Mr RICH-PHILLIPS — Either.

Mr THEOPHANOUS — Let me just answer your question. PPP stands for public-private partnership. It means private as well as public. It is not just private and it is not just public. It is public-private partnership, which means there is public money that goes into a PPP and there is private money that goes into a PPP. You do not have to be a genius to work that out, but if you are the shadow Minister for Major Projects you would probably go out and have a look to see — —

Mr DALLA-RIVA — For a start I would have my portfolio a lot larger than yours, and I would have it involved in other infrastructure projects. I would be building things other than the Melbourne Recital Hall.

The CHAIR — Let us not make it hard for Hansard. The minister, to continue, please.

Mr THEOPHANOUS — I am happy for you to give a personal explanation any time, Mr Dalla-Riva. I am happy to give you time for that. Mr Dalla-Riva, the answer to your question is that in each case there is a combination of private and public money that is involved. In the case of the Melbourne convention centre development, the same is true. There is a significant amount of public money being put into that development — in the order of $368.8 million is going towards that development. The point about PPPs is that if the government just did something on its own, first of all it would have cost us a lot more than $368.8 million to build the convention centre. But what we do instead is go to a private sector developer and we say, 'Let's do a partnership, where you build the convention centre for us, we will give you X amount, but we want you to build as well as that a commercial section, a hotel and so forth.

Mr DALLA-RIVA — So are you claiming the 4.1 billion as 368, or 1.4?

The CHAIR — All right! The minister, to clarify.

Mr THEOPHANOUS — I am happy to give you the split. The split is roughly half-half, Chair. The total investment that is being expended as a result of these major projects is $4.104 billion, and the amount of state money that is going into that is $1.9645 billion, so roughly half of the $4 billion is state money, and roughly the other half is private sector money. The point I would make to you, Mr Dalla-Riva, is that you would not get one without the other. This is new infrastructure that is being developed in this state directly as a result of us putting up $2 billion in order to gear off another $2 billion from the private sector.

The CHAIR — It might be a good time to have a couple of minutes break before we swap over to the next portfolio. Thank you, Minister.

Witnesses withdrew.

Transcript of evidence

5.2 Public Transport portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

5.3 Roads and Ports portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

CHAPTER 6: DEPARTMENT OF INNOVATION, INDUSTRY, AND REGIONAL DEVELOPMENT

Transcript of evidence

6.1 Industrial Relations portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 3 June 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. Hulls, Minister for Industrial Relations,

Mr H. Ronaldson, Secretary, Department of Innovation Industry and Regional Development, and

Mr T. Lee, Deputy Secretary, Industrial Relations Victoria.

The CHAIR — I welcome Howard Ronaldson, Secretary, Department of Innovation, Industry and Regional Development and Tim Lee, Industrial Relations Victoria, and I call on the minister to give a presentation of not more than 5 minutes on the industrial relations portfolio.

Overheads shown.

Mr HULLS — Thank you, Chair. I have a few slides. The first slide talks about the role of Industrial Relations Victoria. It advocates industrial relations frameworks that encourage high-performance workplaces in the public and private sectors, and it is about minimising industrial disputes. It develops policy, provides advice and delivers programs relating to industrial relations and workforce participation. It has primary responsibility for developing policy, administering workplace legislation and managing programs generally aimed at establishing a fair, cooperative, dynamic industrial relations environment here in Victoria. Its budget decreased from 12.5 million in 07–08 to 11.7 million in 08–09, principally due to savings of $100 000 and the reallocation of output costs covering general departmental and corporate costs of $600 000.

The next slide talks about the key achievements in 07–08 and a number of pieces of legislation. The Victorian Workers' Wages Protection Act provides that employers must not deduct amounts from employees' pay without their permission and also work closely with other agencies on the Equal Opportunity Act, which now protect employees from discrimination if they raise concerns with their employer about entitlements. We have commenced a review of our child employment laws to offer a whole-of-government approach to the protection of kids and remove red tape where we can. We have also established a Working Families Council, which was promised in 2006. It held its first meeting in August of last year and comprises members of industry organisations, unions, community organisations, businesses, academia and government. It is about promoting work-family balance, implementation of a social marketing campaign to promote work and family balance and also pay equity. It also has an employer recognition program.

The next slide deals with the workplace rights advocate, which continues to investigate illegal, unfair and otherwise inappropriate industrial relations practices. It has investigated over 100 matters involving a broad range of issues arising out of the WorkChoices environment. These include offering of unfair, unlawful or inappropriate Australian workplace agreements, any sham contracting arrangements, underpayments, non-payments, incorrect payment of wages and the like. Because of the death of WorkChoices, I have asked IRV to assess the role of the WRA, including the type and level of service provides. It will be subject to an assessment that is undertaken by Tim Lee and IRV. It will consider in that assessment a number of things, including how the change, obviously, in the federal government has impacted on the role of the workplace rights advocate. Obviously with some federal legislative changes that have already come into effect the role of the WRA has changed. For example, the workplace rights advocate, following the passage of the Public Sector Employment (Award Entitlements) Amendment Act, will no longer conduct fairness assessments of Victorian public sector agreements. That is now a responsibility of the federal authority. I think it is important that we have a review of the WRA, and that has already commenced, or is about to commence.

The last slide shows key initiatives and priorities of 08–09, and they are set out in dot point there. IRV is working very closely with the commonwealth. In fact the commonwealth set up a high-level officers group, I think it is called, to look at its transitional legislation, but also to look at the main legislation, so there has been substantive work done by IRV in relation to that. Obviously IRV has played a key oversight role in relation to public sector negotiations and will continue to work with other agencies in implementing our better work and families agenda. Thank you, Chair.

The CHAIR — Thank you, Minister. Mr Noonan? We have got a couple of people here who have a strong interest in industrial relations.

Mr NOONAN — Minister, broadly you talked about the role of the workplace rights advocate and that review. Within the context of the activities that you have dot pointed out on the slide, I wonder whether you could talk more extensively about the review that you have requested into the operations?

Mr HULLS — Yes. Thanks very much. The workplace rights advocate was created in March 2006 after we were forced to pass legislation to protect Victorian workers from unfair and unbalanced WorkChoices legislation. There were some outlandish claims that were made at the time about it being illegal, about it being

unconstitutional, about it being unworkable, about it being impractical and about it being a complete disgrace and the like. I think all those allegations have proved to be unfounded.

Mr RICH-PHILLIPS — What about it being political?

Mr HULLS — All of those have proved to be unfounded.

Mr RICH-PHILLIPS — And now you are getting rid of it.

Mr HULLS — I think there were some allegations that it was political as well. Again, completely unfounded allegations.

Mr WELLS — No. There was a different set of rules if you were a union mate — an ALP mate.

The CHAIR — Concentrate on the answer, please.

Mr HULLS — I think it has proved to be completely unfounded — outlandish and outrageous comments were made at the time. We believe that the workplace rights advocate — and I think everyone believes it now — was an absolutely appropriate response to the unprecedented and unfair WorkChoices legislation. It is worth remembering that WorkChoices removed penalty rates, it removed award entitlements, it destroyed job security and introduced unfairness into the industrial relations system that had never been experienced in this country before. To his credit, Joe Hockey last year specifically stated that the problem with WorkChoices was '… we just went too deep. It was a mistake'. So even Joe Hockey, to his credit — —

Mr PAKULA — Saw the light.

Mr HULLS — He admitted that WorkChoices was wrong and saw the light. But you asked about the role of the workplace rights advocate. It has provided nearly 9000 Victorians with information and advice, handled more than 11 000 queries about work-related issues, prepared a whole range of fact sheets to inform Victorian employers and employees about their rights and entitlements in the workplace, investigated over 110 matters highlighting a broad range of issues, and conducted a formal inquiry in relation to the impact of WorkChoices on employers and employees in the retail and hospitality industries.

Most of us would remember that there was an election held in November of last year — a federal election — and that, thank goodness, that result forever really repudiated WorkChoices, and fairness is being restored to our industrial relations system. The commonwealth government, for instance, has reinstated a proper no-disadvantage test and the like. As a result of the change in the federal environment, and the fact that just last week — I think it was — the Public Sector Employment (Award Entitlements) Bill passed both houses of Parliament, therefore removing from the workplace rights advocate the obligation to assess public sector agreements against the fairness test, that role having been restored by the federal government to national regulation, it is absolutely the right time to undertake an assessment of the ongoing role of the workplace rights advocate. I think it has done a great job. I think it is widely regarded out there in the community, widely respected and greatly utilised, and it does continue, I might say, to provide important services to Victorian employers and employees, including, for example, assistance, information and protection for Victoria's most vulnerable workers. But it is time to assess now the role of the WRA. I noticed the interjection that was made — —

The CHAIR — Ignore them, please.

Mr HULLS — Which I totally ignore, but I do not intend to pre-empt the outcome of that assessment, and I look forward to being briefed on that outcome once it is concluded.

Mr PAKULA — I might say that, like the member, Minister, I have utilised the Office of the Workplace Rights Advocate and it has been extremely satisfactory. Page 155 of budget paper 3 refers to the advocating and delivering of programs aimed at establishing fair, cooperative and dynamic work environments. In that context I would ask the minister to outline the outcomes from workplace relations ministers councils that have been held since the last estimates process.

Mr HULLS — I can tell you there is a difference between Workplace Relations Ministers' Council now under the new federal government and Workplace Relations Ministers' Council under the previous federal government. The main difference is that the federal minister now turns up. Under the previous government the

federal minister, particularly Joe Hockey, did not attend any meetings of the federal Workplace Relations Ministers' Council. That is the first difference we have noticed. We have those meetings now and — guess what? — a federal minister turns up, so that shows a new era of cooperation and collaboration. Under the former government — —

This is no secret. I have made clear that there was no consultation with Victoria in relation to the WorkChoices legislation. Despite the fact that under the Kennett government we handed over our powers in relation to industrial relations, you would have thought as the biggest user of the federal system there would be consultation with Victoria, but there was none.

The CHAIR — Sure, but on to the answer.

Mr HULLS — But now the Rudd Labor government, and in particular Julia Gillard, in relegating WorkChoices to the scrap heap, has decided to have fair dinkum consultation in relation to workplace laws federally. The new Workplace Relations Amendment (Transition to Forward with Fairness) Act came into effect on 28 March. There was extensive consultation with this high-level officers group that I spoke about earlier, and as a result that legislation prevents the making of any new AWA and allows current employees on AWAs to make individual transitional employment agreements, available only for limited use during the transition period. It introduced a new no-disadvantage test and new collective agreements, and it enabled the Australian Industrial Relations Commission to start modernising awards.

Symbolic in this new IR era, the Workplace Relations Ministers Council, which is the peak forum for industrial relations ministers across the country, has already met twice since the federal election. At those meetings there have been full and frank discussions, including, as I said, the establishment of the high-level officers group, which comprises commonwealth, state and territory bureaucrats — and they have met on a number of occasions also. It is a very constructive forum. We actually do work at these Workplace Relations Ministers Council meetings. There is no political game playing; it is all about getting the national legislation bedded down. So improved is the cooperation that the federal minister is actually prepared, on a confidential basis, to show draft legislation to high officers working groups and ministers as well, for scrutiny.

This is an opportunity now that we have to grab, because it is only available, in my view, to have a truly national system of industrial relations that is fair for Australia workers — the window of opportunity will only last, probably, or could only last — as far as the next state election, wherever that is. You do not know what is going to happen at the next election. We now have Labor governments in every state and territory and federally, so I keep stressing at these meetings that we should not allow this opportunity to go by without implementing fair dinkum, long-term reform in the interests of all Australians — but the window of opportunity is only small.

Mr WELLS — Minister, listening to you, you would think that everything was rosy now that we have Kevin Rudd in place. But I am just wondering, when you look at the latest ABS data on industrial disputes, Victoria was responsible for more than two-thirds — that is two-thirds — of all days lost due to industrial disputes in the calendar year 2007, and in the December quarter alone it was responsible for 86 per cent. When you break down that figure for the December quarter, it shows that over 80 per cent of the working days lost were in education, health and the community services sector. Would you agree that this shows that Victoria's current high rate of industrial disputes is due to the way that the government is handling the public sector, and what are you putting in place to improve that relationship with the public sector, to ensure that the number of industrial days lost for calendar year 2008 is a significant improvement on 2007?

Mr HULLS — I think the premise of your question is wrong. We have an absolute commitment in Victoria to promoting cooperative workplace practices, improving the business environment and delivering benefits to all Victorians. We developed a workplace rights standard that we believe will deliver a fair system of industrial relations, getting the balance right for employers and employees and providing an appropriate safety net for Victorian workers. The most common cause of disputes, of course, is enterprise bargaining. As you would know, all bargaining in Victoria takes place under the commonwealth Workplace Relations Act. The new commonwealth government has commenced a process to reform that act and make it fair to employees. The sad fact of the matter is that for 11 years the previous commonwealth government presided over an industrial relations system that actually discouraged the resolution of disputes and promoted — or if not promoted, certainly encouraged — industrial action.

In Victoria we fully support an IR system that facilitates timely dispute resolution, including a requirement that parties bargain in good faith. The role of government should always be, in my view, to promote a cooperative workplace culture with all parties, not to take sides in industrial disputes. That is certainly the role that the Victorian government has undertaken. You spoke about working days lost due to industrial disputation. I have to say that they have actually continued to decline, from 30 per 1000 employees in 1999 to 9.1 per 1000 employees in December 2007. So since the dark, dark days of the Kennett government — —

Mr WELLS — Minister, are my figures wrong? Is that what you are saying, that two-thirds of industrial dispute days lost in Australia were not here in Victoria?

Mr HULLS — What I am saying to you — —

Mr WELLS — No — is that right or is that wrong?

The CHAIR — The minister to answer, please.

Mr HULLS — I am giving you the answer.

Mr WELLS — No, you have not.

The CHAIR — The minister, to answer.

Mr HULLS — I am giving you the answer: since the dark, dark days — —

Mr WELLS — No. Are two-thirds of the industrial days lost in Australia, are they lost here in Victoria? It is a simple yes or no answer.

The CHAIR — You have asked your question. The minister, to answer.

Mr HULLS — I am giving you the answer to your question, and that is: since the dark, rotten days of the Kennett government — —

Mr WELLS — Are you going to get him to answer the question?

The CHAIR — He is answering the question.

Mr WELLS — No, he is not.

The CHAIR — It is up to the minister to answer — —

Mr HULLS — Industrial disputes in Victoria have — —

Mr WELLS — It is simple and straightforward: are the ABS figures right or wrong? Are these right or wrong?

Mr HULLS — They have continued to decline, I repeat, from 30 — —

Mr WELLS — So the ABS figures are wrong?

Mr HULLS — Are you saying my figures are wrong? From 30 — —

Mr WELLS — Are the ABS figures wrong?

Mr HULLS — From 30 per 1000 employees in 1999 to 9.1 per 1000 employees in December 2007.

Mr WELLS — So these figures must be right, that two-thirds of industrial days lost in Australia were actually taking place here in Victoria?

The CHAIR — Let the minister answer; one at a time.

Mr HULLS — Guess what?

Mr WELLS — Are we going to get some answers?

The CHAIR — The minister is answering.

Mr WELLS — Are you, as Chair, going to get him to answer some questions?

Mr RICH-PHILLIPS — He is talking about a different issue.

Mr WELLS — Are you going to get him to answer some questions?

The CHAIR — He is answering the questions about the incidence — —

Mr WELLS — He does not need your protection, so get him to answer the question.

The CHAIR — I am not providing any protection, thank you very much, and I actually resent that comment. I am trying to get the minister to provide a commentary in response to your question on the incidence of days lost.

Mr WELLS — We do not want commentary; we want some answers.

The CHAIR — It is the same thing.

Mr WELLS — We do not want the commentary; we want the answers.

The CHAIR — It is the same thing as the answers.

Mr WELLS — No, it is not.

Mr HULLS — Guess what! That is a reduction of 70 per cent — a huge reduction in days lost through industrial disputation. It is true that there has been a number of disputes in relation to public sector EBAs. There is always colour and movement in relation to EBAs, particularly in relation to the public sector, but the outcomes that were achieved for police, for nurses, for teachers we believe will be of enormous benefit to not just the teachers and the police and the nurses but for the Victorian public more generally. I repeat: the highest level of industrial disputation in Victoria was during the days of the Kennett government. The average days lost per quarter due to disputes was 112 000 for the life of the Kennett government. That has dramatically decreased since 1999. That is not to say that you will not have days lost, you will not have disputes due to EBAs; that is the nature of bargaining, but we will continue to bargain in good faith and continue to achieve outcomes for the benefit of Victoria generally.

Ms MUNT — Budget paper 3, page 155, mentions the working families agenda. I have a keen interest in work and family balance; I am trying to find one. My kids think the balance is best when I am nowhere to be found, when I am out of their hair! That is quality family time for them; when I am not around! I was wondering if you could detail what initiatives the government has introduced to promote work and family balance.

Mr HULLS — I always find it interesting when politicians talk about work-family balance, because the nature of our job is such, particularly if you got young kids, that it is often very difficult to get the work and family balance right. I have got a number of very young kids, nonetheless it is part of my portfolio to continue to address issues of work-family balance, and I am more than happy to do that. We are committed to supporting working families and their employers to improve work and family balance. That is all about allowing businesses of course to retain quality staff. We did set up the Working Families Council, and I think that recognises the importance of making work and family balance a reality for all Victorian workers. As I said at the outset, that council is made up of reps from industry associations, small business, academia and trade unions. That council is headed up by Jill Hennessy, who would be known to many here. She is very highly qualified to head up that council.

That council, since the last PAEC meeting, has met on four occasions and consulted a wide variety of stakeholders, including industry and community groups, with a view to promoting the value of flexible workplace practices for both employers and employees. It has been established for a three-year term, from 2007 to 2010. It has a very ambitious work program during this period. It will be promoting employment practices that allow workers to better manage the stresses that you referred to: of juggling work commitments with spending quality time with family and friends. And work-family balance is not just about spending more time with the kids; as we have an ageing

population, of course, people want to spend more time with their elderly relatives and the like, and they have carer responsibilities, so it is important that we look at strategies to address those issues.

Council members will be engaging in a number of opportunities to publicise the work of the council and champion issues of relevance to Victorian working families. They recently actually developed a submission to the 2020 forum, providing a number of principles that could guide governments in this area. They are also working up an online tool kit, which will be the first of its kind in Australia, to provide practical online advice to employers and employees about their responsibilities and opportunities in this area. The smartest businesses are the ones that can retain the best staff. The best way to retain the best staff is to get that balance right. It is absolutely crucial, and we will continue to work with the council to implement innovative work-family balance initiatives.

Mr SCOTT — I refer the minister also to budget paper 3, page 155, to the outputs under the heading 'Industrial relations'. My question relates to equal opportunity. I ask him to outline how the Victorian government is helping employees through the Equal Opportunity Act in the estimates period.

Mr HULLS — That, I guess, gets back in part to the question that Janice asked about work-family balance. One of our priorities has been the promotion of family time in the area of employment. We have made amendments to the Equal Opportunity Act to assist in that regard. We do not think that employees should be discriminated against at work for trying to find a decent balance between their work and any family responsibilities they have, whether it is looking after kids or a carer status that they may have. That is why from 1 September of this year discrimination by an employer unreasonably refusing to accommodate a worker's parental or carer responsibilities will be unlawful under the equal opportunity amendments that we made. We had a mandate, we believe, to introduce this change as part of the 2006 election commitment to assist parents with young kids to return to work by including family responsibility as a ground of unlawful discrimination.

The Act will certainly help working parents and carers by requiring an employer to not unreasonably refuse to accommodate the family responsibilities of an employee. An employee's responsibilities may be accommodated, for example, through working part-time, through flexible starting and finishing times and also from working from home, for instance. It is about getting the balance right. We think it is an important amendment to the equal opportunity legislation.

IRV is working with the Equal Opportunity and Human Rights Commission to develop guidelines to provide information, recommendations and assistance to employers and employees about implementing the new requirements that came about as a result of the changes that you spoke about. I understand that the federal government is looking at what we have done here in Victoria. I expect it will follow our lead as well in this particular area.

We also met our election commitment to protect employees from discrimination where an employee queries or raises concerns with their employer about their employment entitlements. That amendment to the Equal Opportunity Act came into effect on 31 March of this year. We were criticised by some who said that this was just more red tape and more opportunity for questionable claims, but I think that misunderstands the changes that we implemented. The amendments do not protect employees seeking a pay rise or more generous terms and conditions of employment. It protects reasonable requests for information and genuine employee concerns about employment entitlements. We believe that an employee should be able to approach their employer about these types of issues without fear or recrimination or penalties. There are a couple of amendments we have made to the Equal Opportunity Act. We believe they are appropriate. In relation to the work and family balance we expect the feds will follow our lead.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the workplace rights advocate's information sessions, which are shown on page 155 of budget paper 3. It shows that in 06–07 there were 74 sessions held and for the current financial year that has fallen to 30. Can you explain why the number of sessions has halved between the two years? With respect to the 07–08 year, how many of those 30 sessions were held prior to the federal election and how many have been held since?

Mr HULLS — Sorry, just the last bit of the question, just say it again.

Mr RICH-PHILLIPS — How many of the 30 for the current financial year were held prior to the federal election and how many have been held since?

Mr HULLS — I will have to take that aspect of the question on notice and make some inquiries about that. But more than 8000, almost 9000, Victorians actually obtained information and advice via the workplace rights advocate's dedicated telephone advice line. It has conducted a number of information sessions, it is true, around the state, but that is not its only role. Its other roles, of course, include investigating complaints. The telephone advice line raised more than 11 000 complaints and queries. I think over 20 000 Victorians have actually logged into the workplace rights advocate's website and been able to download information about their rights at work.

This provision of information and advice has been crucial for employers and employees, particularly in the context of the former federal government's very complex WorkChoices legislation. The workplace rights advocate has also — and I assume at these information sessions and outside the information sessions — distributed a range of publications and fact sheets designed to inform employers and employees, particularly young employees, I have to say, and their parents and women about their respective rights, entitlements and obligations in the workplace. The workplace rights advocate has also investigated over 110 matters which have highlighted, amongst other things, the unfairness that employees suffered under WorkChoices. It also conducted a formal inquiry into the impact of WorkChoices in the retail and hospitality industries. As well as the issues you raised about the information sessions, as you can see it has been fairly busy in providing information and advice to Victorians through a whole range of other mechanisms as well.

It has commissioned a whole range of projects, some of which examined the impact of WorkChoices on employers and employees. It also had a role, until recently, of assessing a number of proposed public sector agreements to determine whether or not they passed the appropriate fairness test. How many of these information sessions have been held after the federal election, I am not aware of — it is an independent authority. But I can find out for you.

I can get that information to you. Although I note that in the workplace rights advocate annual report it reports on presentations which it has given. At page 12 of its last annual report it says:

> Following its establishment the OWRA developed and implemented a statewide speaking program, delivering relevant and informative presentations to a diverse range of groups. These presentations have principally focused on the OWRA's roles and functions and industrial relations arrangements in Victoria including WorkChoices.
>
> … During the reporting period the OWRA has actively participated in 80 such presentations, 21 of which have been undertaken in rural and regional Victoria.

And then it talks about the types of presentations it has presented. Then it goes and talks about its regional activities. I do not know how many it has presented since the federal election. I will find out and get back to you.

Mr NOONAN — I wanted to say that the work done in the owner-driver and forestry contractors area has been really quite outstanding and of course has had support from industry stakeholders in terms of creating new laws in Victoria. But there is another group of workers in the Victorian community broadly labelled as outworkers. I wonder as part of the future going forward what the Victorian government might do to support broadly this group of workers in particular in the context of this budget.

Mr HULLS — .Outworkers certainly are an extremely valuable group of workers in our community. They are, to be frank with you, a largely invisible workforce. They are predominantly migrant women and many of them are working alone from their homes. As a government we were quick to recognise this. We made a commitment to do what we could to seek to improve the lives of this cohort of workers and their families.

We introduced, some time ago now, the Outworkers (Improved Protection) Act to ensure that outworkers in the clothing industry received their lawful entitlements. In 2005 we made amendments to that legislation to strengthen those protections. We legislated to ensure that the terms and conditions of all outworkers were protected regardless of whether they were called independent contractors or employees. A lot of these people were being deemed to be independent contractors and were being ripped off as a result, so we changed legislation to ensure that did not occur. We also stepped in to shield outworkers from many of the federal government's unfair laws by ensuring that Victorian outworkers received the same wages and conditions as federal award employees in a post WorkChoices environment.

We also established the Ethical Clothing Trades Council of Victoria some three years ago to advise the government on an ongoing basis in relation to helping outworkers. It recommended we develop a plan to help outworkers in their current employment and to facilitate their move into the broader workforce by upgrading their skills. That

council identified a number of barriers really to outworkers who were keen to seek alternative employment and training, including difficulties with English, lacking tertiary qualifications, overwhelming family responsibilities, lack of confidence due to prolonged social isolation and the like.

In partnership with a number of Victorian government agencies, employers, unions, community organisations and training providers, we developed a program which sought to assist outworkers to overcome many of these barriers. The result was a series of education and training courses which focused on areas of skill shortage and locations of interest to outworkers. I have to say that this has been of enormous benefit to this very disadvantaged group of workers. Students in these courses undertake six-week training programs in subjects such as hospitality, commercial cookery, child care, pattern making, aged care, dry-cleaning and the like. When they are finished they are provided with post course employment opportunities.

I was fortunate enough to attend a graduation ceremony for outworkers who had undergone retraining at William Angliss Institute of TAFE and who were helped into employment opportunities in the hospitality industry. This strategy is a win-win strategy. It is a win for the outworkers affected by a downturn in some of the industries in which they work, and a winner for industries that cry out for skilled staff. We will continue to do what we can to assist the lot of outworkers. They are a vulnerable group within Victoria. We have done a lot, but we will continue to monitor the reforms that we have already implemented.

Mr PAKULA — From an IR perspective the Victorian building industry has always received a lot of attention. Can you give the committee some information about how competitive that industry is right now and look to the forward estimates period. I have got a particular interest in it, given that my dad still works in the Victorian building industry so I would be interested to hear some outlook on that.

Mr HULLS — I am happy to. It will allow me to get back to the issue that Kim Wells first raised about industrial disputes in Victoria. Our building and construction industry, as your old man would know, is robust and continues to flourish as the momentum from a record-breaking 2007 has laid, I think, the foundations for a very prosperous 2008. The fact is that the Victorian building industry, the Victorian construction industry, is highly competitive. The most recent building industry comparative index independently prepared and then verified by Econtech confirms that Victoria remains a national leader in the commercial building sector. That index examines a number of variables, including tender price, cost per square metre, taxes and duties, cost of materials, labour disputes and supply, and also incidents in industry.

That index shows a number of very interesting things. First of all Victoria's building industry has improved by 20 index points since 2002. Victoria has the lowest tender prices relative to all the other eastern seaboard states. Industrial disputes remain at historically low levels, with 20 days lost to strikes in the half year to June, down from 343 in June 2000, and Victoria has the lowest injury incident rates in the nation, with 18.9 injuries per thousand employees. Recent case studies of five major projects, including the synchrotron, Holden engine plant, Melbourne Airport runway, Southern Cross building, GE and Botanica show that construction companies in Victoria, their workforce and their unions can collaborate to get on with the job in a positive manner and deliver projects on time and on budget. The index also shows the value of building permit activity reached $18.3 billion during the 2007 calendar year, which was an increase of 10 per cent on 2006 figures. Since 1999 the number of working days lost per 1000 employees in the Victorian construction industry has steadily declined. Days lost to disputes in the Victorian construction industry declined from 635 per 1000 employees in 1999 to 28.9 in 2007.

If this good news was not good enough, there is even more good news and that was of course in the latest budget which provided a further 5 per cent reduction in the average premium rate for WorkCover, which is great news. Basically the building industry is going very well. We should never be complacent, but this is an independent assessment of the building industry in Victoria compared to other jurisdictions, and the building industry is going very well in this state.

Mr DALLA-RIVA — Just following on from your discussion in terms of the improvements, do you think those improvements are as a result of the Australian Building and Construction Commission's work and do you support moving forward the abolition as proposed by the ALP at their recent conference?

Mr HULLS — No, I do not think it is as a result of the federal body that was set up by the previous federal government. I think it is because of the enlightened, collaborative and cooperative approach we have here in Victoria.

Mr WELLS — You said that with a straight face.

Mr HULLS — You asked me what — —

Mr PAKULA — He asked the question with a straight face, which is even more amazing.

Mr HULLS — You asked me what my view was and I think the body that was set up here in Victoria — the Building Industry Consultative Council which I set up some years ago — has been the catalyst for a more cooperative, collaborative approach to the building sector here in Victoria. I think as a result those figures that I quoted can be, if not directly, indirectly attributed to that new cooperative approach in the sector here in Victoria. Why did we set it up? We set it up because it is true that the sector had a pretty bad name. It is true that there was at least a myth out there that it was too difficult to undertake construction projects here in Victoria. Myth and reality become the same thing unless the facts are put on the table, and so the index that has been established is an independent evaluation of the construction sector in this state and it puts the facts on the table. I have cited those facts to you in relation to the answer I just gave to Martin. We do not believe the ABCC has had a great role to play.

The second part of your question is a motion that was moved at the state conference, a resolution I think calling for the immediate abolition of the ABCC. The federal government went to the last election with a commitment in relation to the ABCC and this commitment was that it would retain the ABCC until 30 January 2010. I am a very strong supporter of Forward with Fairness and will work very closely with the federal minister with a view to implementing Forward with Fairness. Some areas of Forward with Fairness are silent and obviously there is room for negotiations and discussions in relation to how those gaps can be filled. But the federal government was pretty clear in relation to the ABCC, and I support Forward with Fairness and will support Julia Gillard in implementing her policy.

The CHAIR — Thank you, Minister. We have just about finished our questions. I was going to ask you about how the 10 point plan is going, but I am sure it will probably take a long answer.

Mr HULLS — Next year.

The CHAIR — Maybe we might leave it at that for the moment. Minister, I thank you very much for your presentation today. That concludes the consideration of budget estimates for the portfolios of Attorney-General, racing and industrial relations. I thank the departmental officers as well as you for attending, Minister. The committee has a couple of issues to be followed up with and we would appreciate the information requested for the matters on notice to be responded to within 30 days. That concludes the session today. In fact it concludes all the estimates hearings for 2008–09.

Committee adjourned.

Transcript of evidence

6.2 Industry and Trade portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 30 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. Theophanous, Minister for Industry and Trade,

Mr H. Ronaldson, Secretary, and

Mr B. Foskett, Deputy Secretary, Department of Innovation, Industry and Regional Development.

Necessary corrections to be notified to executive officer of committee

The CHAIR — I welcome to the committee Ben Foskett, deputy secretary of the Department of Innovation, Industry and Regional Development. Minister, I understand you are going to give us a presentation, which I hope is acceptable to the committee, on both industry and trade, which will be a brief one, and on information and communication technology. Then we will have 40 minutes of questions for industry and trade, and then we will have half an hour on ICT.

Overheads shown.

Mr THEOPHANOUS — Thank you, once again. Let us move to the first slide. I think the first thing that would be of interest to the committee chair is the integration of new responsibilities for DIIRD. DIIRD has become a much bigger department than it ever was in the past. It has increased its budget from $276.9 million in 2006–07 to $2.1651 billion in 2008–09. It is a very significant increase and it is because there has been an integration of some new responsibilities into the department. There are new responsibilities for skills, ICT, film and TV that have been added to workforce participation, major events and, most recently, major projects has also been drawn into the department.

DIIRD now supports six ministers across nine portfolios and I am the coordinating minister. As the committee can see from the list there are a number of other ministers as well — tourism and major events, regional and rural development, skills and workforce participation, industrial relations, small business and innovation. Obviously that means DIIRD is a much bigger department than it ever has been before. I might say it is part of a deliberative strategy by the government in order to try and have in one department the responsibility for what is essentially delivering on the economy, delivering on jobs and delivering on our economic future, as well as building infrastructure that supports that economic future. This is an important development that is a major change over the last year or so.

I now turn to the priorities of my portfolio area. Investment attraction and facilitation remain of critical importance as a driver of economic growth, job creation, innovation, skills technology, transfer and so on. Export development is also a high priority as the global economy becomes increasingly integrated with some significant challenges in the export area, including the rising dollar and so forth. A key focus in the context of creating a competitive business environment is the development and management of strategic projects and major economic assets of the state, such as the new convention centre that I have mentioned before. Reflecting Victoria's rich diverse industrial base we are also developing a specific sectoral focus addressing these particular challenges and unique opportunities that each individual industry that I am responsible for faces. We have a whole-of-economy approach which is mirrored in our international activities, including initiatives such as the establishment of an international coordination office, reform and expansion of the Victorian Government Business Office network and other initiatives that will strengthen our international engagement, avoid duplication of effort and promote the state brand overseas.

I want to just show a couple of slides in relation to how this is going. This is the investment attraction and facilitation. We have a strong record in investment attraction, and it is demonstrated, as you can see, in the chart where in 2006–07 we had a significant increase on previous years. The 2007–08 figure will, of course, once again achieve the annual target of 1.6 billion and we think it will actually surpass that target significantly.

I will move on to the next one. This is the investment attraction and facilitation in terms of total exports and exports of services. As you can see, there has been a modest increase in the export of goods, and goods and services together. We are coming back again to the 2001 total and starting to get past that total. We have gone through a bit of a dip in 2003, but we are coming back again strongly. A lot of this is driven by export services where, as you can see in the second graph, service exports have grown by close to 60 per cent since 2000, including in the areas of education and tourism. In fact there was a 12 per cent rise in 2007 alone, and education services increased by 25 per cent to 3.9 billion. They have more than trebled since 2000, so you can see that education is a big part of our exports going forward.

I am turning to ICT achievements. I have only one slide on ICT. This is an important sector for us. It employs almost 85 000 Victorians — sorry, it employs almost 24 000 Victorians.

The CHAIR — Third time: 84 600.

Mr THEOPHANOUS — It employs 84 600 Victorians, an increase of 24 000 over the last four years. The annual revenue is now $24.4 billion; it has grown by $4.2 billion over the last four years as well. And there are

$1.8 billion per annum exports and revenue gained from overseas operations. To put this in perspective, that level of exports in the ICT space means that it is bigger than our wine industry in terms of exports and many other industries as well. It is an up-and-coming industry, but it is also an enabling industry, and I will be happy to answer questions on it. It is not only an industry in its own right but it employs a lot of Victorians, and it is an industry which enables other industries to perform better than they otherwise would. In fact some figures suggest that more than a third of productivity improvements over the last 20 years have been as a result of ICT improvements. This is a space that is very important to us.

I want to mention some key investment wins we have had, and I want to thank the department for its work in it as well. They include Satyam. Satyam will result ultimately in a 2000-job facility at Geelong. It is a phenomenal achievement to get Satyam to make this investment, because it reverses the traditional notion that Indian ICT companies are places which are taking ICT jobs away from Australia. In fact this is an example of an Indian company bringing 2000 jobs into Victoria and trying to gear itself up into the more value-adding high-quality jobs in this space.

There are a number of others listed there. I will not go through each of them, but I am happy to answer questions. We have been very proud of the way we have been able to help increase the size of this sector. It is a very important sector for our economy.

Ms MUNT — In the Treasurer's speech he noted that we have to rely on our people to build the Victorian economy. Can I refer you to budget paper 2, page 79, the second paragraph, that actually refers to the Victorian schools plan to rebuild government schools. Education, of course, is an important part of the capital of our people. Could you please outline how Victoria's human capital — of course that is not just our men but our women who are an important part of our manufacturing sector in our competitive local environment — is all coming together?

Mr THEOPHANOUS — Thank you for the question. Some years ago many people had given up on manufacturing. It was described as a sunset industry, and described as an industry without a future. I am pleased to be able to be a part of a government that has taken up the challenge in relation to manufacturing to build capacity. We did not give up when we could have given up. What we did was we recognised that we had to do things smarter if we were going to survive. Even in the export area where you saw the graph coming down in goods exports, they are coming back up again as we build our capability. If you think about this, manufacturing now contributes almost $30 billion to Victoria's economy and employs 330 000 Victorians. This is a huge industry and it accounts for 50 per cent of all expenditure that takes place on research and development. This is what has allowed us partly to grow our GSP by an average annual rate of 2.9 per cent, which is the highest of the non-resource states, and achieve all those other things that I mentioned earlier.

How have we done this? We have done this with innovation. We have done it, and you are aware that the Premier has put great stock in our capacity to innovate. That is how we have been able to do this achievements: innovation to deal with the challenges of climate change, for example, which we are currently seeking to do; innovation through research and development; innovation to be globally competitive; and alongside of innovation, developing skills in education and our capacity. We have had to learn to do things in a lean, clean and green way if we are going to stay ahead of the game in manufacturing.

I am happy to talk about individual parts of manufacturing, but I do make the point that two of the traditional areas of manufacturing — the TCF industry and the automotive industry — I am pleased to say still provide a significant amount of employment in this state. They are very important industries for us going forward and we look forward to being able to build our manufacturing sector even further in the future.

Mr PAKULA — Minister, I refer you to page 146 of the *Service Delivery* budget paper 3, and the section headed 'Sector development'. There is a line item there 'New investments facilitated in financial/shared services'. I want to know what has been the performance of Victoria's financial services industries since 1999, and what policies do you have in place to further develop that sector?

Mr THEOPHANOUS — Mr Pakula, it is an infamous statement made by the previous Premier at one point when he said that we had some strengths in Victoria and the financial services sector was not one of them. It was one that ought to be given over to Sydney and that we should concentrate on some other areas instead.

One of the things that I think the Bracks and Brumby governments can be proud of is the way in which we have developed this sector, the financial services sector. It now is the third largest economic sector of Victoria. It

contributes nearly $18 billion to our GSP and it employs over 106 000 people, so by any standards this is a huge sector. And how it has been developed? If you think about it, it has happened through new infrastructure. Infrastructure, you know, is not just something which government's build. The private sector builds them as well. We see a brand new National Australia Bank building down at Docklands, and the commencement of construction of a new 6-star ANZ building down at the Docklands as well, so that we have two of the four biggest banks now centring themselves squarely in Melbourne in the Docklands area. We see the Future Fund being put into Melbourne as a major financial institution, and we have our own Victorian Funds Management Corporation which itself has about $40 billion that it manages. To look at all these things developing and to see this industry go from strength to strength with an annual growth rate of 9.2 per cent since 2000, you can see how that has built an industry. We now have 7 of the top 10 funds management players in Victoria.

I think this is the untold story of how Australia has been built. You might remember, and I am sure you do, Mr Pakula, because you would have been one of the big supporters of this when the Keating Labor government decided that superannuation was going to be compulsory, which was a very brave decision back then. But let me tell you what it has resulted in. It has resulted in Australia now having more than one trillion — some estimates put it as high as $1.2 trillion — of funds under management, and those funds are building Australia. They are building new infrastructure. It is the fourth largest amount of money as funds under management in the world, and this is in a country of 20 million people. This was, by any stretch of the imagination, a forward looking decision by the then Keating government that has had long-term ramifications.

What it means for Victoria is that we are now in the space of trying to position ourselves as having the expertise to do funds management in a comprehensive way. We are doing this not only now in Victoria but also we are trying to export our expertise into Asia and into other parts of the world as well, and we do it through a range of activities. Recently I launched the Melbourne APEC Finance Centre and we gave them $1.4 million, again to help position us as an international financial services centre.

Our vision is to make Melbourne the premier place for funds management and a finance centre of the Asia-Pacific region. We want to be the Boston of the Asia-Pacific region, if you like, and I think we can do it. We are well on our way to doing it, and it has been partly because of decisions that have been made both at a federal level by a federal Labor government and the fantastic commitment that has taken place under the Brumby government and the Bracks government.

Mr RICH-PHILLIPS — Minister, I would like to ask you about investment facilitation incentives. The budget bill notes that your department obtained $500 000 from Treasurer's advance for Jetstar International. Can you tell the committee please what requirements were imposed upon Jetstar to obtain that grant and, in a similar vein, what incentives were offered to Tiger Airways?

Mr THEOPHANOUS — Thank you for your question, Mr Rich-Phillips, and I guess the answer to your question is that yes, the government does provide a range of facilitation to companies to bring them into Victoria. We make no apology for that. That facilitation takes a number of forms, in fact. It can be facilitation in joint marketing programs, it can be facilitation in developing R and D, it can be facilitation in skills development or in a range of other ways that we may assist companies in establishing themselves in Victoria.

It is a highly competitive space, however. You mentioned Tiger Airways, which I was directly involved in getting into Melbourne; Jetstar occurred before I became minister so this is just part of an existing arrangement in relation to Jetstar. But Tiger Airways was one that I got into Victoria with the help of a terrific department that works in partnership with the minister. The way this works is that if you want to get the business you have got to go and develop a personal relationship with the CEO. That is the first thing. And you need other people in the department to do the same thing with other members of the same company. So getting to know Tony Davis was absolutely critical to getting Tiger Airways to come into Melbourne. It was not only me that did that, but people within the department and at lower levels within it. Let me tell you, there were facilitation packages which they had access to from South Australia, from Queensland and from New South Wales. Now you are either in the space and you find ways to get the business or you do not. Around the corner from Tiger might be another airline that might want to come in. It might be an Etihad, it might be a Korean Air, it might be some other airline that wants to come into Australia, and is trying to make a decision about whether it sets itself up in Melbourne or somewhere else.

The last thing you want Queensland to know, South Australia to know, New South Wales to know or Western Australia to know is what kind of package we put together for Tiger Airways. Whilst I am happy to talk about the

fact that we do put such packages together and we provide an overall figure of investment assistance to companies, our policy is not to provide individual figures in relation to specific companies and the break-up of the type of assistance that we provide to those companies.

Mr RICH-PHILLIPS — How is that different from the figures provided for Jetstar international then for $500 000 listed as Treasurer's advance?

Mr THEOPHANOUS — This is a special case because in this instance it came out of a different package of funds; the Treasurer's advance is different. There is a different fund which is available for investment attraction. I think there is another number in the budget for that this year. I cannot remember what it is; it is some millions of dollars.

Mr RICH-PHILLIPS — But the point being whether it came from TA or whether it came from appropriation, the Jetstar figure was publicly disclosed. You are saying that the Tiger figure cannot be publicly disclosed. What I am asking you about is the difference.

Mr THEOPHANOUS — I do not think the 500 000 you were referring to is the entirety of the Jetstar package. I think this was disclosed because it was required as a Treasurer's advance and therefore it was put into the budget. But it is an unusual circumstance in that sense. It certainly does not reflect the entirety of the arrangement with Jetstar international. I think that was simply from the point of view of accountability the Treasurer had to put it in because it was a special Treasurer's advance. But in the normal course of events, we would not disclose and have not disclosed. I would give you exactly the same answer if you asked me about Satyam or if you asked about a range of other ones, like Pilkington or Ford, or other companies we have managed to provide this kind of assistance to. I could not give you the numbers for the reasons I have outlined.

Mr SCOTT — I refer you, Minister, to budget paper 3 on page 10 where it refers to the Victorian industry and manufacturing strategy which will aim to be:

> preparing Victorian industry for the global challenges ahead.

I note Ms Munt's earlier question when she reflected on the fact that employment in this area is not just for men but for women as well. I also note your response that while some see a darker future in this area, the Victorian government is much more proactive in this area in its view. Minister, could you please explain to the committee further how Victoria industry is dealing with these challenges?

Mr THEOPHANOUS — I have to say to you that the Victorian industry and manufacturing statement has probably been a bit later in coming than what we would have liked. We would have liked to have done this statement a bit earlier. In fact we had some concerns from the Australian Industry Group about the timing of this statement. But a couple of things happened which meant that we needed to consider the timing of this particular statement.

One of the things that happened was that the federal government decided to do a number of reviews, including a review of export policies and programs, a review of the automotive sector and a review of the textile, clothing and footwear industries. Those three reviews are due to report on 30 July. We took the view that rather than put out a statement before those reviews were made, which would not encapsulate the findings of those reviews, we would look to put out a significant and substantial statement in August of this year or at least following these reviews. That is the trajectory we are on for what will be a very significant statement. It will have funds attached to. It will set out the future and how we are going to meet the challenges in manufacturing and maintain and improve our productivity and performance while dealing with multiple pressures.

Those pressures include environmental issues. Environmental issues are both a cost and an opportunity, and we have to work out how we are going to take up the opportunities and how we are going to minimise the costs; how we are going to work in the face of an increasingly strengthening Australian dollar; and how we are going to deal with skills shortages going forward, because what is happening in manufacturing, of course, is that increasingly it is based on highly skilled people. To cite one example for you, the automotive industry employs in the order of 30 000 people; 4000 people out of the employment in the automotive sector are designers and engineers — 4000 people.

I was amazed when I went up to the Ford factory a while ago. If you go across the road from the Ford factory where it has its design and engineering facility you will find 4000 people working on all sorts of designs for motor vehicles and engineering on motor vehicles some of which in fact are never going to be built in Australia. Ford designed its four-cylinder Indian vehicle and its four-cylinder South African vehicle out of Ford Broadmeadows. The space we are occupying is increasingly in manufacturing reliant on highly-skilled people doing things.

Ms MUNT — I think George Polites was a major part of that turnaround out at Ford Broadmeadows too. He has recently passed away.

Mr THEOPHANOUS — That is true, and it was a sad occasion.

We have to work out how to maintain and get the right skills into the right places to keep manufacturing running. We have to work out how to minimise the rising input costs, and those input costs are significant. The Victorian government has done a lot to reduce input costs. The WorkCover reductions that have taken place, which are now very significant, are increasing the competitiveness of this sector. The reductions in payroll tax are also increasing the competitiveness of this sector. But it is always a balance. For everything we do to try to reduce input costs, something else comes up. Petrol is a major cost factor at the moment for these industries, and so we need to work out a way overall to remain globally competitive and to have a plan for the future of our manufacturing industry, and we will be doing that through the VIPP statement later in the year.

The CHAIR — Thank you, Minister. You were practically waxing lyrical on that. You will becoming poetic and using iambic pentameters or quoting from *Ode on a Grecian Urn* or something.

Mr NOONAN — Minister, I wonder if I could stay with the automotive review, and it is the Bracks automotive review that I am referring to. I wonder whether you can outline how the Victorian government stands up for the local industry, given it has been a significant contributor to the Victorian economy and employed, as you say, tens of thousands of people for quite a considerable period of time. I am interested in the submission to that review, and also whether you will be appearing before that review to present the government's case?

Mr THEOPHANOUS — Thank you, Mr Noonan. I know you have a big interest in this area is well. The automotive industry has gone through a significant set of changes over the years. Over the last few years it has gone from an industry which produced cars for the Australian market to one now which produces half of the cars for export. It is a huge export earner for Victoria; in fact it is in our top three export earners. This is an important industry for us. That means it has got to remain internationally competitive. If you want to produce a Pontiac and send it to America you have got to be able to produce that Pontiac and get it over there at a lower price than they can do it over there, and that is what we are doing at the moment.

But there are cost pressures, and one of them is the question of tariffs. The current tariff level is 10 per cent. Bear in mind that years ago it used to be 70 per cent, so there has been an enormous reduction in tariffs. That has forced the industry to become internationally competitive. The question now is: do we drop those tariffs from 10 per cent to 5 per cent in 2010? We do not just think it because we think it is a good idea; we actually went out and did some economic modelling. Lateral Economics and Monash University did some economic modelling for us, which showed that the economic benefit of going from 10 per cent to 5 per cent is absolutely minimal and that the optimum level is something different to that. It has come back to me, as a matter of fact, with a final number. This is a preliminary economic estimate. But based on their preliminary advice we decided that we would support a position of holding at 10 per cent, not only because of that economic factor but also because our other competitor nations were not dropping their tariffs below the 10 per cent level. So we decided that we would support the retention of 10 per cent through to 2015.

I must say that I was very surprised to hear the opposition manufacturing spokesman, Peter Ryan, say on radio, or reported on radio as saying that he thought Australia's economy was strong enough to absorb any job losses caused by further tariff reductions, which is a pretty incredible statement to make. You might expect this from a right-wing, rabid sort of economist working for the Institute of Public Affairs, but you would not normally expect it from the National Party, which has had a tradition of wanting to protect Victorian industry. They have come out with a statement like that and gone on to criticise the government because we wanted to have it both ways. They cannot call us on the one hand globally competitive, and yet on the other to be wanting to change the structure in relation to this tariff, which was put in place after a number of reviews. I do not know whether this is the official

policy of the opposition, but if they are saying that they will drop the tariffs or advocate the dropping of tariffs, then they should turn up to the Bracks review.

The CHAIR — Minister, on the question please.

Mr THEOPHANOUS — I am intending to turn up to the Bracks review and give a point of view on behalf of the government, which is the one I have outlined. But if their view is that tariffs should drop, they should have the courage to go to the Bracks review themselves and put their view that they should drop from 10 per cent to 5 per cent.

Mr DALLA-RIVA — Minister, I refer you to your second overhead about the total budget for DIIRD, which has increased from 276 to 2.1 billion. Just looking at the investment support program, the ISP, and the TA for 06–07 was 26.9 million. Will the ISP now, given that there has been a substantial increase, be of the same sort of figure into the forward estimates, or are you anticipating that the call on the TA will not be as high for these types of programs under DIIRD? Where do you see it falling, given the growth?

Mr THEOPHANOUS — Again, one of the reasons you have a TA as part of a budget structure is to do what might be the unexpected, Mr Dalla-Riva. I cannot tell in advance, 12 months in advance, who is going to come to the Victorian government and put up a proposal to do something in Victoria. But if a big company was to come along and say it wanted to do something in regional Victoria which was going to create 5000 jobs down in the Latrobe Valley and it was going to be billions of dollars of investment and so forth, and it wanted some Victorian government support in the form of infrastructure, or something else that we might need to do in order to help it make that decision, I would be in there fighting for it. It might mean that the TA might have to increase as a result of that. So this is one of those issues with investment attraction where you can put up a figure as being the approximate figure that you think you might need for the coming year, but ultimately it will depend on how good we are at attracting big investments. In a funny sort of way, the more successful we are — the better we are at it, and the more large investments we get into the state — the more draw there is probably going to be on this particular line item.

Ms MUNT — Minister, you briefly mentioned that you were involved in bringing Tiger Airways to Victoria. I was wondering if you could just outline if there are any other opportunities to develop aviation in Victoria. It is very important for our tourist industry. It is important for the economics of the state, and I was just wondering if you could let us know if there was anything else on the horizon?

Mr THEOPHANOUS — Thank you, Ms Munt. Aviation services is a huge industry, and it is an important industry for us. It is another one of those big policy questions, just like the automotive industry where policy decisions are going to be made at a federal level. This is another one that falls into that category. The history up until now has been that there has been a policy of protection of major airlines, and that policy of protection has resulted in a less than optimal situation for Victoria. It can be seen by the figures that we have collated, where at the present moment 15 per cent of Victorians who travel overseas are forced to fly through Sydney. We think that is an unacceptable situation. If you just look at one of those routes, the Pacific route, it is even worse. On the Pacific route through to America it comes in at about 38 per cent of passengers forced to go through Sydney. This is an unacceptable position from the point of view of the Victorian government.

We would like to see an opening up of the skies. We cannot see how increased competition can do anything but good. It does good not only in terms of the fact that people do not have to fly through Sydney, I have to tell you; it does one other very important thing: it reduces prices.

We have an extraordinary situation at the moment where the overseas flights are just totally packed out. It is very difficult to get seats. One way of increasing capacity is to open the skies up. Just let airlines, if they want to fly into Melbourne — so long as they meet the regulatory requirements — do so. We have been a supporter of an open skies approach, alongside of trying to attract these airlines in. We have been fairly successful. Tiger is only one of the ones we have managed to get to come to Victoria. Korean is another one from an international perspective that is coming. I went on the inaugural flight, as a matter of fact; it is good. Even Qantas, through this kind of pressure, has increased some of its flights. Cathay Pacific has increased its Melbourne to Hong Kong services from double daily to triple daily. Emirates has increased its services from double daily to triple daily through to Dubai. We are getting incrementally more direct flights into Melbourne, but we think a lot more can be done — particularly if there was a change of policy, which resulted in an open skies to approach.

Ms MUNT — I cannot understand why airlines go through Sydney anyway. Is there some particular reason why they come through Sydney?

The CHAIR — Particularly with a curfew.

Mr THEOPHANOUS — I can tell you one thing: it is not distance, because it is actually closer to fly to Singapore from Melbourne than it is from Sydney.

Ms MUNT — We have an integrated domestic-international terminal and capacity.

Mr THEOPHANOUS — And our airport is cheaper to fly into. It is an integrated airport; it is a curfew-free airport.

Ms MUNT — It has an extended runway.

Mr THEOPHANOUS — It has an extended runway. We have got a lot of competitive reasons why they should be flying into Melbourne, but there is a bit of history to this. I can tell you we are working very hard to reverse it. One of the reasons of course is the one I mentioned about lack of competition.

Mr RICH-PHILLIPS — Does the Victorian government still undertake joint marketing with Qantas?

Mr THEOPHANOUS — I do not want to be wrong on this — we are certainly doing it with Jetstar, which of course is Qantas's subsidiary. I am not aware of anything with Qantas, but I am happy to come back if that is the case.

The CHAIR — We can ask the minister for tourism on Tuesday.

Mr PAKULA — The federal government is conducting a review on Australia's export policies and programs. Given the chairman waxing lyrical before about iambic pentameters and Grecian urns, I am wondering whether cultural exports might be our next big thing. But more generally, I am wondering whether the state government is going to be addressing the issue in the forthcoming industry and manufacturing statement and making a submission to the federal government review.

Mr THEOPHANOUS — Yes, we are. We are going to do submissions into all of the federal government reviews, at least the ones that come under my portfolio responsibilities, and this is one of the important ones for us. This export review will look at a range of export policies. How it comes out in the end will have a significant effect. We have some real interests here. One of our big interests is that, particularly in the negotiation of free trade agreements, which the federal is responsible for of course, we do not get a circumstance where so many non-trade barriers are established, even when there is an FTA, that those non-trade barriers make it impossible for Australian products to be exported to those countries.

To cite some examples for you, there is one particular country which decided that you could not send in a four-wheel drive unless it was of a certain length. It was subject to a different tariff based on the length. One of our products, the Ford, was one inch too long. It made it so uncompetitive that it meant it would have cost more than the Mercedes in that particular country. Or another example is where the engine size is used for similar purposes to protect a local manufacturer. We are very concerned about that. There is also myriad free trade agreements across different nations and how that is affecting our export capability. We are very keen to protect our exports.

To cite another example, our exports of Toyotas, which is huge into the Middle East, is subject to a 5 per cent tariff at the moment. If a third country were to develop an FTA with the Middle East where they could send Toyotas into the Middle East with zero tariff, that would make life very difficult for us. How this comes out is going to have a very significant effect on our export capability. We are very keen to make a submission.

Mr DALLA-RIVA — In the *Service Delivery* budget paper, pages 150 and 151, I note the actuals across the exports for 2006–07, and if you look at the actual spend for that period, it was $8.1 million, and the anticipated in the forward estimates is 11.6 million — so there is an increase there. Yet if you look in terms of the quantity, the outcomes that are proposed, the targets, on four of the six targets measured there is actually a drop, even though the budget has gone up. Do you want to explain exactly why that would be the case in the forward estimates with an increase in budget yet a decrease in quantity?

Mr THEOPHANOUS — Which ones are you referring to exactly?

Mr DALLA-RIVA — Companies provided with export assistance — you had 4266, and you are now going down to 3250; exports facilitated and imports replaced, 1.5 billion to 739; number of firms participating in individual export-specific programs, 1283 down to 800; trade fairs, 36 down to 29; and then, if you look at page 151, the total output cost in 2006–07 was 8.1, and in the forward estimates it is 11.6.

The CHAIR — So you are comparing the actuals for 2006–07 with the targets for 2008–09.

Mr DALLA-RIVA — Yes, the forward estimates.

The CHAIR — There is also 2007–08 to consider.

Mr THEOPHANOUS — I guess the point I would make, Mr Dalla-Riva, is that there are two sets of figures there: one is the targets and the other is the actual outcomes. What happened in 2006–07 is that we achieved actual outcomes far in excess of what our targets were. We revised the targets upwards as a result of that, so in some of the figures you have quoted there, such as the number of firms participating in individual export-specific programs, our target is 800 when it was 700 last year; so in fact our target has gone up relative to last year's target. However, it is true to say we had a very good year in 2006–07, and the actual outcome was well in excess of the targets. I am hopeful that the new increased targets on the previous targets for 2008–09 will similarly be exceeded significantly by the actual outcomes for 2008–09.

Mr DALLA-RIVA — We will ask you that question next year.

Mr THEOPHANOUS — I look forward to it.

The CHAIR — This committee has often commented on the fact that in terms of output measures and deliverables realistic targets and outputs should be set, so I am sure the secretary will look at these in the coming years.

Witnesses withdrew.

Transcript of evidence

6.3 Information and Communication Technology portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 30 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. Theophanous, Minister for Information and Communication Technology,

Mr H. Ronaldson, Secretary, and

Mr R. Straw, Deputy Secretary, Department of Innovation, Industry and Regional Development.

Necessary corrections to be notified to executive officer of committee

The CHAIR — I welcome to the table Mr Randall Straw as we now ask questions, up until 4.15, on the information and communication technology portfolio. Minister, I know this is a very important area, certainly in terms of job creation. I know it is not an industry which is just for men but also for women, as demonstrated at Box Hill TAFE with the programs it has of encouraging girls to do ICT. But I want to focus on one thing first of all. You mentioned with a certain amount of enthusiasm Satyam coming to Victoria. I am not too sure whether your interest in India relates to your ancestors marching with the Grecian armies of Alexander the Great into India, but certainly we do understand your strong interest in this matter. I am just wondering whether you could address the investment attraction facilitation and tell us a bit more about this investment going into Geelong and how it is going to drive further ICT investment in this state? You will find it in BP 3 at page 150.

Mr THEOPHANOUS — Thank you, Chair, and thank you for your introduction. I did find it interesting when I was in India comparing Greek philosophy with Hindu philosophy, and I would be happy to give you a dissertation on that instead of answering your question, but I cannot find a budget paper for it. As a matter of fact I was given an education about how the Indians had invented zero, that the Greeks had never quite got to inventing zero in their maths.

The CHAIR — That is pretty important for IT, since it is based on 0 and 1.

Mr THEOPHANOUS — It is very important for IT because in IT you have 0 and 1, and you would not be able to do much without the zero, I can assure you.

Chair, can I try and tell you a little bit about this important project, the Satyam project. The first thing I would like to do is to commend Multimedia Victoria and the ICT section of DIIRD for the work they have done in getting this important investment into Victoria. This investment will result in 2000 new jobs, and as you are aware and for the benefit of Mr Rich-Phillips — I am sure he would be interested in this — when we do investment attraction of this sort it is always linked to a set of milestones that have to be reached and benchmarks that have to be met and so forth, so we are looking forward to those 2000 new jobs materialising over the next few years. I know that Deakin University is very excited about this because the expectation is that hundreds of new graduates out of Deakin University will be able to be taken up in that facility right next to Deakin University in Satyam, and work in the ICT sector.

This is a sector which is burgeoning in Victoria and which is creating a lot of value for us. It is not only in the software, incidentally; we are doing quite a lot of basic research in hardware as well — some of which is very exciting. And it is not only Satyam; we have a range of other players that have come in as a result of the government's activities. Even from the point of view of Indian companies, Infosys, which is another Indian company, has 600 staff in Melbourne. Birlasoft is an other one which has got 120. Beyond that, TATA Consultancy Services has 160 staff as well and it set up a global delivery centre in Melbourne in 2002. IBM is centred in Victoria. It is in Ballarat; its Ballarat staff is 800. It is hugely important from the point of view of Ballarat and regional Victoria. You can see that what we are trying to do is not only build capability but build it in specific areas, and we see Ballarat as being one of the IT centres in regional Victoria. Now we see Geelong as developing into an IT centre in that technology park that will be next to Deakin University.

Mr SCOTT — Minister, I refer you to page 148 of BP 3 and the section headed 'Science and technology'. Having studied some science at uni, I have a specific interest. Can the minister advise the committee what the state government has done for the ICT skills initiative in building on ICT skills for the future?

Mr THEOPHANOUS — In July 2006 the Victorian government launched the program ICT: Start Here. Go Anywhere. It was a very successful campaign, and it was so successful that it was adopted nationally. Again, this is another example of Victorian leadership which finishes up going national. That campaign aimed to encourage young people to study ICT and to undertake ICT courses. I think we have around 19 000 students in ICT.

Mr STRAW — About 34 per cent or 35 per cent of all enrolments of IT students come out of Victoria.

The CHAIR — Is that right? Are the numbers going up or down?

Mr SCOTT — What sorts of courses are classified as ICT, and how broad is that classification, or is that a question to take on notice — just as a clarification?

Mr THEOPHANOUS — Do you know the answer to that?

Mr STRAW — There are a broad number of courses at tertiary institutes around IT. There are obviously dedicated IT courses within science faculties and IT faculties. There are also a lot of double degrees around IT as well which work in other faculties as well, so it is certainly spread across a number of faculties at university.

The CHAIR — There are also a lot of courses at TAFE, too.

Mr STRAW — Yes.

The CHAIR — Particularly their post-degree diploma courses. Some specialise in them

Mr THEOPHANOUS — There are a lot of different courses, and the government has put in a lot of programs as well to try and deliver on this. Apart from the Start Here Go Anywhere project, we have also done Upload Your Future, which is another program we have across Melbourne and regional Victoria, which has involved 3600 students in years 9 to 12. It is about getting in earlier at the secondary level and getting kids to understand that ICT is not just about sitting in front of a computer but involves some exciting possibilities. The games industry, for instance, is a huge industry that is developing in Victoria arising out of the ICT capability. We are very confident that this industry will continue to evolve. Just to answer another question that was asked of me earlier, the Victorian government has also a number of initiatives involving women in this space, with the Victorian ICT for Women Network, which is designed to encourage more women into ICT careers.

The CHAIR — Thank you, Minister, not just for men but also for women.

Mr RICH-PHILLIPS — Minister, the government's election promises were partially funded through various government efficiencies, one of which was $20 million in savings through integrated ICT projects across government, listed on page 282 of BP 3, which required savings of $5 million per year from integrated ICT. Can you tell the committee what level of savings was achieved in 2007–08 through what initiatives, and what initiatives will be implemented over the forward years?

The CHAIR — I am not sure if you can do this year, but certainly forward.

Mr THEOPHANOUS — I am not sure that I can give you the information that you seek, Mr Rich-Phillips, because the implication of the cross-government ICT savings is not actually my responsibility but rather the responsibility of the minister for finance. However, obviously we are involved in the sense of consultancy and of being consulted, but the responsibility for the savings rests elsewhere. Did you want to comment any further; is that your understanding?

Mr STRAW — Certainly when the machinery-of-government changes happened at the last election and the savings initiatives were put in place, from my understanding, certainly those savings were apportioned across the component parts of IT — some, obviously, within Treasury and Finance; some certainly within DIIRD when functions came to DIIRD. The DIIRD allocation of those savings has been achieved — they have — and they will continue to be achieved in line with the government forward estimates.

Mr RICH-PHILLIPS — What types of initiatives were they to achieve those savings? What specific initiatives were undertaken?

Mr THEOPHANOUS — That is more of an overall DIIRD question, because it is not really an MMV question. MMV is the specialist ICT agency within DIIRD, but it is not responsible for finding all of the ICT-related savings within DIIRD. That is an overall responsibility. I do not know whether you want to comment at all, Howard, as to how those savings were achieved.

Mr RONALDSON — Without going into detail, the big driver for significant savings for this initiative is a common desktop environment. What is really driving it is getting like software and hardware across the service, with savings really being generated out of procurement practices. That is the essential driver for savings, at least behind these figures.

Mr RICH-PHILLIPS — So have those savings been achieved? Presumably those savings would occur at the time you roll out new hardware or new software. Has that occurred since those saving targets were set?

Mr RONALDSON — The best way to put it is it is gathering momentum. It really has not hit its stride yet. But you are right: the substantial savings in that whole line across the forwards really are yet to be achieved and will be achieved by procurement once there is standardisation of the desktop environment.

Mr RICH-PHILLIPS — And that is standardisation across the whole of government or just your department?

Mr RONALDSON — No, across the whole of government.

Mr RICH-PHILLIPS — What sort of time frame would you expect that to occur — that standardisation?

Mr RONALDSON — Now you are asking me outside my expertise, but I imagine it would take some years to get a standard desktop environment.

The CHAIR — You can take that one on notice.

Mr THEOPHANOUS — We can take it on notice. The only thing I would add is you know that the budget does allow for a Services Victoria business case. One that we are examining at the moment is really in its infancy, but it is part of us wanting to develop a more efficient way of delivering access to government for citizens, not only in relation to the way we deliver that access in terms of the worldwide Net but also in terms of other ways of delivering access over the phone and so forth where we may be able to achieve some additional savings. That work is going to be done out of Services Victoria. I am looking forward to the development of some business case arising out of that to see how we take that project further.

Mr RICH-PHILLIPS — You do not see that feeding into that line item — the whole-of-government efficiency line item?

Mr THEOPHANOUS — No. It is not contained within that line item. This is in budget paper 3 at page 331, where it identifies an allocation to undertake this work. I think it is $4.4 million.

The CHAIR — Thank you for that. I might add the DIIRD did respond in terms of efficiencies and savings to our questionnaire. You will find it at pages 113 and 114 in the report which we tabled yesterday, and $2.02 million was identified in terms of integrated focus on ICT.

Mr NOONAN — Minister, I want to ask you a question about broadband. I note on page 148 of budget paper 3, 'ICT policy reviews under way' which relates, in part, to broadband. I wonder whether you can outline what the state government has done to advocate strong competitive outcomes for broadband?

Mr THEOPHANOUS — One of the things we have done in relation to this area is that we, before a lot of the other states, took action to deliver broadband into many parts of regional Victoria, particularly into our schools. We entered into arrangements with Telstra in order to deliver broadband to all Victorian government schools. It has been a fantastic project, but a very expensive one I might say. We have spent overall in delivering broadband technology around the state $300 million, and it has put us ahead of other states. I guess one of the things that will happen is that the commonwealth, in its expenditure of $4.7 billion — one of the things it is doing is ensuring that broadband is delivered to all schools across Australia. From one point of view I suppose those states that did not take that action might benefit beyond what Victoria does. I do not know if you already know this, but we used the railway lines that were there in order to run the fibre and take it into country Victoria. Victoria acted when no-one else was willing to. We have infrastructure in place. I do not think we are going to get a discount for it from the federal government I am afraid.

Mr NOONAN — You will not ask?

Mr THEOPHANOUS — It has not stopped us asking for it, I can assure you of that!

The CHAIR — It is always worth asking.

Mr THEOPHANOUS — I do not know how receptive they are going to be to it. The point here though is that more important than even that of the construction of the infrastructure, and I made this point at the recent meeting of ministers in Canberra very strongly, is that our central point to this is competition. If it emerges that we

get a broadband network, an NBN — a national broadband network — which does not have an adequate level of competition, that will be a huge drawback in relation to our competitiveness going forward.

I explained to you how important it is for us to be competitive in industrial terms, in manufacturing and in a range of industries. We will not be competitive if there is not adequate competition in broadband delivery, so the question of how this finishes up in the end is of huge relevance to Victoria. If there is one integrated business — a vertically integrated business — and it is not subject to adequate competition, that is not a good outcome from our perspective, so we want to see very open access rules for other players to be able to come in and use whatever network is there. We want to see, ideally, even competition at the infrastructure level. But we certainly want to make sure that that competition is present, because if it is not it will affect our competitiveness going forward.

I will give you an example. The Tasmanian minister was scathing in Canberra when we met, because they pay about six times as much for the same amount of data to be delivered into Tasmania. That is because there is a single provider and one tube going down there. They can basically be charged whatever that provider wants to charge. We cannot allow ourselves to be in that circumstance.

Ms MUNT — You briefly touched upon ICT investment in Geelong. I was wondering if you could give me a greater level of detail of what that actually is involving?

Mr THEOPHANOUS — ICT investment in Geelong of course is going to be led by Satyam and the development of Satyam down there, but we do not want it to be exclusively related to Satyam. Satyam is going to build a facility of about $75 million in Geelong next to the university down there, and it will employ 2000 jobs. But the vision for Geelong, from our perspective, is to try and get a hub — a technology hub — which involves ICT. I think it is probably premature to talk about a Geelong Silicon Valley, but that is the vision that Deakin University has. We would like to help them to achieve that vision. Part of it might be also surrounding the cultural precincts, where we might like to do something in that cultural precinct which relates to some high-tech things and showcase some of the capability in that region in ICT. The answer to your question is that Deakin University needs to develop its capability as an ICT training centre, and then with Satyam and a number of other players going down there we are hoping we can build a hub in Geelong which is going to be an ICT hub.

Mr RICH-PHILLIPS — Minister, I would like to ask you about Project Rosetta. As you know, the Auditor-General released his report yesterday. In relation to the operating recurrent costs of the project, you said that the project had exceeded its budget by 107 per cent. You had allocated, or MMV had allocated, 700 000 a year for four years — $2.8 million — and the actual costs were $5.8 million. Can you tell the committee what the recurrent budget for Rosetta operations is over the forward estimates period?

Mr THEOPHANOUS — I cannot answer your specific question, because the project is actually under the minister for finance. But I can speak more generally about the Rosetta project. This was a whole-of-government initiative. It was 2002 to 2006, so it was during that period. The responsibility was with the minister for finance.

Mr RICH-PHILLIPS — Sorry, Minister, can we just clarify that point. Previous ministers for ICT have claimed ownership of it. Has it transferred since it was completed, or — —

Mr THEOPHANOUS — It was transferred from the minister for ICT to the minister for finance, and from Multimedia Victoria to the Department of Treasury and Finance, in January 2007, officially. The Auditor-General found that the initial project into implementation estimates were not realistic, as you are aware and you have referred to that. However, he also found that no significant cost or operational implications that the project was delivered from the expected capital cost. He also found that Project Rosetta was delivered successfully, that it delivered the planned functionality of a whole-of-Victorian government enterprise directory and a uniform set of electronic directories to the core 10 departments and that the project can be used as a foundation for future ICT projects across government.

It was a foundation project. I have mentioned also to you before that we are now looking to the future through Services Victoria in what will be the next stage of a whole-of-government approach to this important area. Services Victoria will look to — of course again as I mentioned we are looking at not just the Web but also a single contact number potentially going forward on a model of New York. You might know that in new York there is 311 number — there is a 911 but also a 311 — which is for access to government through a single number. We are investigating a range of those potential innovations for the Victorian government through the Services Victoria project.

Mr RICH-PHILLIPS — I will take it up with the minister for finance.

The CHAIR — That is a task for our next hearing. That concludes consideration of budget estimates for the portfolios of major projects, industry and trade, and information and communications technology. I thank the minister and departmental officers for their attendance today. The committee has a couple of issues we will follow up with you, and there may be some questions forwarded to you in writing at a later date. The committee asks that written responses to matters be provided within 30 days. I thank Hansard as well.

Committee adjourned.

Transcript of evidence

6.4 Innovation portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne— 23 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 G. Jennings, Minister for Innovation,

Mr H. Ronaldson, Secretary, and

Mr R. Straw, Deputy Secretary, Department of Innovation, Industry and Regional Development.

The CHAIR — On behalf of the committee I welcome to the table Howard Ronaldson, secretary, and Randall Straw, deputy secretary. I now call on the Minister for Innovation to make a brief presentation of no more than 5 minutes on the innovation portfolio.

Overheads shown.

Mr JENNINGS — Thank you, Chair, for the opportunity. I will be very quick with this presentation because I do not want to prevent the committee from asking me questions about how we go forward with the innovation agenda, but it is important for us to know where we have been in terms of the journey, because sometimes members of the Parliament are not as aware of the innovation agenda as they might well believe that they are. This is actually built on a number of outstanding commitments of our government on deliverables in the community. The innovation portfolio has seen significant investment in science and technology, and the STI grant program has been a major builder of that; $620 million has been invested, and it has facilitated a large degree of private sector investment and seen significant benefits in terms of Victoria's scientific capacity.

Beyond the science of the STI element we are wanting to make sure that we build on Victoria's design capacity. We actually will try to make sure that design is the feature of the innovation and productive capacity of Victoria, the various ways in which design can support manufacturing right through to what might be seen as the graphic arts, or anywhere in between, in terms of its permeating the potential for economic activity in Victoria, which is very important.

Consistent with our commitment to science has been our investment in Healthy Futures. One of the major successes of innovation has been biotech space supporting new capability in terms of health investments and expenditure. That has been a major achievement of the government so far and has led to a momentum for Victoria to be at the heart of developing a national framework for innovation going forward. What has that actually meant in a tangible way? What we have seen is that there have been significant investments in infrastructure, of which the synchrotron is the most famous, in terms of its underpinning a capacity that drives international research. It has proven to be an attractor of scientific endeavour from way beyond Victoria's shores in terms of some of the best scientific minds around the world being interested in using the beam lines that have been established there, and we believe that will be a feature of that research effort going forward.

In terms of biotechnology there have been a number of significant investments made to underpin our biotechnology strategic plan. We have seen a significant take-up of investment opportunities that have come off those investments, or that capability. There have been more than $4 billion worth of deals and partnerships established during the life of the program and there has been a significant raising of capital that has come into Victoria. Indeed that is a hallmark of our investments in the creative industries by creating the film studio and the associated activity there. Significant investment has come into Victoria and lead to a great degree of productive capacity, so the creative industries are worthy of our consideration in this agenda going forward.

I may apologise in advance to PAEC in terms of perhaps not being able to share with you in all its glory the next iteration of the Victorian innovation statement. As budget paper 3 on page 10 indicates, there will be a significant rewriting and reformulation of the Victorian innovation statement going forward, and there are certain contingencies within the budget to account for that. But in terms of the direction that builds on our momentum in building the biotech sector, the Healthy Futures sector, of actually underpinning our research and development capability, of driving design further, trying to actually see how innovation underpins our export-oriented industries, how indeed we leverage off a renewed commonwealth interest in innovation, these will be features of a statement that will be issued during the course of 2008, and when that statement is issued there will be associated output.

This is an important issue in terms of the output considerations, because I want to foreshadow to PAEC, as we start, in terms of output measures that are associated with the innovation statement, that they will be developed and delivered during the course of the year, and the Victorian government will be happy to be accountable for both the way in which the allocation of funds will be disbursed and the way in which we will measure the output effectiveness. So we will work on those and deliver them subsequently to PAEC during the course of the year as we issue the statement.

The CHAIR — And that will include the 11 million?

Mr JENNINGS — The 11 million is part of this budget presentation.

The CHAIR — Okay, but it will be further explained in the statement, will it?

Mr JENNINGS — Yes.

Mr PAKULA — Minister, I am looking at budget paper 3, page 10, under the heading 'Innovation'. In it the government has signalled that it will be renewing its innovation policy and its investments over the course of the year and will be particularly building on investments like the science technology innovation initiative. I would be pleased if you could expand on that to some extent and explain how the interest of the new commonwealth government and investment in this phase will affect states' investment decisions over the course of the budget.

Mr JENNINGS — Thanks, Mr Pakula, for the opportunity to expand on how I introduced the subject in my presentation. I will not go over the same territory; I will just take up the momentum from your question. What we have actually seen, through STI, for instance — the $620 million investment program — is over 62 strategic science and technology programs being funded. We have seen through that 58 infrastructure programs that actually support the development and capability of the sector.

In terms of leveraging the results, by being a government determined to be an early investor and to stimulate a private sector leverage, we have seen a leverage factor of 3.6-to-1, in terms of the return to the government. What has it meant for our scientists? We have actually seen 326 scientists — PhDs that have actually been achieved — through those STI projects. We have actually seen over 400 businesses' researches assessed for STI funding infrastructure. The Allen report that has been undertaken indicates that the Victorian gross state product will increase by a cumulative $3.9 billion-worth of investment, thanks to the program, by 2014, and that real investment will have over $1.2 billion of additional investment, increasing more than 1700 jobs. All of those things are great in terms of our scientific capacity and capability in Victoria. They have been great for the economic performance of Victoria and place Victoria at the leading edge of innovation across the country.

As I indicated to you, the commonwealth government is currently undertaking an innovation review. For the first time, after that review is completed we believe Victoria is an essential part of that. An officer of the Department of Innovation, Industry and Regional Development, David Hanna, is chairing one of the important working groups in relation to supporting the work of that review. We believe Victoria will be well placed to leverage outcomes to take the combined focus of Victorian investment and commonwealth investment to get an even better return than we have had previously.

The CHAIR — I hope we get our fair share of any federal investment, too.

Mr WELLS — Minister, can I ask you about the synchrotron? How much are you expecting the synchrotron will cost from the forward estimates, and how much funding has been received or promised from the private sector? I notice the nine beam lines by 2009. Is that the maximum? Has there been an agreement between the commonwealth government and the state government to share costs moving forward?

Mr JENNINGS — Just going back through those to try to do justice to the sequence of the question, can I say that at the moment it is planned for nine beam lines. That is not necessarily the physical restriction of the development. In fact over time there may be opportunities to extend on the nine beam lines. In fact the Minister for Health, Daniel Andrews, and I turned the sod for a new beam line that will be dealing with life sciences issues and hopefully supporting our efforts in cancer. That is a long beam line and we turned that sod, and work is under way to deliver on that beam line. In terms of your question about an agreement between the commonwealth and the state, yes, there is an agreement between the commonwealth and the state. Mr Dalla-Riva has previously asked me in Parliament whether in fact that — —

Mr DALLA-RIVA — Me?

Mr JENNINGS — Yes, I give you credit where credit is due. You asked me a question in the Parliament about whether the commonwealth's commitment to provide funding was deliverable or whether it was subject to budget considerations by the commonwealth. My answer to him — and my answer to you — is yes, they have committed to funding to provide ongoing certainty to underpin the investment going forward. What it means is that both the Victorian government and the commonwealth government have committed $50 million each over the forward estimates period. The allocation of that money is in a trust fund that will be released on a annual basis to

the Australian Synchrotron Company, subject to my approval for the release of those funds. It is anticipated that the operating expenditure will be in the order of $20 million a year.

Mr WELLS — The other part about the private sector; how much is the private sector chipping in?

Mr JENNINGS — In terms of support beyond that provided by the state, the commonwealth and other partners to the agreement, which make up the other jurisdictions, the only level of investment or support actually comes by those companies that bring specific projects to the synchrotron. The synchrotron's value will be in its ability to underpin ongoing science and science capacity and capability and indeed to support technological breakthroughs from a whole range of areas that may straddle medicine right through to metallurgy and anything in between. In terms of the financial benefit to companies, there will be a financial benefit. In terms of what was a reasonable expectation by this synchrotron, or any synchrotron around the world, a private investment in this infrastructure is not a usual phenomenon.

Mr WELLS — So the only private investment will be that on a user-pays basis?

Mr JENNINGS — Ultimately the answer to your question now is the decision making of the Australian Synchrotron Company, which is made up of representatives of all jurisdictions, including the commonwealth, and which includes Victoria and headed up by an independent board. They would be in a better place to answer your question rather than me.

Mr NOONAN — Minister, in your presentation you touched on the new design strategy, and there were a couple of dot points about the State of Design Festival, the role of RMIT and also an MOU with Singapore, and also reference on page 147 of budget paper 3, the design sector initiative targets. I wonder whether you can explain the rises for the 08–09 period and how they feed into the Victoria strategy in this part?

Mr JENNINGS — As I briefly introduced it in my presentation, I thank you for providing me with the opportunity to talk about it. Design is a significant contributor to economic activity. Currently somewhere in the order of 67 000 Victorians undertake design as a professional discipline, and some 3000 firms provide that design capability. We estimate that somewhere in the order of $4.8 billion worth of economic activity is generated in the state of Victoria through design, and Victorian design products contribute about $600 million in export to the Victorian community. So design is not small bickies in relation to its contribution now and what it will be going forward. As I indicated in my presentation, it can permeate all aspects of productive capacity, systems and processes and products, and it is permeating a great deal of community life on a daily basis. We actually see great architects, we see great environmental management designers and we see great people who design aesthetic products for around the home. These smart solutions that design often brings to technical problems are a feature of our economy going forward.

So we have tried to actually create a momentum for that, and the RMIT brief is to develop Victoria's capability to see design as an industry sector in its own right, so we try to make sure that we have capability. We try to pick international best practice and attract it to Victoria. We try to make sure that our businesses can identify the opportunities that design brings, and create a mechanism, so that businesses can actually start to see how design may assist in their productive capacity or their commercial benefit. They are the things that RMIT is charged with, bringing our strategy together to underpin that. It will be very visible in terms of our emphasis on design. We have a state-supported State of Design festival, which will be happening in July. It will be trying to showcase best examples of our design. It will be trying to develop a marketplace where people come from not only around Australia but internationally to be exposed to our designers and the outcomes of their work. It will be crowned, in a sense — sorry I have used that phrase. It will be showcased, highlighted by a Premier's award for design.

The CHAIR — Crown Casino, is it?

Mr JENNINGS — It will not be at Crown Casino — I am sorry I used 'crown'. But nonetheless it will clearly highlight and showcase the fantastic capability we have in designers. The Premier's award will, as part of the festival, demonstrate that we have great talents and capacity in Victoria.

The CHAIR — I have been to some of the furniture design awards and we really have some great talent in Victoria.

Mr DALLA-RIVA — Minister, I refer to the service delivery budget paper pages 148 and 441. We are looking at science and technology and some of the areas associated with your area. Just as an aside, I understand there was also a Deloittes report released?

Mr JENNINGS — Eighty one?

Mr DALLA-RIVA — Four forty one and 148.

Mr JENNINGS — Yes.

Mr DALLA-RIVA — Rumours abound that there was a first draft of it sent back to Deloittes with alterations. No? No knowledge of it?

The CHAIR — I am not sure that — —

Mr DALLA-RIVA — No, I was just curious.

The CHAIR — Okay, you have made a statement. I do not think it is a question, so just ignore that one.

Mr JENNINGS — I just want you to know that I was very relaxed with the question, wasn't I?

Mr DALLA-RIVA — It was very relaxed, but it seems to me that people from DIIRD get very sensitive if they are criticised. That aside, the discontinued performance measures here, I am just curious — —

Mr PAKULA — Mr Dalla-Riva just likes getting these things into Hansard. It does not mean it is true.

The CHAIR — Question and answer please.

Mr DALLA-RIVA — I notice in expected outcome on page 148 is $140.2 million set on a target of 127. You are now moving into this forward estimates of 124. It references, I guess, to the reason I draw you to page 441, that there are a range of STI-funded projects. When you look at the foot notes, they say that the STI program is ceasing. I am trying to get clarity on the difference between the current year and the obvious increase and the forward estimates. Has that had an impact with some of those programs ceasing, moving forward?

Mr JENNINGS — In fact one of the reasons why I pulled up and drew everyone's attention to my presentation — and that is okay, Mr Dalla-Riva, it is a fair enough question; I am very happy to answer it. But one of the reasons why I drew attention in my presentation was the fact that the details in terms of output measures — so what you have referred to on page 441 are discontinued output measures because the STI program has lapsed. What I foreshadowed is that there will be a replacement program — it may or may not be called exactly the same program — as part of the Victorian innovation statement that we release subsequently during the course of the year. When we release that I am very happy to prepare and to share with PAEC any output measures that relate to that. So in terms of the budget change that is on page 148, that is chalk and cheese in relation to — no, sorry, it is small bickies in relation to what it means on page 148.

The CHAIR — So when you announce a statement you will send us a letter with the new output measures for the department relating to those.

Mr JENNINGS — Yes.

The CHAIR — Just a final question. In relation to biotechnology, on the same page that Mr Dalla-Riva has pointed out, your biotechnology program is under way. I notice you actually have changed some of the output measures in this regard.

Mr JENNINGS — Yes.

The CHAIR — But I am on the board of one of the medical research facilities, so I always have a strong interest in biotechnology and medical research. Could you give us a quick minute or two on where we are going with biotechnology going out to 2010 and the Healthy Futures program?

Mr JENNINGS — Thank you for that declaration of interest, and hopefully we are not conflicted. I do appreciate the opportunity to talk about how we try to take Victoria's already great track record in relation to

biotechnology forward. We have achieved great things in terms of strategic investments, and I have outlined some of those in terms of our infrastructure and our capability. We have actually supported, through the three iterations of the biotech strategy, a significant level of investment.

We have set ourselves a target to be one of the top five destinations for biotech in the world, and there are a number of ways in which we could say that that has a tangible meaning rather than just being an ambit claim. We have actually seen partnerships under the program — more than $4 billion worth of partnerships and deals that have been leveraged through the program.

Research and development has increased by 66 per cent to be more than $500 million in the sector. We have actually seen $387 million worth of capital raised in the sector which is a significant element of the national total, 43 per cent of the national effort. In relation to your question before about Victoria getting its fair share, this is one area where Victoria, in terms of NHMRC grants, gets far beyond its share and that is partially because we have the talented people and we have the capability and we have worked on it assiduously to cultivate that, and those returns in terms of research dollars that are coming back to Victoria have been enhanced.

What does it mean going forward? The Premier will be going to BIO in San Diego. It is my intention to be there as well, and we will try to support the connections between our research capability, our businesses, our start-ups in terms of what is one of the largest marketplaces in the world. We will be trying to make sure that we continue to build on the strategy that we have already created to create the business capability and those international connections so we can actually see investment and collaboration occurring from around the world to support our sector here.

In terms of healthy futures and in relation to regenerative medicine — it is connected with what we have been talking about — our support for stem cells, and Victoria has great capability in relation to stem cells, whether they be applied in regeneration or whether they be through looking at some of the most bedevilling health issues that our global community is confronting. There is a great centre of gravity of scientific endeavour in Victoria, and we will be wanting to move forward with that through our strategy going forward and hopefully doing it in collaboration with the commonwealth.

The CHAIR — Thank you, Minister. Perhaps you can email or give us a copy of your overhead on innovation so we can circulate it to the members of the committee who have expressed strong interest in it. That concludes consideration of the budget estimates for the portfolios of environment and climate change, and innovation. I thank the minister and departmental officers for their attendance today — there are a number of issues to follow up which we have mentioned — and the committee requests written responses to those matters be provided within 30 days. Thank you very much to everybody; and thank you, Hansard.

Committee adjourned.

Transcript of evidence

6.5 Regional and Rural Development portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 30 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 J. Allan, Minister for Regional and Rural Development,

Mr H. Ronaldson, Secretary,

Mr J. Hanney, Chief Executive, Regional Development Victoria, and

Ms L. Corbett, Executive Director, Infrastructure, Regional Development Victoria, Department of Transport.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of regional and rural development, and skills and workforce participation. On behalf of the committee I welcome Ms Jacinta Allan, Minister for Regional and Rural Development, and Minister for Skills and Workforce Participation; Mr Howard Ronaldson, Secretary; Mr Justin Hanney, Chief Executive, Regional Development Victoria; and Ms Lea Corbett, Executive Director, Regional Development 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 that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or her chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in 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 and anything else which is 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 give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of regional and rural development. Thank you, Minister.

Overheads shown.

Ms ALLAN — Thank you very much, Chair, and thank you to PAEC members for the opportunity to present on the regional and rural development portfolio. As is clear from the budget and will become clear throughout our discussions this morning, this is a budget that continues the Labor Government's very strong support and very strong investment in regional towns, communities, businesses and industries. It is the approach that we have taken over the past eight years that has delivered over that period of time an additional 134 000 new jobs in regional and rural Victoria, and also $8.9 billion worth of new investments over that time.

As members will be able to see, the slide outlines the Government's new facilitated investment that has been undertaken in the current financial year. You can see there that we have reached $813 million of new facilitated investment — that is, year to date at 22 May — which is well above our annual target for this financial year of $750 million. With that facilitated investment come new jobs, and you can see there 2435 new jobs as a result of this investment. There are some great examples of the sorts of projects that have been attracted to our regions as a result of this investment. There is the major investment in Geelong by Satyam, which is an international IT firm that is building its facility alongside Deakin University; the new woodchip mill through Midway; Gekko Systems in Ballarat, making additional investments; and Mortlake Employment Services, which is developing an export-accredited meat boning plant, and I will hopefully have the opportunity to talk a bit more about those throughout our presentation.

The next slide — and I will go through the next few pretty quickly — shows the jobs growth that I have already mentioned — 134 000 extra jobs over the past eight years in comparison to the 40 000 jobs that the previous government was able to invest in regional Victoria over the previous seven years. Looking at it in a different way, region by region, you can see how the unemployment rate has dropped quite dramatically in every single region of our state. Overall the unemployment figures have gone from 7.7 to 4.7 per cent over the past eight years. So it has been a remarkable turnaround in our employment figures in every single region over the past eight years.

Also we have seen very strong population growth over the past eight years. We now are experiencing population growth only behind Western Australia and Queensland, and we all know the story about how those states are growing very strongly. Regional Victoria is certainly performing very strongly as well. Over the past eight years we have seen an extra 92 400 people call provincial Victoria home. Over the past statistical period regional Victoria has had the four fastest-growing inland cities of regional Australia, being Bendigo, Ballarat, Mildura and Shepparton.

Regional building approvals are also going very strongly. We have seen a doubling of building approvals to $4.47 billion since 1999. Also, to capitalise on the strong building growth and recognising that for many people there is a great allure of country living and country lifestyle, we have established the Make it Happen in Provincial Victoria campaign which is bringing together for the first time all 48 local government areas in regional and rural Victoria under the one umbrella, under the one brand to promote provincial Victoria to the rest of Victoria and to the rest of Australia. That is also delivering great results.

This slide just shows very quickly — and I am sure I will have more of an opportunity to talk about this — the Regional Infrastructure Development Fund that has been a huge success; it was the very first piece of legislation that the Labor Government introduced into Parliament when it won office in 1999. It is the first fund of its kind in Australia that is totally dedicated to building and investing in infrastructure in regional areas. Since its inception over the past eight years it has directly committed $400 million to 172 projects right across the state of Victoria that have leveraged additional investment of $1.19 billion. Of course that has also created thousands of new jobs. RIDF is well recognised as being one of the key factors behind the revitalisation of our regional areas.

I just want to briefly touch on a couple of what we call 'events' but they are quite significant events that RDV has played a role in over the current financial year. Of course there were the floods; they were back in June and July of last year but RDV led the whole-of-government efforts in delivering the $72 million relief package. Then of course there are the ongoing impacts of the drought and RDV has played its role in delivering drought initiatives that are listed there on that slide.

Finally, budget initiatives for this financial year are there before you and I am sure I will get the opportunity to talk a little bit more about them, but again it is around delivering investment, delivering infrastructure and looking at supporting our regional industries in a couple of key areas. Chair, I might finish there, given the time.

The CHAIR — Okay. That has taken a lot of time but we want to maximise the time for questions and about 55 minutes has been allocated for questions on the rural and regional development portfolio. Just coming back to your overhead, and I also refer you to budget paper 3, page 152 regarding the Regional Infrastructure Development Fund, and you mentioned that this has been a great success. I refer to page 152, which talks about the various targets over the years and the expected outcome for this year. It seems to be something where it exceeds targets. Can you just tell us about the fund and the projects funded for this year in terms of against the target and what you are looking to do through the estimates and the budget process in the future?

Ms ALLAN — Yes, as I said in our presentation, the Regional Infrastructure Development Fund has been one of those key policies, one of those key programs, that this Labor Government has introduced that has made a key difference in attracting jobs, people and investment in regional Victoria. In the current financial year we have announced more than $30 million in funding for 26 significant projects right across the state. Those 26 projects had leveraged more than $195 million worth of new investment. So you can see there that that is a very strong result, once again, in this current financial year for the Regional Infrastructure Development Fund and really reflects that it is a fund that is geared towards being able to deliver the sorts of infrastructure that communities and businesses need in our regional areas.

You will note from the budget papers that the department has exceeded the targets that have been set for this financial year. That has really been as a result of a number of sub programs that are very important that sit under the Regional Infrastructure Development Fund and are able to deliver a large number of smaller projects that are important for regional communities. I will mention a couple of key projects in the current financial year that have been supported. There has been $6 million provided for a new proof of concept building at Deakin University. Deakin is working very hard at creating a biotechnology precinct at its Waurn Ponds campus. The Brumby government has provided $6 million through RIDF as part of a $13 million expansion of the Geelong technology precinct at Deakin. That is going to create an estimated 400 direct and indirect jobs and inject around $48 million additional activity into the local Geelong economy.

There has been just over $1 million for a new industrial estate at Bacchus March which is looking at leveraging around $15 million worth of new investment and 134 new jobs. There has been a local ports program — a $4 million local ports program — helping to upgrade ports at Port Fairy, Port Welshpool, Port Albert and in the Gippsland Lakes.

We have provided $1.4 million in grants to regional airports through RIDF including Stawell airport, Latrobe airport and Mallacoota airport. We established a water for industry fund under RIDF which has funded a number of projects at a number of different businesses across regional Victoria that, interestingly, has been able to reduce demand on urban water supplies by over 10 000 million litres per annum.

Dr SYKES — How many gigalitres is that?

Ms ALLAN — It is 10 000 litres, Bill, would be — —

Ms MUNT — It is 100.

The CHAIR — It would be 10 000 million litres.

Ms ALLAN — Ten thousand million litres would be 10 gigalitres.

Dr SYKES — Just say gigalitres.

Ms ALLAN — You can say gigalitres, I will say litres and let us call it a day. You say potato, I say potato.

Dr SYKES — One hundred litres? Is that the savings project that you announced yesterday in Parliament? One hundred litres?

Ms ALLAN — That was one of the projects; I mentioned one of the projects in Parliament yesterday.

The CHAIR — For the benefit of Hansard and also for a smoother running of the committee, we will concentrate on the answers and the questions.

Ms ALLAN — There has also been funding to support regional arts infrastructure which is a very important factor that makes up the livability of our regions. We have funded infrastructure to the Eastbank Centre in Shepparton and various art facilities in Portland, Casterton and Heywood, and there is also funding to support our rural showgrounds. So you can see the breadth of the sorts of projects funded under the regional infrastructure fund that make up some of those 172 projects which have been funded over the past eight years. It really is a fund that is delivering on the expectations that it set when we first introduced the legislation back in 1999. We deliberately set up a dedicated fund to invest in infrastructure in regional Victoria. We knew we had to do this as a part of our overall efforts to rebuild and revitalise our regions. Eight years on it is very pleasing to see. I have a bit of a map here; if I can pass it around to the members of the committee.

The CHAIR — Was it on the overheads as well?

Ms ALLAN — It was on the overheads but, this will assist people to read it a bit more easily. It does give you an idea of the breadth of projects in terms of type and the spread of them across the state. So you can see those 172 projects. Some of them are highlighted on that investment map. But it really shows that every single local government area in regional and rural Victoria has benefited from the Regional Infrastructure Development Fund. That has also been a key contributor to its success.

The CHAIR — Maybe you can give us a list on notice of the 172 projects, which would probably be helpful.

Ms ALLAN — I should also point out that in terms of — —

The CHAIR — Including which years they are.

Ms ALLAN — Yes. So the committee is aware as part of our reporting against RIDF, each year they are listed in the annual report of regional development. I am happy to provide the committee with a consolidated list. For future reference they are listed in the department's annual report.

The CHAIR — I know. We commented on it in our last outcomes report as well, the section, not only on drought, and on rural and regional outcomes in our last outcomes report.

Dr SYKES — My question relates to the fund you have just been espousing the virtues of. You said in Parliament on Wednesday that the government had committed $585 million to this fund over the 10-year period

through to 2009–10. The actual expenditure so far is in the order of $260 million to $276 million. Can you commit that the government will fully spend the $585 million that you have committed by 2010?

Ms ALLAN — To assist, in anticipation of this question coming up, I have another slide to hand out to the committee — —

The CHAIR — Question and answer, please. Minister.

Ms ALLAN — This is a good opportunity to get some facts on the record because The Nationals have unfortunately been peddling a fair bit of misinformation.

Dr SYKES — Just to make it clear, I only want a simple answer: do you commit to delivering the outcome?

The CHAIR — Thank you, Dr Sykes, the minister is answering.

Ms ALLAN — As I was saying, The Nationals have been peddling a fair bit of misinformation about the true nature of the Regional Infrastructure Development Fund.

The CHAIR — Refer to it in neutral language, please.

Ms ALLAN — It is important to note that, as I indicated on the handout, the government has committed over a 10-year period $585 million to the Regional Infrastructure Development Fund. To date we have, against that allocation, committed to $400 million worth of projects.

Dr SYKES — How much have you spent?

Ms ALLAN — Sorry, Chair, is this a new practice of being interrupted while answering questions?

The CHAIR — I know. I have said twice already that it is question and answer it. Both members of the committee and the minister avoid getting into any sort of political slanging matches we will go much more smoothly.

Ms ALLAN — As I was about to say, we have committed $400 million to 172 projects. That is funds that have been committed. As most people who are familiar with how infrastructure projects are both funded and delivered know, there is always a lag between the commitment of the funding and the delivery of projects. Any responsible government will only deliver the funding for that project against certain agreed milestones, which is why we have contracts that are entered into, agreements that are entered into, with organisations that receive this funding. There is from year-to-year going to be a lag between the amount that is being committed to and publicly announced and the actual amount being expended. That is why you see that difference — the $585 million that is being committed overall; $400 million that has already been announced against the 172 projects and then the $262 million, which I think is the figure the member for Benalla just gave, that has been actually expended.

Have no doubt that the projects that have been committed to will be expended to, taking into account, unless obviously from time to time the project may change. We have seen some projects, because of the drought, either not be delivered or have to be put on hold for a period of time. What happens in those circumstances is the organisations come to government and say, 'Can we renegotiate on our time lines and our delivery?'. It is pretty straightforward. I must say that this was something that had been raised previously by The Nationals with the Auditor-General and the Auditor-General dismissed those inquiries because of those reasons I have just outlined. There is always a lag between the announcement of funding for infrastructure projects and the actual delivery of the funding on completion or against those agreed milestones.

The CHAIR — This committee obviously looks at estimates, which is dealing with future expenditure as well as with outcomes, and we ask for reporting on both of those at different times of the year. In order to facilitate information flow, could you provide us on notice with the expenditure pattern at the end of the third quarter for this year? I understand, of course, the annual report is not yet available and will become available. We did comment on this in the last outcomes report, and indeed, as you have already said, there were a couple of projects which actually did not proceed for various reasons. It might be useful with this table of the 172, was it, that you actually record expenditure to date, particularly to the end of the third quarter, which is the closest reasonable day to today. Are you happy with that, Dr Sykes?

Dr SYKES — Thank you for your assistance, Chair. Minister, I will hand you a table that has been prepared based on the budget papers over the past number of years. Basically it has three columns: expenditure, target for the coming year — expected expenditure as reported in budget paper 3 — and then actual. One of the interesting things is that the announcements in the budget about expected targets seem to be generally substantially higher than both the actual outcome — for the reason you have explained — but also what is reported in the budget paper. I will just hand it to you. It shows that there seems to be a consistent announcing of X and actually spending half X.

Ms ALLAN — Chair, just for the record, this is a table that I am familiar with; it has been tabled in Parliament previously. It is a different interpretation — The Nationals interpretation — of the budget figures in the presentation. If it is the same table it involves a double counting of carry forward against the budget year-on-year expenditure. As the secretary just highlighted, the budget only reports on what has been expended not, as you say, against what has been announced and is going to be expended into the future. Just going back to your previous comment about third-quarter expenditure — —

The CHAIR — I was just using that as a good marker.

Ms ALLAN — Yes. I have some additional information I can provide to the committee. Of the 172 projects that have been announced to date 156, so 91 per cent of those, have commenced construction; 54 per cent of them — 93 — have actually been completed, and legal agreements are being negotiated or finalised with the remaining 16 projects. It is a fund that is well on track in delivering the funds that have been committed.

The CHAIR — Thank you, Minister.

Ms MUNT — Minister, can I refer you to budget paper 3, page 145, table 3.4 — output summary. There are a number of outputs listed there: industries and innovation; investment and trade; regional development; skills and workforce; and marketing Victoria. Could you please expand on what those programs are and what they are delivering for regional Victoria?

Ms ALLAN — These are new budget initiatives. Thank you, Janice. The output summary that is detailed in the budget paper list indicates funding for a range of different projects that the government has committed to in this year's budget through the regional development portfolio. I only flicked very quickly over them on the slide presentation earlier, so with the committee's indulgence I would like to provide a bit more detail on each of those initiatives that make up the regional development portfolio's budget allocation for this financial year.

There is the Geelong Innovation and Investment Fund. We have allocated $6 million to this fund. Committee members will be already familiar with this fund. It was initially announced earlier in this financial year following the announcement that Ford would be closing its engine plant in Geelong by 2010. The federal and state governments and Ford combined funds to create a $24 million Geelong Innovation and Investment Fund, and the state government has committed $6 million to this fund. It is a fund that is designed to create additional investment into Geelong, not only to help compensate for the jobs that have been lost, but to go beyond that and create additional jobs in Geelong. It is important to note that as a region Geelong is performing incredibly strongly, and through government facilitation alone, over 4400 jobs have been created in Geelong over the past eight years.

The Geelong future city master plan project is another initiative of $7.9 million which is looking at continuing the development of a master plan for the Geelong precinct. This involves working with the Geelong Performing Arts Centre, the library heritage centre and the Courthouse Youth Arts Centre, which are all projects that are under this master plan project. It is an area where we will be working with Major Projects Victoria and the Department of Planning and Community Development to deliver this initiative.

There is $850 000 which has been allocated for a regional innovation program, which is about continuing the delivery of a number of innovation projects in regional Victoria. The budget provides $1.08 million over three years — or $350 000 for this year — for a program supporting Victoria's organic food sector. This is an initiative that comes under the umbrella of the Future Farming statement that I am sure the Minister for Agriculture has already briefed the committee on. There is also in this year's budget the ongoing delivery of a number of other initiatives, whether it is the hugely successful Regional Infrastructure Development Fund or the Provincial Victoria Growth Fund, which are under the umbrella of the Moving Forward work, which of course was a $502 million action plan that was released in late 2005.

Mr RICH-PHILLIPS — Minister, I would like to take you back to the Regional Infrastructure Development Fund. It follows on from Dr Sykes's question. The RDV annual report has previously reported on commitments made against RIDF. What I am interested in is how you report upon actual expenditure and actual outcomes from RIDF. I know the Auditor-General, in his 2005 report, commented on the need for RDV to provide more information on the operations and outcomes achieved by RIDF in its annual report to Parliament. What improvements are you planning to make to the reporting of actual outcomes from RIDF, either through the budget or through the annual report?

Ms ALLAN — In terms of how we report, it is obviously reported expenditure through the budget. As part of the previous discussion we were just having, the budget table outlines the allocation that is made year on year for RIDF — —

Mr RICH-PHILLIPS — Project by project.

Ms ALLAN — And then the allocation. As I have said earlier, the project-by-project funding is detailed in the annual report. So every year that has been provided for in Regional Development Victoria's annual report.

Mr RICH-PHILLIPS — Could we just clarify: that is the actual commitment or the actual spend by project?

Ms ALLAN — Yes, in the annual report we detail the projects that have been committed to over that past financial year.

Mr RICH-PHILLIPS — Yes, but what the Auditor-General was referring to was actual spend on projects.

Ms ALLAN — And that is what we put in the budget.

Mr RICH-PHILLIPS — But you do not break it down in the budget by project?

The CHAIR — The minister has promised to give us a breakdown.

Mr RICH-PHILLIPS — Yes, but issue is: how is it publicly reported. That is what the Auditor-General was getting at.

Ms ALLAN — It is in the annual report. The annual report announces — just so I can clarify — projects that have been allocated to and projects — —

Ms CORBETT — Projects and the amount.

Ms ALLAN — And any expenditure against those.

Mr RICH-PHILLIPS — So I could go to your annual report for this year and see that you have actually spent $1 million on the Lakes Entrance port upgrade? It will actually report that you have committed X dollars and that you have spent X dollars?

Ms CORBETT — No, sorry, the annual report does not record expenditure to date; it records the commitment that has been made against individual projects.

Mr RICH-PHILLIPS — Where do we find the actual expenditure to date?

Ms CORBETT — The expenditure is in the budget papers.

Ms ALLAN — In the budget papers.

Ms CORBETT — But it is not on a project-by-project basis.

Mr RICH-PHILLIPS — So where can we get it on a project-by-project basis?

The CHAIR — The minister has already said that she will supply that.

Ms ALLAN — For the projects year to date.

Mr RICH-PHILLIPS — But in terms of publicly reporting, it is fine for the committee to ask for it, but what the Auditor-General recommended was that it be made available publicly. Is that going to be the case?

Ms ALLAN — I will have to go back and have a look at the Auditor-General's report. It was before my time as minister for regional development. So I will take that on board.

The CHAIR — It will certainly be reported through this committee and indeed we commented on it in the last outcomes report. I do not have a copy of the outcomes report. Does anyone have one? No. We have certainly covered it extensively in that chapter.

Mr PAKULA — Minister, I refer to pages 152 and 153 of budget paper 3. There is a heading under the performance measures, 'Regional Economic Development Investment and Promotion'. With that in mind it would be useful if you could outline for the committee initiatives that are being developed, delivered in the budget, under the provincial Victoria statement, Moving Forward.

Ms ALLAN — As I briefly mentioned before, the Moving Forward statement is a $502 million action plan that was released in November 2005 that has quite a diverse range of programs. We have about 72 initiatives that respond to the range of desires from regional communities and across a range of different areas. It delivers new actions over five years and it is looking at how we can continue to deliver strong economic growth in our regional communities, how we can continue to support economic growth and development and of course bring more jobs to regional communities, but it also touches on that very important area of livability — how we can continue to support regional communities to attract more people, to attract more investment, and that makes up the livability of a region alongside its productivity. So that is where you see under Moving Forward there are two funds: there is the $100 million Provincial Victoria Growth Fund, and $200 million was allocated through Moving Forward to the Regional Infrastructure Development Fund, and there is another $202 million of other activity. Just to give you an idea of the range of different programs and some information to date on how those projects are tracking, because of course they are tracking very well. And you have heard me talk already at length about the Regional Infrastructure Development Fund, so I do not need to go back on that. So I will just touch on some of our highlights under the Provincial Victoria Growth Fund.

The first has been the formation of the Small Towns Victoria project. The inaugural Small Towns project was held in August 2007 — so in this current financial year. This is a group that is coordinated through the Municipal Association of Victoria. It brings together the 38 smaller rural councils in our state and gives them quite a strong voice in terms of highlighting their needs and their issues to government and other organisations.

There is a $27 million package of support for tourism that includes the delivery of a new regional marketing program which is under way and also looking at how we can do things like improve road signage in our key tourist areas. Installation of some of that is scheduled for later this year. Also, under a category of helping communities plan for growth and change, $13.5 million has been allocated under that project. To date we have supported 46 projects across the state with more than $4 million to help our local councils, whether as an individual council or on a subregional level, to undertake a more strategic regional planning approach, looking at the needs of their region and helping them to assist with some of those planning challenges. We know some of that is coming as a result of growth — of population growth and business growth — but some of it is responding to some of the challenges of population decline and disadvantage as well.

There has been the incredibly successful Make It Happen In Provincial Victoria campaign, which is, as I said before, bringing together all 48 local government areas under one umbrella, promoting provincial Victoria to the rest of Victoria and Australia. That continues to go very well, and as at the end of March this year, we have seen that $2.95 million has been expended against that program. There is also another program I wanted to highlight, which is the Provincial Victoria Key Regional Events Program. This is where we can provide some small levels of assistance to those types of community events and programs that can make a difference to a local community.

So far we have provided $2.24 million towards 119 projects — things like the Stawell Gift, the Shepparton Food Bowl and Building Expo, the Kyneton heritage and jazz festival and the Clunes Booktown festival; they had 10 000 people in Clunes a few weeks ago for their Booktown fair. Those are the sorts of things that with a smaller amount of funding support from the government we can help with promotion, and we can help with organisation

for small local communities under this fund. So that has been a great success. As I said, there are 72 initiatives, so I do not know if the committee wants me to go through all 72!

The CHAIR — No.

Ms ALLAN — There are certainly a lot of projects that go to helping particularly the dairy industry and building arts and cultural facilities. So the key areas of the Moving Forward program are tracking very well. We are expending the funds. We have delivered a range of different programs already, and it is contributing to that overall jobs growth and population growth that I mentioned earlier in my presentation.

The CHAIR — I just note for the record that in our outcomes report recommendation 54, which the government will respond to I am sure in due course, says:

Regional Development Victoria should include in its annual report, a detailed breakdown of expenditure on each of the initiatives …

Mr WELLS — I would like to ask you about the Provincial Victoria Growth Fund, but I just want to clarify a point first. What is the government's no. 1 priority?

Ms ALLAN — I will say it is regional development, but I think you will find that in my next presentation I will talk about it being education and training.

The CHAIR — The question, please.

Ms ALLAN — Education and — I'm not sure — —

Mr WELLS — So it is education?

Ms ALLAN — We have been saying that for eight years.

Mr WELLS — So when you said yesterday, 'Supporting Gippsland has been this government's highest priority', you did not really mean that?

Ms ALLAN — No, Kim, I think — —

The CHAIR — Can we get on to the outcome?

Ms ALLAN — We are referring to what happened in Parliament yesterday.

Dr SYKES — Did you say no, you did not mean it, Minister?

Ms ALLAN — No, I said, 'No, Kim, I don't think that's the point that I made'.

The CHAIR — I am sure there is education in Gippsland. Mr Wells, a question?

Ms ALLAN — That is right, as opposed to the 10 schools you closed in Gippsland over the previous seven years.

The CHAIR — Can we confine ourselves to question and answer in respect of the estimates?

Mr WELLS — Schools have been closed in my area; Ferntree Gully High School has been shut.

Ms ALLAN — We are talking about Gippsland; there are 10 schools that were closed in Gippsland.

The CHAIR — Deputy Chair, a question, please.

Mr WELLS — I am just wondering how much of the funding allocated to the Provincial Victoria Growth Fund in 07–08 and 08–09 is going to be allocation for other government departments? The reason I ask that is that I notice the total allocation in 06–07 was $11 million — well short of the $18 million. But the funding seemed to be going to other government departments, like Victorian Communities, 1.7 million; Human Services, 50 000; Infrastructure, 390 000; Primary Industries, 1.187 million and so on. I am just wondering how much of this fund is actually going to go to the actual growth in provincial Victoria rather than other government departments.

Ms ALLAN — You are right, Kim, Moving Forward is a whole-of-government action plan, so by that very definition, it means we work with other government departments. If I can just refer to my other portfolio of skills and workforce participation, the workforce participation area is responsible for delivering two initiatives under the $42 million that is tagged for the skills range of programs. There are funds that we have provided to Tourism Victoria to help with its tourism initiatives, funds to DSE to assist with the ports initiative.

Yes, you are right, we provide funding to other departments, but that is reflecting that this is a whole-of-government initiative, that all our government departments have ranges of different experiences and expertise in delivering services to regional Victoria. Under the Moving Forward umbrella, through the Provincial Victoria Growth Fund and other initiatives, we are making sure that we deliver the range of services and the range of investments and infrastructure that regional Victorians need — whether it is in straight-up economic development through RIDF investments and jobs creation, through the factors that make regional areas a great place to live, and that is some of the tourism initiatives, the arts initiatives. Then of course there is the sustainability of our regions, which brings in departments like DSE and DPI. Under the Future Farming statement, for instance, RDV is funding some of the initiatives under the Future Farming statement. We take our approach to supporting our regional communities on a whole-of-government basis.

As Minister for Regional and Rural Development, Regional Development Victoria is the key lead agency in terms of coordinating some of that activity. That is being delivered through the Moving Forward framework. I think it is a terrific approach that we are taking across the whole of government in regional development to support regional communities.

Mr WELLS — Minister, how much would you estimate is spent on bureaucracy and how much is spent on actual growth in provincial Victoria?

Mr BARBER — Is this a second question?

Mr WELLS — No, it is just a clarification.

The CHAIR — It is just a clarification, but I am not sure there is a complete disjunction there. Minister?

Mr WELLS — I am talking about the same issue.

Ms ALLAN — Sorry, I missed that last bit.

The CHAIR — Can you repeat the clarification please, Deputy Chair?

Mr WELLS — The clarification is: of the money that is being spent in this fund, how much is being spent on bureaucracy, and how much is being spent on actual items that will promote growth?

Mr HANNEY — Minister, if I could respond, the $100 million growth fund is broken down where it funds. It goes directly to councils, some of it goes directly to businesses, some of it to government departments, some of it to industry and some of it community programs. The vast amount of that goes directly out into community programs, businesses and industries. We can provide a breakdown of that fund if that is available.

Mr WELLS — That would be good.

The CHAIR — I am not sure it is the view of this committee that funding spent on public servants is actually a negative thing.

Mr WELLS — Who was suggesting that?

The CHAIR — I am not saying that. I am just making clear what I think the view of the committee is as we look at the expenditure going on programs across the board, without any disjunctions.

Ms ALLAN — You do need a level of public servants to be able to deliver those programs.

Mr WELLS — Absolutely; no-one is denying that. We just want to know what is spent on it.

Mr SCOTT — Minister, I refer you to budget paper 3, page 152, and I note the section headed 'Regional Economic Development Investment and Promotion'. I ask: could you outline the initiatives relating to support for

Victoria's food industry? I note there is a new measure that has been introduced, projects to support growth in Victoria's food industry, in the 2008–2009 budget.

Ms ALLAN — The food industry is an incredibly important industry to the economies of our regional communities. Martin is nodding his head. He knows his food very well from a previous life experience. Victoria is an outstanding performer in the food industry area. We produce 30 per cent of Australia's food produce from just 3 per cent of our nation's arable land. It is an industry that is worth $16.5 billion to the state's economy. It produces around $5.6 billion worth of exports.

Given that a large amount of this activity in the industry happens in regional Victoria, it is very important as an employer in regional communities and in terms of ongoing investment and support. That is why, through Regional Development Victoria, we have a program called the food industry for a regional sustainable tomorrow — FIRST, which is the acronym that someone has very cleverly thought up. This is a $3 million plan that is coordinating our activity to looking at how we can stimulate further jobs and further investment and improve infrastructure and services to make our food industry continue to grow very strongly. Again this is in addition to some of the other whole-of-government activities that go on in other departments, most notably DPI.

I just wanted to briefly make mention of our food innovation clusters. We have an innovation clusters program. We fund about 20 clusters under this program, and 8 of those are in the food industry. The clusters are all voluntary — the people who participate in our clusters do so on a voluntary basis. What this does is brings together a range of different businesses, in this instance the food industry, within a particular region or within a particular food type or particular area, and looks at how you can drive advantages through developing some synergies, whether it is around marketing, manufacturing, looking at how you can reduce costs to businesses through shared services, looking at commercialisation of new products and looking at how waste products can be dealt with in a different way.

Just last Friday I met with the chairs of our food clusters, and we are getting some exciting initiatives being delivered, whether it is, as I said, looking at how they can reduce waste or looking at using waste for alternative products. Interestingly, the northern poultry cluster is looking at how it can create a biowaste energy generation facility out of its industry. The Geelong food cluster is looking at developing an organic fertiliser from its seafood waste. There is a whole range of different activity going on in that area.

I mentioned before that the export area was worth $5.6 billion. Victoria accounts for around a quarter, or more than a quarter, of Australia's food exports to Japan, the USA, New Zealand, Singapore and the UK, which are amongst our largest export markets. As I said, it is a really important industry and we need to look at how we can continue to support it, particularly given the increase of the Australian dollar, which is putting some pressure on our industry. I will just mention briefly one initiative that will particularly support our food industry growth, particularly in the Goulburn Valley region — that is, of course the $2 billion food bowl modernisation project. By saving water, by upgrading and modernising the infrastructure and by delivering more water to food manufacturers that are located in the nation's food bowl across the Murray-Goulburn Irrigation District, not only will it generate greater water security for those producers that are already there but it will be a terrific attractor. We are looking at how RDV has a role to play, as the food bowl modernisation project is being delivered, and how it can make sure it is undertaking those investment attraction strategies to make sure businesses are capitalising on that greater water security. In a few years time this will see a terrific boom within the food industry in the Goulburn Valley region of our state.

Mr BARBER — Just in relation to your earlier requests, Chair, if we are going to get a breakdown of this chart, do you think we could also — —

The CHAIR — Do you want the map as well, do you?

Mr BARBER — No. I was going to suggest we could get a breakdown in the other three-quarters of the money, in terms of who provided it.

The CHAIR — I see what you mean, yes.

Mr BARBER — It is 2 billion of new investment, of which 400 million — —

Ms ALLAN — One billion.

Mr PAKULA — One point two.

Mr BARBER — One point two billion, that is right. So, maybe just whether it was the government, local government, private, whoever the partner was, basically.

The CHAIR — So the other two-thirds of the money.

Ms ALLAN — It is a program that we deliver in partnership. Whether they are local councils, private businesses or local community organisations, the nature of it is a partnership fund, so it should not be a problem.

Mr BARBER — It would be nice to know who the other guy was. I was going to ask, though, about page 152 of budget paper 3. Down the bottom it refers to 'Regional economic development, investment and promotion'. Where it says jobs created, new exports facilitated and new investment facilitated, how many projects are we covering there; and what is the sort of threshold whereby your department claims to have created or facilitated the investment?

Ms ALLAN — What was the last bit of that question?

Mr BARBER — What was the threshold by which you guys claimed some credit for having created or facilitated the project?

The CHAIR — You mean the size of the individual project. They may well go by ABS figures.

Ms ALLAN — Facilitation means — —

Mr BARBER — Because government does not create jobs.

Ms ALLAN — Yes, government does. I take exception to that. Government absolutely creates jobs.

Dr SYKES — Yes, more public servants.

Ms ALLAN — The policies and programs the government puts in place absolutely create more jobs.

Mr BARBER — If someone rings up and says, 'Can I have the number for Shepparton council?', you do not claim that you have created or facilitated that investment?

Ms ALLAN — No. You are talking about the threshold and the role we play. We have a range of different programs where, through some funding, we are able to facilitate that investment going into a region. A couple of months ago, back in March, I participated in the opening of Unilever's dry food manufacturing plant at Tatura. This was a company that quite openly was looking at going overseas. It came to government and said, 'We have to weigh up our choices here'. As a result of our programs we are able to provide funding, whether it is for training of staff or whether it is helping with some infrastructure that has broader community benefits, and if we are able to make an investment, that secures that investment in that region. What we have seen in the case of Unilever is that it has opened $58 million new plant at Tatura. It has not only saved the jobs that were there, it has created 134 new full-time jobs in the region. That is a significant investment that came out as a result of government facilitation. We do play a significant hands-on role in terms of government facilitation through direct funding of projects. But then there is the enormous amount of work that goes on in terms of working with companies. We set up Regional Development Victoria as a statutory agency back in 2002, with its very deliberate mandate for being proactive and going out and attracting investment and facilitating investment in regional communities. That is the whole purpose of Regional Development Victoria. That is why I take exception to your comment that government does not create jobs. It absolutely does when it has the right structures and programs in place.

Dr SYKES — The drought takes them away.

Ms ALLAN — It does when it has the right programs and structures in place to be able to provide funding and assistance. You should not also underestimate the importance of being able to provide assistance. You referred to giving someone a phone number, but being able to sit down in a room and bring together local council, local businesses, local organisations and other government agencies that can all provide assistance to a business investing in a region is absolutely a critical role that government plays. It is the proactive role that this government is playing, and you are seeing the results. I think it is about 16 000 jobs that have been created as a result of government-facilitated investment over the past eight years.

Mr BARBER — We got pretty close to getting the answer to my question, but in relation to these 1000 jobs or these 150 — you will have to compare to last year — is the threshold that you gave them a grant? Is the threshold that you convened a meeting along the lines of the one you described? How do you define it to say 'Yes, we facilitated that'?

Mr HANNEY — That is correct, Minister, there must be direct involvement. So it is either through some type of grant or some type of interventionist approach by the department.

Mr BARBER — The question was about the type. If they are able to give us how many projects that was and the descriptor, that would be great.

The CHAIR — Okay, insofar as that is possible.

Mr BARBER — I questioned what type, and the answer came back 'some type'. I just want to know what it was that was done in each case.

The CHAIR — I am not sure they will be able to do it in every case, because it is almost like giving thousands of files. We are not going to ask for that much information.

Mr BARBER — It is in the budget.

Ms ALLAN — There is a whole list of funding programs. We can provide a list of funding programs.

The CHAIR — Business Victoria has a whole lot of programs to facilitate exports.

Ms ALLAN — Yes.

Mr BARBER — If it is a grant, that is fine.

Ms ALLAN — We can give the list of — —

The CHAIR — If it leads to that sort of facilitation, that is fine, insofar as it is reasonably possible. This committee has no wish to ask for hundreds of pages.

Ms ALLAN — No. We can give the list of funding programs that we make funds available from to help facilitate investment. As you point out, Chair, it is part of that brokerage role that RDV plays, and not all of these programs sit under RDV. They will sit under small business or they will sit under other parts of the Department of Innovation, Industry and Regional Development.

Mr NOONAN — Just a follow-on from Mr Barber's question in relation to the exports facilitated, and going to the table on page 152 of budget paper 3. The output for the 07–08 period is obviously expected to far exceed the target, and of course the 08/09 target has been adjusted up. I just wonder whether or not you can explain why DIIRD is expected to exceed that target by such a great number this year and subsequently going forward, and where those new exports might be facilitated from.

Ms ALLAN — It does indeed go to the previous question, and part of the reason why — or a major factor in the reason why — we have exceeded the target is the role that Regional Development Victoria plays. As a statutory authority its role — and it has a legislative role — is to attract investment and jobs to regional Victoria. That is the day-to-day job of the department — to go out and bring more jobs and bring more investment, and of course part of that will be jobs and investment that are related to the export market as well.

Just going back over some of those figures, we have already exceeded our annual target of $750 million for this financial year. As at 22 May we have reached $813 million of facilitated investment to provincial Victoria. That has created the 2435 jobs that I mentioned earlier, and that is two-and-a-half times the jobs target you will see there in the budget papers of 1000 jobs.

I have — again, with the committee's indulgence, anticipating this question — a chart that breaks it down by region. We can smile about the charts, but it does break down by region. I anticipate that the estimates committee always welcomes additional information being provided. You will see there how since 1999 that investment is broken down by region, so you can see that there has been jobs investment across every single region in our state. If

you recall the presentation I gave at the outset, there was a chart on unemployment figures and how the unemployment rate had dropped in every single region across regional Victoria since 1999. That is largely attributed to the fact that we have directly facilitated $8.9 billion worth of investment that has created over 16 000 jobs and has made up the 458 private investments over that period of time. These are significant numbers of investments and jobs, which is, as I said earlier, a result of the hard work that RDV does on a day-to-day basis — going out there, working with businesses, working with local communities and working with local councils to make sure we have the right circumstances in place.

Just on that, one of the things we do through the Regional Infrastructure Development Fund is fund industrial estates. One of the challenges in attracting investment to regional areas is the supply of appropriately serviced industrial land. Under the Regional Infrastructure Development Fund we have a fund that helps local councils develop industrial land and develop industrial estates. I mentioned the $1.01 million to the Bacchus Marsh industrial estate earlier, and we have funded industrial estates across the state. I opened one in Kerang back in September of last year. As a result of that government investment being able to bring other utilities to the site, the councils have appropriately serviced land, and they can then go out and work with companies to bring those companies to that site. That is part of the framework, if you like, across the department that we work on where we can bring together the funding programs and the people to be able to bring this sort of new, facilitated investment into regional Victoria.

I mentioned some of the investments earlier in my presentation. You can look at a company like Gekko Systems in Ballarat, where the Premier and I were recently announcing some funding under our community regional industry skills program to assist it with the training of its staff. It is looking at putting in place a new processing equipment plant of $3.7 million. It is going to create 22 new jobs in Ballarat. Gekko is a great example of a local, regional company that is looking at putting innovation into its production line. It develops specialised equipment for the mining industry. Ninety-five per cent of its product goes to the export market. That is a great success story in terms of a company, and most importantly it is located in a regional area, so it is providing ongoing, sustainable employment in our regional communities. That is just one of a number of examples, some of which I mentioned earlier, where with some government assistance we are providing not only increased investment in jobs but also sustainable jobs for those communities into the future.

The CHAIR — I might note on behalf of the committee that in respect of your outputs and deliverables you have got three in terms of increased targets for next year, but there are quite a number of them whereby you are consistently achieving or overachieving. For example, in the table you have just given us there is an average of jobs of about 2000 per year. You might wish to consider looking at those outputs and deliverables in terms of providing targets that are more up to date, I guess, on the basis of your experience over the last few years, which seems to be quite positive.

Dr SYKES — My question relates to drought funding, but I would just like to clarify a comment on the earlier discussion about claiming credit for job creation. I recognise the excellent work done by RDV. Often the work that it does is done in association with private enterprise, but also the commonwealth government, such as the very successful commonwealth Regional Partnerships program. I would hope that it was getting due recognition of its contribution to the job creation as well. In relation to the drought, Minister, has your budget been done on the basis that the impact of the drought is continuing, or was it done on the basis that we are returning to normal conditions and the drought is effectively over?

Ms ALLAN — The drought is definitely not over.

Dr SYKES — Good.

Ms ALLAN — For those of us who live in regional Victoria — and I travel the entire length of regional Victoria consistently — it is very clear that the drought is not over. The government's entire budget is set within the framework of taking into account the impact of drought and what it is going to do in reducing the state's output over the coming financial year. From memory — and I think, Chair, you have budget paper 1 in front of you — —

The CHAIR — I have budget paper 2.

Ms ALLAN — I think we do talk about it.

The CHAIR — You will find it on pages 34 and 35, and Dr Sykes has pointed this out several times with several other ministers.

Dr SYKES — It says it is expected — 0r perhaps you could read out the third paragraph?

The CHAIR — The third paragraph on which page?

Dr SYKES — Page 34.

The CHAIR — It states:

> It is expected that a return to more normal climatic conditions will contribute to a further recovery …

Mr DALLA-RIVA — It's over.

Ms ALLAN — No.

Mr DALLA-RIVA — The other minister said it is over.

Mr WELLS — So it is not over?

Ms ALLAN — No.

The CHAIR — Also on page 35, if you will allow me to finish:

> The rural sector has only partially recovered from drought conditions. The economic projections assume a return to normal seasonal conditions in 2008–09, but should poor conditions continue in the rural sector, this will place downward pressure on economic growth.

Ms ALLAN — We acknowledge that the drought is not over, but there may be a chance of returning to normal climatic conditions. There is no surprise there. Indeed there are parts of the state that are experiencing better rainfalls than other parts of the state. I have been in Gippsland twice in the last three weeks, and it has very different experiences to my part of the state in northern Victoria.

Dr SYKES — Given that you accept that the impact of the drought is continuing, albeit it is not clear in the budget estimates, have you got any specific allocations that target drought assistance measures in this year's budget?

Ms ALLAN — We do.

Dr SYKES — Can you assure me that they are new allocations rather than bringing forward of existing projects or rebadging of money that was already allocated?

Ms ALLAN — We have a number of different programs that we are responsible for delivering. There is the business transitioning program, which is $1 million to help drought-affected businesses to look at strategies for changing what they do. We have a lot of work going on across government in terms of helping farm businesses manage the change. In my other portfolio, as I mentioned before, we have a skills program where we are looking at helping people who have been working on farms look at transferring their skills into off-farm job opportunities.

There is some funding under the Small Towns Development Fund that has been specifically earmarked for projects that look at having water savings and water efficiency outcomes. Again it is very important in drought-affected communities that we look at having water-saving programs that reduce the call on a township or a community's potable supplies.

Under our Planning for Change initiative we have allocated funds to support planning, looking at how communities can plan to change activity or looking at how they can capitalise on other opportunities that might arise in a different area. I have already mentioned in my other portfolio a program called Rural Skills Connect, which is supporting people to get off-farm skills.

Another important initiative that we have been funding has been $300 000 for a tourism marketing program. One of the unfortunate consequences as a result of the drought and the reporting of the drought is that it has had an impact on our regions' tourism. Some people think — wrongly — that they need to stay away from a region, so that is why we have allocated funds to the Murray region, the high country, the Grampians, Daylesford and

Macedon Ranges for specific tourism activity to promote into Melbourne and encourage people to continue to come and spend their recreation time in our regional areas, because tourism is such an important industry to our regional economies. There has been the successful Wind Down campaign on the Murray, encouraging people to come to the Murray River and not to stay away from it, because tourism is very important to those local economies, and we do not want to have the double whammy of a downturn in tourism and a downturn with the drought having an impact on those economies.

Dr SYKES — I just want — —

The CHAIR — We need to finish off.

Dr SYKES — Minister, can you assure me that money that you announce as being for drought initiatives is new money, not for fast-forwarding existing projects or rebadging other — —

Ms ALLAN — They are part of the $100 million.

Dr SYKES — Okay. Right.

Ms ALLAN — Sorry. Can I maybe finish my answer before you jump on to the next question?

The CHAIR — Okay. We need to finish off this session as well.

Ms ALLAN — Those initiatives that I mentioned are part of the $100 million drought initiatives that were announced by the government in October 2007, so we had on top of the — I think — $305 million that was announced the previous year, last October we announced a further $100 million worth of initiatives, and those programs that I ran through just before come under that umbrella of the $100 million in new Government funding for those initiatives. Again, obviously RDV is partnering with DPI and DSE — it is that whole-of-government activity in terms of tackling the drought and supporting communities through the period of the drought.

Dr SYKES — Have you read the report on the 2006–07 financial and performance outcomes done by the Public Accounts and Estimates Committee?

Ms ALLAN — That was tabled this week.

The CHAIR — No; that was tabled in April.

Dr SYKES — About three weeks ago, Minister.

Ms ALLAN — No; I have not had the opportunity to, Bill, but I am sure you are going to read part of it to me.

Dr SYKES — I encourage you to read it, because in relation to the question I just asked I draw your attention to pages 252 and 253 of that document. There appears to be allocation of money that is badged as drought response, which in fact is simply rebadging of funds previously committed in your projects. So I ask you to have a look at that, and you will understand why I asked the question as to whether what you announced as being drought money is new money or whether it is simply rebadging or fast-tracking.

Ms ALLAN — My previous answer to your previous question remains.

The CHAIR — Okay. We also had other answers from other ministers on that one. I thank people for that. We will have a short break while we do the changeover to the other portfolio.

Witnesses withdrew.

Transcript of evidence

6.6 Skills and Workforce Participation portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 30 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 J. Allan, Minister for Skills and Workforce Participation,

Mr H. Ronaldson, Secretary,

Ms P. Neden, Deputy Secretary,

Mr S. Ward, Director, Workforce Participation, and

Mr P. Clark, Executive Director, Skills Policy, Department of Innovation, Industry and Regional Development.

The CHAIR — On behalf of the committee I welcome to the table Ms Patricia Neden, Deputy Secretary, and Mr Stephen Ward, Director, Workforce Participation. I now call on the minister to give a brief presentation of not more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the skills and workforce participation portfolio.

Overheads shown.

Ms ALLAN — Last August with some of the machinery of government changes that occurred at that time the skills and workforce participation portfolio was established. This portfolio brings together the activity in vocational education and training and the adult and community further education sector; it supports the higher education sector in the state; and we look at initiatives around increasing labour market participation and labour supply and skilled migration through our workforce participation area. You can see how my portfolio in this area brings together a multifaceted approach to ensure that Victoria has an adequate supply of skilled labour into the future.

Just highlighting some of the key factors in the skills area, I am very proud to say that Victoria's vocational education and training system continues to lead the nation. We have the highest participation rates of any Australian state, and in the particular area of apprenticeships and traineeships we have the highest level of completions of any Australian state, and that is obviously very important when you are looking at future labour supply needs.

The *Maintaining the Advantage — Skilled Victorians* statement that was released in March 2006 continues to be an important part of the portfolio's activities, and its implementation has been progressing extremely well. Hopefully during the course of our questions I will get the opportunity to highlight that a bit more. However, just for reference, we are going well against establishing four technical education centres in Ballarat, Berwick, Wangaratta and Heidelberg, and we have 300 enrolments at the TECS in Ballarat, Berwick and Wangaratta. Also we have already established 12 of the 13 skills stores that were announced under *Maintaining the Advantage*, with the thirteenth to be operational in metropolitan Melbourne by July 2008.

2007–08 has also been a year of quite good achievements in the workforce participation portfolio, and given that we are experiencing a tight labour market — we talked earlier about how the unemployment rate has dropped for regional Victoria, and that is obviously the experience for Victoria as a whole — through workforce participation we are helping employers address their skill and labour needs by helping them to access people to fill those occupations. But importantly we have a key focus on helping disadvantaged jobseekers into employment, and of course to supplement this activity we have our skilled migration program. So far through our workforce participation program we have supported more than 3000 disadvantaged job seekers into sustainable employment, and this program sits alongside a suite of other programs, including the skilled migration program that I mentioned earlier.

If we look at the key achievements in the adult community and further education area, we see that the ACFE area plays a really crucial role in helping people access education and training programs at a range of different community providers. We have 48 000 people participating in government-funded education through our adult education providers. A longitudinal study was undertaken in 2007, and it found that more than half of the learners in this environment went on to some form of education and training, so it does perform very well in providing a pathway to people for further education and training. We are supporting this sector, and this financial year invested $2 million as part of a $4 million program of equipment grants in ACFE providers.

However, we do need to also have a look to the future in making sure that Victoria has the appropriate numbers of people with skills at the appropriate levels, and so that is why looking at how we reform Victoria's skill sector is a very significant part of the work that the government will be undertaking in the years to come. I put on the slide there some of the key challenges that we face as a state, whether it be the changing economic environment and how that impacts on the slowdown in productivity or the changing of the demographic, with the ageing of the population and the contracting of the working age population.

All those factors lead to what we know is occurring now with skills shortages, but we also know that into the future there will be challenges in having people skilled at the appropriate levels. That is why on 30 April I released a discussion paper outlining the government's thinking in terms of looking at how we need to reform the state's

training sector, and the reforms centre around key areas of investment, choice and contestability, capacity and information.

In conclusion, the slide provides a snapshot on the 2008–2009 budget that has a range of different initiatives. There is a further boost to TAFE capital; there is additional funding for the apprenticeship completion bonus; there is a further $20 million for maintenance of our TAFE institutes; further funding for new workforce partnerships, which is the participation partnerships program; funding for the innovative green plumbing training centre in Brunswick; support for indigenous young people to find employment; and some support for our TAFE institutes to work with their student management replacement system. I am sure we will get to talk about some of these initiatives a bit throughout the morning.

The CHAIR — Before I defer to Ms Munt, I note that anything you can do to reduce the red tape for ACFE and neighbourhood houses would be greatly appreciated.

Ms MUNT — Minister, in your presentation under key challenges you referred to our TAFEs and our VET sector, and that is also mentioned on page 80 of budget paper 2 under vocational education and training. In recent years our TAFEs have been fulfilling a large role in providing a skilled workforce for our businesses. Other roles have included becoming a pathway to university for many students, but there are challenges to our TAFE system with the increased requirements that are coming through them. You did mention that there is a reform process and that changes are being proposed for our TAFEs and our VET sector. I wonder if you could detail those for us and indicate where we are up to.

Ms ALLAN — In looking at the reform of Victoria's training sector it is important to actually reflect on where we have come from over the past eight years, because education and training is the government's no. 1 priority — —

Dr SYKES — As distinct from the highest priority.

Ms ALLAN — We backed that up with funding in the training area in particular of more than $1.2 billion of additional investment into Victoria's vocational education and training system over the past eight years, and that includes an additional $399 million as well for TAFE capital works. That has been an investment that has paid results. I mentioned before that our VET system leads the nation. It is not just me saying that; the former federal minister, Andrew Robb, identified Victoria's VET system as the leading performer in the country. We have the highest participation rates in the Victorian training system and, as I mentioned, the highest number of apprenticeship and traineeship completions. However, where we are tracking currently we know we have to look at changing what we do in order to meet the skill needs of the future. We do risk going backwards if we do not look at reform and if we do not look at change.

If you refer back to the slide that we had in the presentation that identified key challenges, this is really what is guiding the government's thinking and work in this area. The training system that we have in place in Victoria today was designed within a very different labour market. We are experiencing lower levels of unemployment; we are seeing competing demands for labour, particularly at the higher levels of skills and qualifications; and we are seeing a shift, particularly in Victoria, away from our traditional manufacturing base into more high-level occupations. This comes at a time when we know we are going to experience slowdowns in productivity, which is also a key priority for our federal colleagues in Canberra. It comes at a time of the ageing of the population, which means that the new supply of people entering the labour market is contracting, and this all leads to some imbalances in industry and business being able to access skilled workers.

Whilst all this is happening in an economic sense, at the same time in Victoria we have more than 1.4 million Victorians without post-school qualifications. That is 1.4 million Victorians who are either unemployed and outside the labour market or underemployed. So there is a responsibility on government to look at how we can do more through our training system to support those people to have access to training, to get into the training system and then to go on to higher level qualifications. At the same time, too, according to some research that was undertaken out at Monash University — I mentioned before the challenge of having people at higher level skills — over the 10 years to 2015 on a no-change basis we are faced with a shortage at a diploma and an advanced diploma level qualification of 123 000 people.

We have some twin challenges there: we have to look at how we can train more people, get more of those 1.4 million Victorians with a higher level qualification, and we have to train more people to a higher level. That is

why, through the discussion paper, I have proposed an ambitious reform proposal that is looking at making significant changes in the areas of investment, looking at increasing choice and contestability within our training sector, but at the same time looking at providing ongoing support for our TAFE and adult community further education sectors, and also looking at how we can make it easier for people to navigate their way through the training system. It has been pleasing to see that this discussion paper and these directions have been broadly welcomed. There have been, of course, some elements of the package that some people will have questions about, and that is why I have released the discussion paper, to engage in that community debate and dialogue so we can make sure that the final package of reforms is best shaped by people's thoughts and opinions throughout this process.

Broadly, this reform approach is being supported. I refer to a comment that Peter Ryan, who is the director of Goulburn Ovens TAFE, is reported to have said in the *Shepparton News*. He said that this sort of reform is definitely welcomed to address the widespread skills shortage, and that it is pleasing to see an input at both a state and federal government level. I mention the federal government because it is also looking at what needs to happen at a national level on making reforms to ensure the country has appropriately skilled labour, so the reform approach we are taking is consistent with the thinking and approaches that the federal government is looking at undertaking. The opportunity is there right now to make sure we reform the training system so that it is providing people with the skills and qualifications that the economy needs and that business and industry needs. It is good for the economy and it will help with our productivity, but for individuals, if our economy is growing strongly, of course, that is very important to the individual's own well-being.

The CHAIR — I forgot to welcome Mr Phillip Clark, executive director, skills policy, to the table.

Mr DALLA-RIVA — Minister, I refer you to the service delivery budget paper at page 154, which talks about skills and the workforce. It is talking about trying to build capacity and competitiveness across Victoria. I put it in the context of what has been happening in Bendigo in the last week with some of the issues surrounding the call centre Excelior, and I am trying to find some clarity in terms of the forward estimates of how you are dealing with call centres, given some of the issues they are confronting.

You spoke in 2001 in the Parliament about the success of the regional call centre attraction policy, and I am trying to see if there is some association with skills and the workforce moving forward. I also would like to hear your views on how the unions' involvement in this particular closure of Excelior has impacted as a result of its announcement last week. Further to that, is there any money allocated or anticipated somewhere in terms of ensuring the continuation of this call centre, given that the former government and this government hope that there would be about 1000 workers in call centre industries around that area?

The CHAIR — Minister, insofar as those questions relate to the estimates in your portfolio, I am not too sure whether the last two parts do so relate, but can you answer so far as they relate to your portfolio in the estimates.

Ms ALLAN — It is a broad question and in part relates to discussions on my previous portfolio as well, where we were talking earlier about investments the government has assisted in the facilitation in regional Victoria.

Call centres have been some of those, and back in March I opened AAMI's call centre in Gisborne, which is providing a significant boost to jobs in the Macedon Ranges area. So contact call centres have been one of those industries that we have identified that can support regional economies. Excelior has taken over a site and a range of contracts that had previously been operated by AAPT. People who know the history of this company will know that the government did assist with AAPT locating its call centre operations in Victoria in Bendigo, and that was announced back in March 2000 by the then Premier, Steve Bracks. AAPT was warmly supported and warmly welcomed by the Bendigo community, and it went on to employ, if my memory is correct, around 380 people within its call centre site in Bendigo. However, it has been deeply disappointing to see how AAPT has not rewarded the good support that the Bendigo community showed it. It announced in November of 2006 that it was pulling out of its Bendigo operations, and that announcement came without any warning and without any discussions with government. Subsequent to that Excelior stepped in and announced in May 2007 that it would be taking on the AAPT contracts and staff and that that would be operating until 30 June 2008.

The recent speculation that has been reported in the paper is just that: the speculation around the now Excelior call centre in Bendigo closing is speculation based on AAPT establishing a call centre operation in the Philippines. It

has announced that it is undertaking a three-month trial of a call centre operation in the Philippines, and that has led to the speculation at a local community level that that will mean the closure of Excelior's Bendigo operations. I have no advice on whether that will result in the closure of the Excelior operations. However, should that be the case — as it sometimes is across regional Victoria, where we do experience retrenchments or job losses — we have a program called Skill Up that is administrated under the skills and workforce participation portfolio whereby we do help retrenched workers undertake retraining and job identification opportunities within a local community, and that part certainly relates to my portfolio.

But can I just make the point that it is speculation at this stage around what might happen to the call centre operation in Bendigo. As the local member there I was deeply disappointed at AAPT's behaviour. I thought it did not return the good faith that had been shown by the Bendigo community. We have to discuss with Excelior what the future of the site will be, and, as I said, I have not received advice on what that means to date. Excelior has to really consider what its options are, and that of course means accessing more contracts — after all, that is the name of the game in call centres, the more contracts you get, the more likely the ongoing of the operations — but certainly there is a commitment from this government, whether it be in call centres or in other industry occupations where there is a downturn or where people are retrenched, to step in primarily through our Skill Up program and provide support and assistance for those workers to be retrained and, hopefully and optimistically, re-employed.

Mr PAKULA — Minister, can you advise the committee of the government's intention for the future of the old University of Melbourne campuses at Glenormiston, Longerenong and Warragul?

Ms ALLAN — Yes. This has been a long story as well, and I am very pleased to advise the committee that just this morning I have been able to announce the successful tenderers for the former University of Melbourne campuses at three locations — Glenormiston, Longerenong and Warragul. To go back again with a bit of history, back in 2005 Melbourne University made its own decision to cease its delivery of agricultural vocational education and training at those three locations, and as a result of that decision those three sites were returned to the state and returned to the minister responsible. Obviously those communities were very concerned about what that might mean for the future, because having the delivery of agricultural training at those three locations was important in terms of training young people in the agricultural sector in their own communities, but also it supported the local economy of those communities as well.

So the commitment from the government was to look at how we could secure the long-term viability of those three locations. As a result tenders were called for the management of each of the campuses, and those tenders had to address that issue of future viability and secure the viability into the longer term. As a result of that process I am very pleased to advise the committee that the successful tenderer at Glenormiston is the South West Institute of TAFE. South West has been delivering training for an interim period on the Glenormiston site. As committee members may also know, this site is the site for one of the government's rural learning campuses in the education department; it is going to be established on part of the Glenormiston site as well.

At Glenormiston, through South West TAFE's delivery, students gain qualifications in agriculture, rural business management and the equine industry, and the equine industry plays an important role in that region. For the Longerenong campus, which, for those members who may not be aware, is on the outskirts of Horsham, WORKCO Ltd is the successful tenderer, and it has also been delivering an interim operation on the Longerenong site since Melbourne University departed. It delivers a comprehensive range of programs in the agricultural sector from certificate I through to advanced diploma. Finally Warragul the Education Centre at Gippsland is the successful tenderer for the operation of the McMillan campus, and it will continue to provide a range of high-quality agricultural related programs at that site.

To help inform the process and to help with the decision there has been a lot of consultation with various stakeholders. As I said, there was a tender process that was undertaken, and certainly local communities have been involved in the consultation process as well. Securing the future of these three campuses was very important from a government perspective, because it is part of making sure that we have high-quality education and training delivered across regional Victoria, and that is why we provide capital funding to our TAFEs. As I said before, it is also very important in being able to deliver the types of training that young people in those regions need. It is important for keeping them in their local communities, but it is also important to our rural sector, our agricultural sector, which is one of those areas that is experiencing skill shortages.

It is very pleasing to be able to make this announcement today, because it has been a process I know that has been going on for some time. It will provide some long-term security for those three sites and for the people who are operating those three sites. I would also like to commend the three tenderers for the quality of their applications.

Mr WELLS — Minister, I refer to budget paper 3, page 145, table 3.4, and I refer you to the skills and workforce budget. For 07–08 it was 1.755, then that was revised down to 1.659; and the budget in 08–09 is going to be 1.69, a cut of 3.7 per cent. Can the minister give an explanation of why there is this cut of 3.7 per cent when she has put so much emphasis on how well the government is doing in skills and workforce?

Ms ALLAN — Thanks, Kim, you are again right in reading out those budget numbers.

Mr WELLS — I am getting very nervous about this.

Ms ALLAN — The primary reason for that variation that is identified in the budget papers is the result of those machinery of government changes that I mentioned earlier. In November 2006 the Adult Community and Further Education area moved out of the department and into the Department of Planning and Community Development. So before November 2006 the Office of Training and Tertiary Education had vocational training, had the higher education functions, and it had the adult community and further education functions. As a result of the machinery of government changes, the Adult Community and Further Education branch moved into the Department of Planning and Community Development. That variance is primarily as a result of that.

Mr SCOTT — Minister, in budget paper 3, page 50, there is a reference to $241 million to deliver initiatives in the *Maintaining the Advantage* skills statement. Could the minister advise on the progress of these initiatives and how the current budget will build on that progress?

Ms ALLAN — Maintaining the Advantage, as I said earlier, was announced in March 2006, and it makes up part of the $1.2 billion of additional investment in our training system since 1999. The initiatives under Maintaining the Advantage focused on four areas: starting earlier, learning longer, getting smarter and making it easier. Under the starting earlier area, the particular emphasis there was guaranteeing a place for young Victorians to complete year 12 or its equivalent, and that is going very well. We are seeing more young people being able to undertake their training up to year 12 or equivalent as a result of that initiative. But it also had funding for pre-apprenticeships and more funding for 4500 additional pre-apprenticeship training places, and that is again important to get young people on a pathway of training. The number of people taking that up is exceeding expectations. But also one of the key foundations in this area was the provision of four technical education centres. Just to update the committee, the technical education centres are going very well. We have TECS operating out of temporary facilities at Ballarat, Berwick and Wangaratta, and construction on all four TECS is scheduled to be completed in mid-2009. With the Heidelberg TEC, construction is expected to commence in mid-2008.

We have seen 80 students enrolled at Ballarat, 65 at Berwick and 188 at the Wangaratta TEC. The Wangaratta TEC has extended its program somewhat and is providing enrolments for 250 students enrolled in what is known as a TAFE Taster Program, giving young people — I believe it is at the year 9 level — more exposure to the vocational training system. So in terms of how that impacts on future initiatives, this is a great example of where we are providing more vocational opportunities for young people within our technical education centres, and this means they do get to see a broader range of options that are on offer, and the TECS do provide a very broad range. Whether it be apprenticeship, pre-apprenticeship traineeships or VCAL opportunities, it is a very broad range of programs that can be on offer through our technical education centres.

The other initiative that I would just like to briefly mention that has come a long way over the last financial year has been the establishment of our skills stores. The statement provided for the establishment of 13 skills stores, and the first five commenced operations in July of last year. In their first six months of operations they have helped over 1500 people. Remember, the skills stores are literally on the street front. People can walk in and get advice free of charge on what sorts of skills they have, skills they have picked up on the job or skills that they had previously. If they have been out of the workforce for a while raising kids, they can come in free of charge, have their skills assessed and then be provided with assistance to connect to a training program. Some eligible people can access a $250 grant to assist with the costs of their training. Seven more skills stores opened up for business in January 2008, and we have got the final one opening up in central Melbourne in July of this year.

I just want to mention — because it goes back to a previous conversation we were having about the drought — that we accelerated the opening of the skills stores in regional areas as part of our drought response because we

recognise, as I mentioned before, that the downturn in the agricultural sector means that there are people with skills who need assistance to be transferred into new employment opportunities. So we accelerated the opening of the skills stores in regional Victoria as part of our broader range of drought response measures to make sure we are providing assistance on the ground to people who have been affected by the drought.

The CHAIR — Dr Sykes may wish to take some of these matters up.

Dr SYKES — I am going to focus on the apprenticeship assistance scheme. Mr Jasper, the member for Murray Valley, raised it in Parliament on Wednesday evening. The issue is, Minister, as I understand it and as Mr Jasper understands it, that to be eligible for I think it is called the apprenticeship assistance scheme or assistance, you need three or more apprentices in your employment. As Mr Jasper has pointed out, that disadvantages a large number of small businesses that employ a large number of apprentices, particularly in country Victoria. Can you confirm that my understanding and Mr Jasper's understanding is correct and then provide a basis for why that threshold is there and advise what offsets there are to ensure that those small businesses and the apprentices employed by those small businesses are not discriminated against?

The CHAIR — Minister, it may well be a question for the Minister for Finance, WorkCover and the Transport Accident Commission, who is appearing on Monday, but please answer insofar as it relates to your portfolio.

Ms ALLAN — Certainly. I must have missed the member for Murray Valley's contribution in the Parliament, but I appreciate your bringing it to my attention.

Dr SYKES — You were building up to your own.

The CHAIR — On the state taxation bill.

Dr SYKES — It was a very good presentation.

Ms ALLAN — The apprenticeship and traineeship completion bonus has been funded for an additional year in this year's budget at $25 million. This is a scheme that has been in operation since 2003, and the member for Murray Valley is correct in identifying that it goes to employers employing three people or more. The operation of this scheme is something that we will be reviewing post the finalisation of the skills reform agenda, because that complaint that has been raised by the member for Murray Valley has also been raised in other areas with me.

Dr SYKES — I think I raised it last year, actually, in this committee, Minister. It is not a recent call.

The CHAIR — I am sure Labor members of Parliament have also raised it.

Ms ALLAN — It is something that we are examining. However, I would also point out that we have other initiatives to support apprentices in Victoria. There is the $500 apprenticeship trade bonus which is paid in two instalments of $250 each, to encourage people to go on with their apprenticeship. It is paid at the completion of six months and then at 12 months to provide a bit of a boost to them to continue on with their apprenticeships. And we increased the overnight allowance; we tripled the overnight accommodation allowance for apprentices. This is important in helping particularly people from regional Victoria who often have to travel to undertake their training. These have been additional initiatives, but I will certainly — —

Dr SYKES — Is there a threshold of three for that overnight allowance?

Ms ALLAN — No. For those other two, the eligibility is straight up; you have to be in an apprenticeship. I certainly have taken on board those comments regarding the apprenticeship completion bonus.

Mr NOONAN — Minister, I want to ask a question about the WPP program and critically acknowledge that it has been a program which has helped youth offenders transition from custody into the community and ultimately into work. But in terms of the new workforce partnerships program funded at 7.5 million and the indigenous youth employment program, I wonder whether you might talk about the key features of those, particularly focusing on those that might be deemed disadvantaged.

Ms ALLAN — One of the consequences of having very strong jobs growth over the past eight years and the additional jobs that have been created is that there are still groups of people within our community who are

faced with a range of different barriers to undertaking employment. So whilst we are very pleased to see low unemployment rates and the creation of over 446 000 jobs over the past eight years, we do know that we have to continue to support people who face a range of barriers to participating in the labour market. That is why back in 2005 we established the Workforce Participation Partnerships program, and since that time we have committed almost $30 million to that program.

To brief the committee to date, we have developed 144 projects under this fund that have involved 1500 individual employers, and that has seen the outcome of 3000 jobseekers going on to sustainable employment outcomes. Importantly sustainable employment outcomes mean having been in the job for at least 16 weeks. So it is not just a matter of getting someone to the door; it is about making sure that they stay in the job for at least 16 weeks. So it certainly has exceeded expectations, but it has also, pleasingly, been able to target particular niches or particular sectors of jobseekers who do need some specialised assistance.

Wade, I know that you are very well aware of the Bridge Project that is run by the YMCA at the Malmsbury Youth Justice Centre. I think it is important to spend a little bit of time just talking about this project, because it does highlight that with some targeted government assistance you can have a significant outcome in supporting, in this case, disadvantaged young people to go on and have a real go at getting into the labour market. Through the funding of the Bridge Project we have seen over 30 young people in the last 18 months who have participated in this project successfully transition into employment, and importantly there has been no return rate of these young people back to Malmsbury. We know recidivism is a particular issue, both for prison populations as a whole but particularly for making sure young people do not return to the criminal justice system. So this program is really helping make sure that they do not just leave Malmsbury Youth Justice Centre but that they do not come back and that they go into a sustainable job outcome.

KPMG has undertaken an analysis of the cost benefit of this project and has confirmed that this is having a significant impact on the Victorian economy both in terms of the productive outputs of the people going into employment but obviously of course in terms of the reduced cost to the state from these people not returning to the juvenile justice centres. It is a terrific project, and it is just one of a number of examples of projects that are funded through what was known as the WPP. This budget provides funding for the New Workforce Partnerships program with an additional $5 million to continue the good work of the WPP and to continue to really focus in on the groups of people who are most disadvantaged and need the most assistance to get into the labour market. That is why we have also established a dedicated $2 million fund for our Indigenous Youth Employment Program, which is going to help provide pathways for young indigenous people to enter employment, again providing practical things which sometimes in this case young indigenous people need to be able to participate in the labour market by providing mentoring, training and support, and helping to link them to a range of career opportunities. This has been a very important and a very targeted way to help some of the most disadvantaged in our community. As the unemployment rate continues to drop, we continue to see people who miss out. Without some intervention they will continue to miss out, and we want to make sure we can maximise their participation in a productive economy, because it is particularly important for their own personal wellbeing and outcomes.

Mr DALLA-RIVA — I refer you to the service delivery budget paper on pages 154 and 155 in the context of the forward estimates in relation to the funded student contact hours and also the percentage of TAFE graduates and some of those performance measures. I understand you have released a discussion paper in respect of VET, if my information is right.

Ms ALLAN — Yes.

The CHAIR — You referred to it earlier in your presentation.

Mr DALLA-RIVA — I understand that people are invited to make comment on the discussion paper by 10 June 2008, and I understand there are proposals for it to be in place by January next year. Whether that is right, I do not know, but irrespective of that, there is a period in the forward estimates where they are making an impact on some of the recommendations that are considered. I know that on page 15 of the discussion paper it talks about interstate fee comparisons in relation to VET students. There is discussion there about VET students paying their fees up front currently, and you are looking at an income-contingent loan scheme for VET students. But I also note that in the context of the interstate fee comparisons we are the lowest there, so I gather in the forward estimates you will be looking at perhaps bringing parity to some of the other areas. So I ask: have you given consideration in the forward estimates to the increases in terms of fees to students potentially, the impact that that may have on the

budget, the impact that it may have on the percentage of TAFE graduates who complete the courses, and any other impacts you may see if this model is proposed to be put forward into the next period?

The CHAIR — Minister, there are some hypotheticals there, but insofar as you can answer that one, please do so.

Ms ALLAN — There are a few hypotheticals, and I guess I will start with the first assertion of what may come as a result of the reform program starting on 1 January 2009. That certainly is not set in stone. Given that a number of our TAFE institutes particularly are already planning and have already done the marketing for 2009, we have to take into account any proposed changes and how that might impact on their current level of activity. In terms of anticipating future impacts on the budget, I am probably not in a position to be able to outline that to the committee today because we are still in the discussion and consultation phase, and that will inform the future model that I will be putting forward. Of course in putting forward a future model that may involve fee increases and that may involve an income-contingent loan, we will absolutely be looking at what that means to our forward estimates, because we want to make sure that the intended outcome of this process and of the discussion-paper process is to bring more people into training and to bring more of those 1.4 million Victorians without a post school qualification into training. To do that, we need to look at additional sources of revenue, from government to individuals and businesses as well, which is why the consideration of an increase in fees is on the table. To consider an increase in fees you have to make sure that there are equity measures in place to ensure that people do not miss out, which is why the income contingent loan is under consideration. Insofar as it impacts on the forward estimates, that is something I think is for future discussion with the committee.

The CHAIR — That concludes the consideration of the budget estimates for the portfolios of regional and rural development, skills and workforce participation. I thank the minister and departmental officers for their attendance today. The committee has a couple of issues it will follow up with you, and there may be some other questions which we will forward to you at a later date. We request that a written response to those matters be provided within 30 days.

Witnesses withdrew.

Transcript of evidence

6.7 Small Business portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

6.8 Tourism and Major Events portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 3 June 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. Holding, Minister for Tourism and Major Events, and

Mr D. Richter, Acting Chief Executive, Tourism Victoria.

The CHAIR — Just for the information of the committee, I welcome Don Richter, the acting chief executive of Tourism Victoria. I ask the minister to make a brief presentation of no more than 5 minutes on the more complex financial and performance information in respect of the tourism and major events portfolio.

Mr HOLDING — Thanks, Chair. I should say that Don Richter has joined me, filling in for Grey Hywood, who could not be here today. He has a personal issue that is being resolved.

Overheads shown.

Mr HOLDING — Just in relation to the performance of tourism and major events, I will not dwell on these statistics other than to say that all the members of the committee would be aware that tourism plays a major role in underwriting the state's prosperity. It employs a lot of people and it is an important employer in regional Victoria, and the government has a plan in place to grow not only the contribution of tourism as whole but the tourism and major events contribution to regional and rural Victoria as well.

I am sorry about how small the writing on this particular slide is.

The CHAIR — We have a copy.

Mr HOLDING — I would simply highlight the key achievements: the big increase in international visitor expenditure, which is very pleasing. We have always said that our major increases in visitor yield over the period of the 10-year tourism and major events industry strategy will come from international tourists, so it is great to see that increase occurring. Melbourne has overtaken Sydney for the first time as the most lucrative tourism destination. That is a great achievement and one we are very pleased about. On cooperative marketing activities connected with the launch of Tiger Airways, we have highlighted improving aviation services to Melbourne as an important part of our plan, so being able to celebrate the launch of Tiger Airways and have some cooperative marketing activities connected with that is fantastic.

On the tourism excellence program, the final modules of that have now been launched. That focuses on skills in particular and improving excellence, which has been a real focus of the industry plan. We have had marketing campaigns in some of our regional areas as well as a focus on international business events, and the success of our signage at some of our major events is helping to brand Melbourne and Victoria internationally.

You have asked what are some of our key priorities. It is a short presentation, so I will just touch on these. With regional Victoria, we want to see more visitors. It is challenge for us because a lot of our growth is coming from international visitor segments that are less likely to visit regional Victoria, so we need to redouble our efforts in that area. We have said that aviation capacity growth is important. We want to focus on our emerging markets, China and India, and in 2009 we will be hosting the Australian Tourism Exchange. It has been a few years since we last played host to that major tourism event. We also want to, with the opening of the convention centre, highlight Victoria's credibility and profile as a world-class business events destination. Consistent with those priorities are the initiatives contained within the budget: additional resources for regional tourism, for marketing campaigns particularly; $8 million to market us internationally and also to put aside some resources for air services; business events; and finally the dollars for ATE (Australian Tourism Exchange).

Ms MUNT — Thank you, Chair. I would like to ask a question concerning the Melbourne Convention Centre, which is mentioned in budget paper 4, page 123 under 'Statement of administered items'. Can you please confirm for the committee that this project is on time and on budget?

Mr HOLDING — Yes, I can confirm to the committee that the project is on time and on budget. This is a very important project. Firstly, it is a facility for Melbourne that will fill a gap for us. We have been in temporary convention centre facilities for a long time. This has impeded our international competitiveness, our ability to attract major new business events to Melbourne. The new convention centre being built and co-located with the Melbourne Exhibition Centre will mean that Melbourne has the best and the largest integrated exhibition and convention centre space anywhere in Australia. The building itself is an environmentally sustainable building. It is a six-star rated building; the best of its kind anywhere in Australia, which is a fantastic achievement and one that will leave, I think, an environmental and social dividend for many, many years to come. As well as that, of course, it is a major boost for the state's infrastructure portfolio. It is on track, and it is on budget. Of course the City of Melbourne, I should acknowledge, is contributing $43 million for the bridge for pedestrians and cyclists, which will

link the development to the Docklands, and there are also some municipal-type works which it is undertaking. They have made their first payment under the agreement in relation to that contribution.

We are also obviously seeing a great pipeline of conferences that have been won. I do want to focus on these, because some of these are quite amazing. We have things like the International Geomorphology Conference, which will bring 600 delegates to Melbourne and a net economic impact of $3.6 million. We have got major conventions like the Parliament of the World's Religions 2009, which will bring 10 000 delegates to Melbourne and a $71 million net economic impact — 52 000 room nights, that particular congress will generate. We have been able to identify about 15 or 20 major conferences or conventions so far that have been secured for use on the new site. That pipeline of convention activity will fill our hotel rooms and justify the investment that is being made in the facility.

Mr WELLS — Minister, I refer you to budget paper 3, page 158, in particular the number of visitors — domestic visitors. I am wondering why there are no key performance indicators recorded in the budget papers for the number of domestic visitors. Why has there been a decline in domestic visitors, if you take the figures that are reported in the Tourism Victoria annual reports? And what targets are you using for those domestic visitors — the number and the amount they spend when they go to regional Victoria?

Mr HOLDING — There are a number of different questions there. Just to address different elements of it — firstly, the question of domestic visitor numbers is a very important one, because the number of domestic visitors has been flat over a sustained period of time. This is not just an experience that we have seen here in Victoria, it is Australia wide. In fact the modest growth that there has been in domestic visitor numbers has been stronger in Victoria than it has been in other states. I think the growth rate has been about 0.5 per cent?

Mr RICHTER — Yes.

Mr HOLDING — I will get the actual figure in a moment for you, but the growth has been slightly above the growth for Australia more generally. What we have focused on and what the Commonwealth Government now increasingly focuses on in its compilation of data for both international visitors and domestic visitors is what the expenditure forecasts are, because it is the expenditure forecasts which actually generate the economic impact for the state, not the raw number of visitors. That is the direction the Commonwealth has gone in, and it is one that we are also happy to go on. Again, you can see there — if you go to budget paper 3, page 158, you will see the targets for domestic visitor expenditure, which have been broadened since 2007/08 and now include the overnight and day-trip spend. The reason why we are presenting the data in this way is that really for the first time the National Visitor Survey, which is what drives all of our data collection, has been able to be improved to the point where we could get a robust measure for day-trip expenditure. In the past the measures were not robust enough to be able to collect the data in that way.

That is particularly around the National Visitor survey sample size. The National Visitor Survey sample size has increased in 2005 from 80 000 to 120 000 respondents, which therefore increases substantially the reliability of the data that is provided to us. That change also is reflected in the focus of the Government's 10 Year Tourism and Events Industry Strategy, which focuses on intrastate visitation. If we look at the expected outcomes for domestic visitor expenditure 07–08, 11.8 billion — that is above the target. The target in 08–09 has now been increased to 12 to 13 billion. That is reflected in the domestic visitor expenditure targets that you can see there.

In answer to the first part of the question — or what I understood was the first part of the question — where is the focus on numbers of domestic visitors — —

Mr WELLS — Or why you have the numbers of visitors for international, but you do not have the number of visitors for domestic.

Mr HOLDING — The reason is the focus is now expenditure driven rather than numbers driven. You can see now that is consistent with the way the Commonwealth is increasingly presenting its tourism data. But we make it very clear that domestic visitor numbers have been flat.

Just to go over the question, 'What are the numbers?': 1999 to 2007, domestic overnight visitation to Victoria has increased at a rate of 0.5 per cent per annum. The national average has been 0.1 per cent per annum over the same period. We would say that domestic visitor numbers are flat. They are flat for Victoria — they are flatter for everyone else, if you can describe it that way. That is small comfort to us from a Victorian perspective. What we

need to do is to understand why. The reason why domestic visitor numbers are flat is because Australians are increasingly able to take relatively cheap international holidays, accessing cheap airfares, or expend their money on other things — for example, plasma screen TVs or whatever. The high cost of fuel obviously makes domestic travel for Victorian visitors less attractive than it would otherwise be. That is why our focus on regional expenditure — $13.3 million for regional tourism — is so important, because without that expenditure we will not have the campaigns in place, the marketing campaigns, to attract the people to travel to regional locations.

Mr SCOTT — My question will relate to the same page on budget paper 3, the number of visitors international performance measure, which I note the forecast of 1.5 to 1.8 million, which is an excellent result, frankly. Aviation access plays an important part in getting these international visitors to Victoria. Can you detail some of the initiatives taken in this area in the budget period?

Mr HOLDING — This is an important question. My recollection is that Gordon asked a question about this issue last year. It is one that has occupied, I think, all of our minds in Victoria: what we can do to grow Victoria's share of direct aviation services into Melbourne and into Avalon. This is a real issue for us, particularly at the moment, and Melbourne with its status.

The challenge for us is that if we are going to achieve the targets that we have set ourselves in the 10 Year Tourism and Events Industry Strategy we need to improve our international visitor efforts. That means it needs to be easier for people to get here. At the moment something like 10 per cent of visitors to Victoria who fly in from overseas need to make a connection through another city. The corresponding number for Sydney is about 3 per cent. That is a major competitive disadvantage for Melbourne.

If you look on the trans-Pacific route, which is the most profitable route anywhere in the world, about 37 per cent of visitors to Melbourne from overseas who come on that route need to make a connection through a city other than Melbourne. That shows that in a sense we are discriminated against because of the way in which international air services are arranged. That is why it is so important for us to draw other carriers to Melbourne to provide those direct services.

We are very pleased that Cathay Pacific has increased its Melbourne–Hong Kong services from double daily to triple daily in October 2007, which adds something like 150 000 new seats between Hong Kong and Melbourne each year. Korean Air began direct services between Seoul and Melbourne three times weekly in October 2007. We forecast Korean visitor arrivals to Victoria to grow by something like 65 per cent by 2016. Qantas has introduced a new service between Melbourne and Shanghai in March 2008 offering two flights a week on the route, and also boosted its flights to Hong Kong from 7 to 10 services per week. Thai Airways and Philippine Airlines also increased the number of flights to Melbourne in the past 12 months, while China Eastern and Singapore airlines added supplementary seasonal services. We have obviously got the Tiger Airways announcements around additional flights secured there with their headquarters in Melbourne. Jetstar has introduced new daily international services from Melbourne to Singapore via Darwin, which expands its network out of Australia and Asia.

We are pleased with those things, but there is a lot more work that needs to be done. That is why we are very pleased that the Commonwealth has announced a review, the first major review, of aviation policy, which it announced a couple of weeks ago in Melbourne. This is really an opportunity for Victoria to have some input into the formulation of aviation policy in Australia and to make the strategic case for freeing up and liberalising air services so that Melbourne can share in what is a very important market for growing our tourism competitiveness.

The CHAIR — So Melbourne will benefit from open skies.

Mr HOLDING — We say so, and we want to see more of it.

The CHAIR — Absolutely.

Mr RICH-PHILLIPS — As a follow up, with the departure of Peter Keage, who is taking responsibility for that area now?

Mr HOLDING — We are in the process of appointing someone at the moment.

Mr RICH-PHILLIPS — Presumably somebody to do the submission.

Mr HOLDING — We are working on the submission at the moment. That will not be the sole responsibility of the person who takes up that appointment. But the submission will reflect the whole-of-government interest we have in securing additional air services to Melbourne.

Mr RICH-PHILLIPS — I would like to ask you about the exhibition centre. The government has provided funding for the business events program through the bureau to attract events to Melbourne. One of the issues that has been raised certainly by the Convention Centre Trust and also VECCI — Wayne Kayler-Thomson, as it happens — is the need to expand the exhibition centre allied to the work that is going on with the convention centre. What is the government's position on that? Are you in discussions or consideration of expanding and upgrading the exhibition centre while they are doing the convention centre?

Mr HOLDING — It is not in this budget. There is no funding in this budget to expand the exhibition space, but obviously we are alive to the representations that have been made on behalf of a number of users of the exhibition space who indicate that if there was more space available they would fill it. And particularly relevant in that context are the motor show and I think also the boat show, but certainly the motor show indicate that with additional space they could expand the variety of exhibitions and the array of exhibitors who are able to participate in that event. We will give consideration to that proposition when it is developed to a stage where government can actually make a judgement about whether it is something we can support, and obviously we will have to work on how that might be delivered within the footprint of the new convention centre and the existing infrastructure that exists on site.

Mr RICH-PHILLIPS — At this stage there is no work within government on such an idea?

Mr HOLDING — The trust is certainly doing some work and I appoint the trust, so to the extent that the trust represents work that is being done from a government perspective, that work is under way.

Mr NOONAN — I am also on page 158 of budget paper 3 and the first line item 'Investment projects facilitated' as a performance measure. I just wonder whether you could advise how the government is performing in this area and comment on the impact of growing tourism in Victoria as a result of these investment projects?

Mr HOLDING — This is a really important question. For many years a lot of the debate around tourism was a debate around the money spent on marketing. We recognise that as important as marketing funding is, in the long term one of the more constructive things that the Government can do is facilitate more investment, particularly investment that fills gaps. We have identified from time to time accommodation gaps in regional locations — the opportunity, for example, for regional locations to be able to host business conferences or those sorts of activities and in some cases major additional augmentation to our hotel supply in the CBD to meet the needs of things like the new convention centre and if we were to go down the path of expanding the exhibition centre, and those sorts of things.

In terms of examples of investment that has been facilitated as a consequence of this renewed focus on this activity within Tourism Victoria, I can point to several projects which have recently been facilitated and these are some of the projects which make up the delivery on the performance measure that is identified in the budget papers: a $136 million serviced apartment hotel in Melbourne's Bourke Street by Devine Ltd, so a new serviced apartment complex there; $5 million for the steam packet wharf accommodation at Port Fairy — this is private sector investment that has been leveraged off Victorian investment attraction activities by Tourism Victoria; $40 million for the McLears Hill holiday retreat at Dromana; $45 million for the Hotel Windsor redevelopment in Melbourne's Spring Street; $65 million for the Cliff Top resort at San Remo; $10 million for the Quest serviced apartments at Mildura; and a number of different projects across the state. I was recently at the Novotel in Creswick which is a recent addition to their offering. At Warrnambool I participated in the opening of the Mantra Deep Blue-branded facility, which is a geothermal spa facility with business facilities that have been built there to attract that sort of activity to Warrnambool. So there are a lot of different projects around the state worth hundreds of millions of dollars, generating jobs not just in the construction phase but, more importantly, ongoing jobs for those communities, building new industries around tourism, and often in communities where some of the traditional industries have changed or the employment profile of those industries has changed. Being able to facilitate approvals of and support for major projects like this in regional locations is a very important part of the 10-year strategy.

Mr BARBER — In relation to your presentation here, the achievements slide, Minister, on major brand Victoria signage and promotion undertaken during 2008 open and 2008 grand prix, I presume that means payments for signage rights from your department to the organisers of those events, and can you tell me how much that was for each event?

Mr HOLDING — In some cases it is and in some cases it is not. As to the reason why, sometimes the provision of the signage is an existing condition of the conduct of the event and in some instances it is a discreet sponsorship package where you could disaggregate the cost of the sponsorship for the signage from whatever other support is provided to the event. In terms of the specific question you ask, which is how much did we pay for the signage in instances where that has occurred, obviously we do not disclose the level of our sponsorship packages. We never have in the past. It simply creates a public expectation around what other corporate entities might then go and bid to get the equivalent level of signage and we are not prepared to put ourselves through that sort of a process, and that is consistent with the practice of previous governments.

Suffice to say that in both of the two instances that are mentioned in the slide presentation, the Australian Open Tennis Championships and the Australian Formula One Grand Prix, the badging benefits of having that Melbourne-branded signage there is immense. It was broadcast around the world to audiences of hundreds of millions of people and the branding that generates for Melbourne is huge.

Mr BARBER — I thought that was the point of those events, that everybody would know that they were in Melbourne, but if we have to pay extra for a billboard that says, 'This is in Melbourne'? When the grand prix runs on Japanese TV — —

The CHAIR — Have you got any clarification, or if you want to make a statement make it in Parliament?

Mr BARBER — Here is the question: when the grand prix runs on Japanese TV is there something that flashes up that says, 'This is the Melbourne grand prix'? Is it officially called the Melbourne grand prix?

The CHAIR — You might want to check with the Japanese with that one, but a couple more short questions.

Mr HOLDING — Is it called the Melbourne grand prix? It is actually called the Australian Formula One Grand Prix, and you would have seen the signage or you might not have, but let me answer the question, 'Do we have to pay extra?'. The answer is, 'No, we do not' in relation to the formula one grand prix. It is part of the existing suite of government support that exists for that event. In terms of where the signage is seen, does it pop up on screen? It does not need to pop up on the screen, it is at the start and the end point on the pit straight basically, and you could not possibly watch that event without seeing the signage and knowing that it is taking place in Melbourne. It would be impossible to watch it. It is Melbourne signage with 'Australia' written on each side of it and 'Melbourne' in the centre and it looks absolutely fantastic.

Mr DALLA-RIVA — Just to follow up on that — —

Mr PAKULA — I am going to follow up on that.

The CHAIR —Quickly, Mr Pakula and then Mr Dalla-Riva. We need to finish.

Mr PAKULA — I am glad Mr Barber asked that and I glad Mr Dalla-Riva wants to follow up because note (a) to the tourism table on page 158 of budget paper 3 says:

> Due to continued investment in major events and tourism marketing, visitors and expenditure are anticipated to grow.

I think what Mr Barber touched on is that there is always a degree of controversy over whether the — —

The CHAIR — Is this a question or a statement?

Mr PAKULA — No, it is a question, Chair — whether the major events and investment strategy actually attracts investment and tourism. Minister, could you give us some detail about exactly how investment and tourism are enhanced by the major events strategy?

Mr BARBER — The Auditor-General covered that pretty well.

Mr PAKULA — I am asking the Minister that question.

Mr HOLDING — That would be a good rule: if the Auditor-General's covered it you are not allowed to ask about it.

The CHAIR — All right. We would like to finish, Minister. I have promised Mr Dalla-Riva a quick question.

Mr HOLDING — I would like to go to Mr Pakula's question because we calculate the current economic benefit of major events to Victoria at about $1 billion annually, and the question that Martin asked was do these events bring visitors to Australia? Do they bring visitors to Melbourne? We think they bring something like 329 000 international visitors to Victoria, which is about 44 per cent of all international event visitors to Australia. What it shows is that Victoria is punching well above its weight in terms of attracting international visitors to our state connected with either major events or business events or regional events or whatever it might be. That is why we are such strong supporters of things like the Australian Open Tennis Championships, Australian Formula One Grand Prix, the Spring Racing Carnival, even things like the footy finals. They draw in international visitors; they draw in interstate visitors. These people come to Melbourne. They fill our hotel rooms. They fill our restaurants. They travel around in taxis, or whatever it is they might do, and it provides an economic spin-off to our State.

This is our competitive difference. In the same way that Queensland has the Great Barrier Reef or Sydney has the Opera House and the Sydney Harbour Bridge, we have our major events strategy positioning our State and branding us internationally. The branding that I talked about in answer to Mr Barber's question really does identify Melbourne with a whole raft of people who would otherwise not be exposed to Melbourne's lifestyle or tourism offerings. Those vignettes you see of Albert Park Lake during the grand prix or the vignettes you see of Melbourne along the Yarra River during the Australian Open tennis, whatever it is, these things are branding us internationally. It is a very important part of why we invest what we do in attracting major events to Melbourne.

Mr DALLA-RIVA — Very briefly, on page 331 of service delivery budget paper 3, in relation to positioning Victoria in the forward estimates there is 2.8, 1.8, 1.8 and 1.8. My question relates to the Australian Formula One Grand Prix; are part of those funds to be used for a night grand prix race?

Mr HOLDING — I know you are going to be so disappointed to hear this, Mr Dalla-Riva, but we have already ruled out a night grand prix on many occasions.

The CHAIR — Thank you for that. That concludes consideration of budget estimates for the portfolios of finance, WorkCover and the Transport Accident Commission, water, and tourism and major events. I thank the minister and departmental officers for their attendance today. It might be a good idea for someone to bring a calculator next time. It has been a very useful session. The committee has a couple of issues to follow up with you and some questions may be forwarded to you in writing at a later date. The committee requests written responses to these matters be provided within 30 days. Thank you.

Committee adjourned.

CHAPTER 7: DEPARTMENT OF JUSTICE

Transcript of evidence

7.1 Attorney-General's portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 3 June 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 Hulls, Attorney-General,

Dr Kelleher, Acting Secretary,

Mr J. Griffin, Executive Director, Courts Division, and

Ms P. Adams, Manager, Portfolio Coordination, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of Attorney-General, racing and industrial relations. On behalf of the committee I welcome the Honourable Rob Hulls, MP, Deputy Premier, Attorney-General, Minister for Racing and Minister for Industrial Relations; Dr Roslyn Kelleher, acting secretary of the Department of Justice; John Griffin, Executive Director, Courts Division; and Paula Adams, Manager, Portfolio Coordination, Department of Justice. 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 that they cannot participate in the committee's hearings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers who are requested by the minister or his chief of staff can approach the table during the hearing. Members of the media are also reminded 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. The committee requests that verification be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice, transcripts, PowerPoint presentations and any other documents tabled by the minister 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 is that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off, and I invite the minister to give a brief presentation for no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of Attorney-General.

Mr HULLS — Thank you very much, Chair. It is a pleasure to be here. I will just quickly run through the slides.

Overheads shown.

Mr HULLS — The first slide shows the budget breakdown. It shows that my portfolio is $878.4 million or around 22 per cent of the allocation for the Department of Justice. This represents an almost 20 per cent — 19.7 per cent — growth over the current year's funding. Additional funds are going to be directed towards landmark projects including, in particular, things such as developing and enhancing innovative low-cost resolution and an upgrade to the mortuary facilities — which I know will interest everybody here — and also forensic services.

The next slide shows the budget breakdown further. Dispensing justice, which is courts and prosecutions, takes up 52.7 per cent of the portfolio; legal support to government includes legal policy reform, native title, VGSO, victims services, electoral commission, legal aid and the like. Then there is community operations which includes infringement management, enforcement services, asset confiscation, road and safety enforcement and the like.

The next slide is specific to the portfolio of Attorney-General. As you can see 52.7 per cent of the budget includes courts and prosecutions — it is the biggest slice of the portfolio — legal support for government and protecting the rights of Victorians, which are areas such as legal policy, native title, VGSO and the like. There is also community operations which includes working-with-children checks, the Aboriginal Justice Agreement and victims services.

Major achievements last year are listed on the slide. They include the human rights charter. Homelessness guidelines were developed and launched to assist businesses and to provide services to homeless people. The relationships register was passed by the upper house on 10 April, and it is expected to commence by the end of the year. There is an equal opportunity review which was flagged in my justice statement in 2004. Julian Gardiner is undertaking that review. Assisted reproductive technologies: the Law Reform Commission has handed down its report. We are working up legislation for later in the year in relation to that. The Aboriginal Justice Agreement mark 2 is a landmark agreement that I am sure you are all familiar with.

Other major achievements include sexual assault reforms. The Neighbourhood Justice Centre has had its first birthday in Collingwood. There has been a continued roll-out of Koori courts in a whole range of places across the state. In judicial education the judicial college is continuing its groundbreaking work in providing ongoing professional development to the judiciary. We have a number of family violence reforms including family violence

divisions at Ballarat and Heidelberg, and also the Moorabbin Justice Centre which opened in October of last year, which is a state-of-the-art facility in that area. Then there are a whole range of reforms we are undertaking work in relation to. That is the Crimes Act; we are just about ready with uniform evidence bill; and also the Bail Act. The Law Reform Commission has done work in relation to reforming the Bail Act.

For this year's budget, there is a big area in ADR — $17.8 million in ADR; improved Supreme Court efficiency — $38 million over four years will provide for more prosecutors, solicitors, and extra Supreme Court judges. In the Magistrates Court a substantial increase — $15.6 million for additional security personnel and weapons screening. There is a huge increase in the workload in the Children's Court, and we have allocated $6.5 million for new magistrates, registry staff and the like.

The last slide talks about sexual assault reform allocation in the budget: $8 million for a specialist sexual assault prosecution unit in Geelong based on the model that we set up here in Melbourne which is working well, $29.2 million to refurbish the lower floors of the old County Court building to have multipurpose courtrooms in that building, $21 million to replace the analogue interview recording equipment at Victoria Police and the OPP, and also a large amount, $61.8 million to update the mortuary facilities and forensic services, including $38 million to rebuild the mortuary services building — it is outdated; it needs upgrading — and also a refugee support program: $8.2 million to ensure that justice agencies are more accessible to refugees. So that really is a snapshot of what has occurred in the last period and what has been announced in the budget.

The CHAIR — Thank you. We have about 55 minutes allocated for questions. I might just start off as I have started off with other ministers in terms of trying to get a bit of a clearer picture of revenue forgone, what subsidies, both explicit and implicit, are in departments' and agencies' programs and also any concessions. I was just wondering whether you could give us a quick brief on what they may be in your portfolio and also perhaps in the other two portfolios if there are any.

Mr HULLS — In relation to the A-G's portfolio, there are a number of work areas in the Department of Justice that provide concessions or subsidies or forgo revenue, although from my portfolio, the A-G's portfolio, there is only one that I am aware of, and that is the Working With Children check. Volunteers are not charged for Working With Children checks. The check is usually charged at $71.70. From 3 April 2006 to 13 May 2008, I am advised that there were over 135 000 applications from volunteers, and so the revenue forgone is about $9.7 million because we are not charging for those checks. In relation to the racing portfolio, I am advised that there are no concessions or subsidies in that portfolio, and that is the same with the IR portfolio.

The CHAIR — So in terms of, you know, free tickets to the races, et cetera, they are the responsibility of what, Racing Victoria?

Mr HULLS — We have set up an independent board, RVL, and that is entirely the responsibility of either RVL — who I have no doubt would hand out tickets from time to time including to members of Parliament — and also the VRC and Melbourne Racing Club and Moonee Valley. That would be entirely a matter for them.

The CHAIR — Just in terms of legal aid, I mean how would you judge that? It is a subsidy in some way or other, is it? Or really it is a program, I suppose.

Mr HULLS — It is a program. It is a program that is funded partly by the commonwealth, partly by the state to assist people who need legal assistance. It is means tested and merit based so you only get legal aid based on your ability to pay but also based on the merit of the case, and it is based on a scale of fees. So it really is a program, I suppose. There is also a lot of pro bono work that is done by lawyers who are doing work for government. You are probably aware that we changed the tender process guidelines some years ago to enable or to contractually ensure, at least, that those firms that did government legal work had to also commit to pro bono work and equal opportunity briefing practices and model litigant principles. The last report I had in relation to the amount of pro bono work that is being done by private firms — this is across Victoria, so it is not pro bono work for government — is from memory, and I can get you the exact figure, but I think it is over $6 million worth of pro bono work that is being done by private law firms who are contracted to do government work.

The CHAIR — Now that would be useful for us to have a figure on that.

Mr WELLS — Minister, I refer you to budget paper 3, page 171 under 'Dispensing Justice', 'Court Matters and Dispute Resolution', and also to the Productivity Commission's *Report on Government Services 2008*

which shows that Victoria's courts have some of the longest waiting lists and worst waiting times of any jurisdiction in Australia. For example, in the County Court as of 30 June last year there were 581 non-appeal criminal cases compared to 296 in 2003. So I am wondering: what do you consider to be the causes for the huge increase in court waiting lists that have occurred since you have been Attorney-General? When do you expect to be able to reduce court delays to acceptable levels, and will you provide the committee with details of what you and your department have agreed are the time lines referred to in BP 3, page 171, in which cases should be heard and decided? That is that 80 per cent number there under 'Timeliness'.

The CHAIR — Okay, because we have an extensive report on this in our last estimates report.

Mr HULLS — It is a fairly substantial question that deals with a number of things, but if I could just start with the County Court because that is what you have specifically referred to. In 06–07 the County Court finalised some 9433 matters which was, it is true, less than the target of 10 600 matters. This was wholly due to a decrease in the rate of finalisation for the civil jurisdiction which was 21 per cent less than the expected number. Civil matters finalised were 4830 compared to the target of 6110. You ask why. With the introduction of tort law reforms it is now much more difficult to actually bring civil actions before the courts, so those that actually do come before the court tend to run to trial and are not being resolved earlier than they were outside the courtroom via traditional pretrial methods such as mediation, consent orders and the like. This trend has continued in 07–08 with 4675 civil matters projected to be finalised compared with a target of 5500, and the trend may well continue into 08–09.

In response to the impacts of tort law reforms — you have to remember we introduced an unlimited jurisdiction to the County Court as well — the court has been reviewing the way its civil list is managed, and it is implementing a number of initiatives, including a new commercial list, and the process around directions hearings I understand has also been tightened. Those new measures are expected to be fully implemented by July 2008, although the pipeline effect is such that it will take a little time to influence results.

It is worth noting that the County Court met or exceeded timeliness and quality targets in 06–07 and is expected to do so in 07–08; and the 08–09 budget provides funding of over $1.6 million for a judge-led mediation pilot, which will include an extra County Court judge. So work has been done in this budget to try and get matters resolved outside the court process rather than within the court process. You also have to remember that in the last budget there was also a substantial increase in resources to the County Court, including a number of extra judges. I think there were some two extra judges in last year's budget in relation to the County Court, and that is also expected to have a flow-on effect.

In a nutshell, matters are becoming more complex. Those matters that are going to court are the most complex matters and are far more difficult to resolve at the door of the court, as was previously the case. We have implemented a whole range of reforms both in the civil and in the criminal area. You are probably aware that the Law Reform Commission just handed down its report in relation to civil justice and how to better resolve civil matters outside the court process, or when they get to court having a much more streamlined process. In relation to the criminal jurisdiction we have introduced things such as sentence indication, for instance, all with a view to getting people to plead guilty at an earlier stage so matters do not go to trial. We believe all those reforms — and there have been substantial reforms, including substantial extra resources to our courts — will address the delay issue. Some of those matters have already been addressed in the last budget, but due to the pipeline effect they will take a while to come through.

Mr WELLS — Just to clarify that.

The CHAIR — Very quickly, please.

Mr WELLS — Minister, with regard to that 80 per cent — that third point I raised about the time frames — are you able to provide, maybe on notice, the time frames to the committee for Magistrates, County and Supreme courts within the definition of that 80 per cent?

Mr HULLS — When you say, 'definition', how do you mean?

Mr WELLS — What are the actual days or weeks with regard to the time frames set aside for settling a case?

The CHAIR — We will take it on notice.

Mr WELLS — Under 'Timeliness' it says 'Criminal and non-criminal matters disposed within agreed time frames'; what are the agreed time frames?

Mr HULLS — I am happy to do that. That will be based on a national definition in relation to timeliness.

The CHAIR — The Productivity Commission report.

Mr HULLS — I am happy to get you that material.

Mr WELLS — For each court?

Mr HULLS — Yes.

The CHAIR — They are done, as we reported, in terms of higher appeal, non-appeal, Supreme, District, Magistrates and Children's. That is how they do it. I might note that you did recently produce a report which did suggest that the Auditor-General might consider whether there is a need to build on his work covering the Magistrates Court by undertaking a more targeted approach to examining efficiency aspects relating to various levels of courts within the judiciary, and I am sure the government will reply to that particular recommendation in due course this month.

Ms MUNT — In budget paper 3, pages 166 to 171, under the umbrella of 'Legal support to government and protecting the rights of Victorians', 'Protecting community rights' and 'Dispensing justice', the government has funded a package of alternative dispute resolution initiatives under those umbrellas, and you also mentioned in your presentation strengthening alternative dispute resolutions under that $17.8 million of funding. Could you please detail to the committee how these funding initiatives will assist in resolving disputes and reducing court delays?

Mr HULLS — It really gets back to Kim's initial question. We have in Australia, in Victoria, an adversarial system of justice, basically, and I think it is time to question whether or not the adversarial system has passed its use-by date. What normally happens, particularly with a civil dispute, is that someone will go and see a lawyer, a lawyer will send off a letter of demand, and once that occurs — bang! — you are in the system. A lot of it is a chest-thumping, table-thumping exercise, and you really have to ask whether or not people start to lose sight of what dispute resolution is all about, and the system of discovery, interrogatories and the like in our court system. You have got to ask whether or not it is aimed at resolving disputes or increasing costs for all parties. So we have to think differently; we have to think smarter. I think the next substantial wave of reform in our justice system is ADR — alternative dispute resolution, or, as I prefer to call it, appropriate dispute resolution. We have to look at more appropriate ways of resolving disputes outside the court system, and the court should be a port of last resort, basically.

With that in mind, this year's budget has provided $17.8 million over the next four years for ADR initiatives right across the state. This will go towards reducing the high costs of obtaining justice in Victoria and, I think, unlocking for the first time in any jurisdiction the real potential for ADR, both outside the court process and within our courts. As part of that measure we will be the first jurisdiction in Australia to trial judge-led mediation. It has never happened before in this country. It is based on a Canadian model where an intractable dispute that has been in the court list for a long period of time is taken out of a particular list and sent off to a judge who has had nothing to do with it, with a view to trying to have the matter resolved. From memory, the figures in Canada show that 95 per cent of matters that are put into the mediation list before a judge are resolved. Why? Because they have the imprimatur of a judge. They have the imprimatur of a judge and the imprimatur of the court, and they are resolved very quickly and effectively.

We know with mediation that people take ownership of the outcome. In court, often one side wins everything and the other side walks away thinking, 'The system has let me down', whereas with mediation parties take ownership of the dispute. So $17.8 million has been allocated for improved dispute resolution services across the state, including judge-led mediation trials in both the Supreme and County courts. That includes the appointment of an additional County Court judge and an additional Supreme Court judge. There is also funding for a whole range of other mediation services right across the state, including a Magistrates Court intervention order mediation program, $5.8 million; expanding the services of the Dispute Settlement Centre of Victoria into rural and regional parts of the state — substantial amounts for that; and also $1 million provided to set up an ADR champion to raise the profile of ADR right across Victoria.

There has been a fair amount of interest in this. I know that Chief Justice Marilyn Warren has had a look at the Canadian model. From memory, the judge in Canada was Justice Louise Otis, who heads up the list there, and from memory, Marilyn Warren has met with Louise Otis. The courts realised that it is important to think outside the square in resolving disputes. The cost of justice — particularly when you have some barristers these days charging up to $14 000-plus a day — at the high end is becoming prohibitive. It is becoming a fiefdom for large corporate entities to take action against each other in the full knowledge that their legal fees are tax deductible. They have to realise that access to publicly funded court time is not infinite. It is a finite resource that ought to be utilised in the best possible way. We need to do what we can to get these matters out of our courts and resolved a lot more efficiently and effectively prior to getting to court. But if they do get to court, again, we have to look at innovative ways to resolve them outside the adversarial process.

Mr RICH-PHILLIPS — The budget provided some money for the old County Court refurbishment. In May 2005 the legal precinct master plan was released, which had the Supreme Court redevelopment as stage 1 of the master plan and the old County Court redevelopment as stage 2, and it noted:

> Stage 1 works are identified as top priority requiring immediate implementation, based on urgent identified service needs. Subsequent stages are identified as future works as service needs dictate.

The CHAIR — Can you tell us what you are quoting?

Mr RICH-PHILLIPS — The master plan. Can you tell the committee why funding has been provided for stage 2, not stage 1, and does this mean the master plan has now been abandoned for that precinct? Specifically on the numbers, the figure on your presentation, $29.2 million, is at odds with the 22.5 shown in the budget. Could you reconcile those two numbers, too, please?

Mr HULLS — Okay. Just in relation to the legal precinct master plan, no, it has not been abandoned — quite the opposite. Work is being done virtually on a daily basis in relation to the master plan. This year's budget provides, I think, some $23 million additional to the $10.5 million that was provided in 06–07 and 07–08 towards establishing a further six flexible trial spaces within that precinct at 223 William Street, which is the old County Court. That will meet additional cross-jurisdictional demands. These will be multipurpose courts that can be used by any of the jurisdictions for overflow from their particular premises. The additional courtroom capacity within the legal precinct accommodates the expansion of judicial numbers as well within the various jurisdictions, and it will assist in achieving more efficient case management within the precinct.

In relation to the Supreme Court redevelopment which you have touched on, the implementation of the legal precinct master plan commenced immediately after 06–07 ERC funding was announced. The Supreme Court redevelopment early works program was funded with some $22 million in capital funds in 06–07 and 07–08, and the early works program is being delivered within that scheduled program and is on budget. The construction works comprise urgent occupational health and safety works and upgrading of heritage works at the courts and amenities in the Supreme Court. Key milestones of that program to date — and I have been at the opening of some of these — include the Banco Court upgrade and the provision of judicial facilities opened in May of 07, and the refurbishment of court 15, which has provided the Supreme Court with a civil trial facility and the accommodation of multiple witnesses. Court 14, which is a smaller civil court, has also been fitted out to enable disabled access at the court. The upgrade and refurbishment of court 4 was completed in late March of this year and reopened on 7 April this year, and construction is currently under way in courts 2 and 3, with works due to be completed in, I think, July or early August of this year.

The legal precinct master plan is a very important plan. I think the nub of your question is, I guess, why was the funding not allocated in this year's budget to complete the Supreme Court. It is a staged process, to be frank with you, and there are always competing priorities. The major priority of each of our courts is to reduce court delays, which gets back to Kim's first question, and a whole range of reforms have been implemented in relation to that, but the Supreme Court redevelopment — that is, the court itself — is by no means off the agenda. Substantial amounts have already been spent, and it was always going to be a staged process.

Mr RICH-PHILLIPS — Was that not supposed to be the no. 1 priority under the master plan? Is that not why it was stage 1? That is what the master plan said, 'This is the priority'.

Mr HULLS — The master plan is about upgrading the facilities that exist in that legal precinct. That includes the Supreme Court, and an enormous amount of funds has already been expended in a staged way on

upgrading the court facilities at the Supreme Court. The early discussions in relation to the master plan were whether or not, in upgrading those facilities, we should actually have a brand-new stand-alone court; whether we should divide the court into two and have a civil and criminal jurisdiction; and, if we were to have a brand-new stand-alone court, what it would mean to the current court site. There were problems in relation to the old High Court site — as you will remember, there were heritage issues and the like — and the federal government at the time made it quite clear that they were not going to allow the state government to move in relation to those High Court premises, so there had to be a total reworking of what was going to happen ultimately to the Supreme Court. But nonetheless, enormous amounts have already been spent on upgrading the current facilities of the Supreme Court, so it is a priority, and further work will be done over the coming budgets.

Mr RICH-PHILLIPS — Another part of the question was about the dollars — that is, the difference between your slide and what is in the budget papers.

The CHAIR — I think he already mentioned there were $10 million in this financial year and the previous one.

Mr RICH-PHILLIPS — Perhaps the Attorney-General can tell us, if that is the reason.

Mr HULLS — I am advised that there is no difference. The 29.2 is made up of 22.5 assets, 6.7 output, which brings you to the 29.2.

Mr SCOTT — I would like to draw your attention to budget paper 3, page 171 and the output group 'Dispensing justice'. Can the Attorney-General outline the planned progress in the development of Australia's first higher jurisdiction Koori Court?

Mr HULLS — This is something that I am pretty excited about and I have spoken about on a number of occasions in the Parliament. As we all know, there continues to be a gross overrepresentation of Kooris in the Victorian justice system, and we just cannot just stand by and allow Aboriginal males to be incarcerated at 12 times the rate of their non-indigenous counterparts. We just cannot allow Aboriginal kids to be incarcerated at 16 times the rate of their non-indigenous counterparts, so we have set up a number of Koori courts around the state. They have been criticised by some. I know that an allegedly well-known barrister recently criticised the Koori courts generally, but all you have to do is read the report of the Royal Commission into Aboriginal Deaths in Custody and you will see that it is quite clear we have to have a more culturally sensitive justice system; not one that is a soft option — quite the opposite — but one that is more culturally sensitive to the needs and aspirations of Aboriginal people. As a result we set up as a trial Koori Magistrates Courts here, the first one being at Shepparton, I think, in 2002. They have now been independently evaluated, and they are no longer trials. They have been so successful in reducing recidivism rates, so successful in ensuring compliance with court orders and so successful in ensuring that the Koori population, if you like, takes ownership of the justice system and is more aware of the justice system, that they have now become a permanent part of the DNA here in Victoria of the legal landscape.

As a result it is now time to have another trial, and that is in a higher jurisdiction. You cannot in this game stand still, because if you do, you go backwards basically. Whilst the Magistrates Courts have been successful, I think it is important that we have a look at the higher jurisdiction, so the Koori County Court will be the first indigenous court in that jurisdiction in Australia. It has the strong support of not just the Koori community but, just as importantly, the County Court as well. I know Chief Judge Michael Rozenes is very supportive of it.

Obviously we have to work through the eligibility criteria and the like. We have already ruled out sexual offences being dealt with in the Koori County Court, and they are not dealt with in the Koori Magistrates Court either, so there is nothing new there. The Koori defendant will have to consent to the matter being heard in the County Court and will have had to have pleaded guilty to the offence, the same as in the Magistrates Courts. All the County Court sentencing options that currently apply will apply in the Koori County Court, as occurs in the Magistrates Court. There will be, as there is with the Magistrates Court, Koori elders and respected persons who sit in on court as well.

I certainly believe our higher courts should operate in a way that is more culturally accessible, acceptable and comprehensible to the Aboriginal community. I think for too long, as a community, we have ignored the overrepresentation of Aboriginal people in our justice system, or we have tended to say, 'They behave a lot worse than the non-indigenous population, so therefore they deserve what they get'. Well, it ain't as simple as that, and it is important that we address the underlying causes of criminal behaviour, and address them as best we possibly can. In doing that we have got to have a court system that is more culturally sensitive. It is not a soft option. Many

Kooris do not choose to appear before the Koori Magistrates Court, because they find the shaming exercise in front of their elders is far more intimidating than the normal court, so it is not a soft option at all, but if it works as well as the Koori Magistrates Courts have been working, it will be a resounding success.

The CHAIR — Thank you. I remember being a member of the Law Reform Committee in 2000. In the review of rural and regional legal systems we had somebody from the Koori community come in. They walked in and they just walked out, because the disconnect was so great. I think that anything that can be done to actually fix that gap is very important.

Mr BARBER — The adult parole board, Youth Residential Board and Youth Parole Board have all be exempted from the human rights charter by regulation and the human rights commission said that they were unaware of the rationale for that and that such provisions were extremely significant. I believe your response was that this was done for a period of one year in order to allow for a review of the impact of the charter on those bodies' work and also to consider the resources that they would require to comply. Can you let us know what those resources are, the progress of the review and whether it will still be for only one year?

Mr HULLS — It is a good question. I actually met with the heads of the Youth Parole Board and adult parole board only last week about this very matter, because they are seeking an extension of the exemption. They have put their case to me in relation to that and I have not made a decision yet about whether to go down that path or not. They have suggested that natural justice is not afforded to people seeking parole and they have to make decisions, often very quickly, in the interests of the broader community. They are aware that no right under the charter is absolute, but they are indeed seeking a further period of exemption.

Whilst I understand their arguments, I am somebody who is pretty passionate about the human rights charter and I want it to become a permanent part of the legal landscape in this state; I do not want it to become a political football. I hope that whoever is in power over the next 10 years in Victoria will ensure that the human rights charter remains in this state. But to give due regard to the arguments they are putting, I have told them I actually want to go down to the parole boards and see personally how they operate — not just the adult parole board but also the Youth Parole Board — before I make a final determination in this area. I want to see firsthand how they operate and after I have viewed how they operate I want them to further make out the arguments on why they require a further exemption in relation to their operations for a period of time. I am due to go down there, I think, in the next couple of weeks, to both the adult parole board and also the Youth Parole Board, and a decision will be made in the next short period of time. To get to the nub of your question, yes, they have sought a further exemption and I am giving consideration to that.

Mr BARBER — So it may not really be a question of resources, then?

Mr HULLS — They will have to put to me not only a very strong argument as to why they should be further exempted for a period of time but also, if they were not exempted, what resources they believe they would require to fully adhere to the charter. It may not be just a question of resources; that is true. It may well be, on the decisions they make and the timeliness of those decisions that they are required to make when they are dealing with people's liberty — they do not give reasons for their decisions, as you are probably aware — as they have initially put to me, that it is important that they continue to operate in that way. As judges they admit that in all likelihood they are denying people natural justice. But that has always been how the parole board operates and if you change that, and you put in place a whole range of appeal rights and they have to give voluminous reasons for decisions and the like, it would tie down the work of the parole boards and, in their view, they could well become unworkable. That is their argument. I want to see for myself and get a better feel for the way the boards operate and I will make a decision in due course.

Mr NOONAN — I want to ask you about the second-last dot point on your handout, which goes to the upgrade of mortuary facilities and forensic services, some 61.8 million, and in particular ask you: given that commitment of funding, why has the government chosen to significantly increase funding to the Victorian Institute of Forensic Medicine?

Mr HULLS — It is a good question. It is a substantial amount of money, it is true. The government has given VIFM an additional $23.8 million in output funding over four years and $38 million in asset funding, in the state budget. The primary rationale for this increased funding has been the significant increase — and this is in the budget papers as well — in demand for medico-legal death investigations. The number of investigations has

increased by 41 per cent over the past seven years, so that is a huge increase in the workload of the coroner. There have been a number of factors that have driven this increased demand. The ageing of the Victorian population has resulted in more people in the age range with a higher death rate. Medical practitioners are much less willing to sign death certificates, due to the growing awareness of the legal implications of attributing a cause of death not based on medical evidence.

As private pathology providers have withdrawn from rural autopsy services, which they see really as non-core business, more deaths requiring medico-legal investigation have been actually transferred down to Melbourne, to VIFM in Melbourne, although there are negotiations taking place now with VIFM to re-establish services in places like Bendigo and Ballarat. Fourthly, increased referrals of death certificates from births, deaths and marriages has arisen as a result of the system of safeguarding against a Dr Shipman-type scenario. So there have been far more referrals of death certificates from births, deaths and marriages. VIFM has adopted a range of measures to deal with this increased demand from within its existing resources, but — and you have heard this before — more needs to be done, and as a result there has been a substantial budget increase. What will it do? The money will allow VIFM to employ five additional forensic pathologists, a trainee pathologist and related scientific staff. That will mean obviously extended pathology services and the like. It will also include coronial services by establishing a coronial council and strengthening the prevention role of the coroner — so not just investigation of deaths but also a prevention role: education and training and the like.

Also it will allow for a significant upgrade of the mortuary facility. This is absolutely necessary. There needs to be an increase at that facility for body storage capacity because of the increased demand. It will refurbish and expand the autopsy suite. We think that this huge increase in resources will allow VIFM to carry out its work in a more timely and more effective manner. It is a substantial amount of resources, but it is absolutely crucial. The building down there is old; it needs a refurbishment, and the increase in the number of bodies physically going there has been such that the storage facilities are outdated.

Mr DALLA-RIVA — Attorney-General, just in relation to service delivery, budget paper 3, pages 166 and 167, in the legal policy, advice and law reform output group, I ask: in respect of the forward estimates there is a calculation of projects and also the total output costs — I am just trying to work out the financial impacts in terms of the legislation on family violence that you announced in July last year. When do you expect that to be put into Parliament, including the trial of the safety notice regime on interim protection orders? The other ones are the Criminal Investigation Powers Bill and the criminal offences bill, both referred to in the statement of government intentions. Is there any financial impact — I know you touched on it briefly — in terms of that output group as a result of the law reform commission's Civil Justice Review, which you indicated earlier?

Mr HULLS — Okay, I will touch on the last thing first — the Civil Justice Review. The law reform commission handed its report in relation to civil justice just last week. I think it made 177 recommendations. Some of those will have a financial impact; many of them will not. We need to work through each and every one of those, particularly those that can be implemented quickly to have a real impact in relation to civil justice. We need to work through each and every one of those. I cannot give you a definitive answer, because we may not accept all of the recommendations, but I think the law reform commission indicates that many of the reforms will not require extra resources. There will be some low-hanging fruit I think we can implement sooner rather than later. A lot of the reforms are about changing the culture in relation to how civil justice is undertaken, but it does also refer to alternative dispute resolution. As you know, that does have a resource implication, and we have actually pre-empted the report by allocating some $17.8 million for ADR.

In relation to the family violence report, you would be aware family violence is a leading contributor to preventable death, disability and illness among Victorian women aged between 15 and 44. It is a scourge on our society. For too long it has been in the too-hard basket, I think. As a result I asked the law reform commission to review our family violence laws, and its report was tabled in 2006. At that time the government undertook a staged approach to the administrative, procedural and legislative recommendations contained in the report. The law reform commission report contains 75 non-legislative recommendations relating to administrative and procedural aspects of the justice system, and significant progress has already been made in addressing the key recommendations, such as increased access for victims of family violence to legal support services, enhanced family violence professional development for police, support staff and judicial officers, improved after-hours victims services, as well the Sentencing Advisory Council actually reviewing the maximum penalties and sentencing approaches for breach of family violence orders. The major recommendation was that there be a stand-alone family violence bill — that family violence intervention orders are really being dealt with at the moment under the same piece of legislation as

the stalking orders and that there should be a stand-alone bill. To have such a bill would give a clear and cohesive legislative focus on family violence intervention orders.

There has been an enormous amount of work done in relation to this bill. I note that some have said that it should have been introduced before this and we should have done it much earlier this year. I disagree. My view is this is such a groundbreaking piece of legislation that will lead the nation that it is important there be appropriate stakeholder consultation and support for the recommendations. Indeed, I have to say that stakeholders themselves actually sought additional time to participate in the process, and the government agreed to that. Yes, we could have rushed the bill in a lot earlier than when we intend to introduce it — and it will be later this year — but we decided to adhere to the request of stakeholders. They were fully aware of the substantial implications of this legislation. It was important that we get it right.

In relation to the family violence safety notices, the bill will deal with those notices. I think it was originally announced by the former Premier, Steve Bracks, that the trial of family violence safety notices was expected to get under way in mid-2008. However, it is now anticipated that the family violence bill will be introduced later this year, with a start-up date either late 2008 or early 2009. That is as a result of extended consultation with stakeholders and at their request.

I just repeat that this is a very important piece of legislation. It is all about better protecting Victorian families. It is about allowing the woman and the kids to stay in the home while the perpetrator of the family violence is removed from the home. It is about ensuring that perpetrators of family violence do not get the opportunity to cross-examine victims of family violence personally in court. A whole range of other recommendations have been put to us that will be included in the bill, including a comprehensive definition of family violence that will include economic and emotional abuse as well as other types of threatening and controlling behaviour. It has also been put that we broaden the definition of 'family member' to cover a wider range of family and family-like relationships and ensure that all relevant evidence as is appropriate in the circumstances is presented before the courts. That means impinging on the hearsay rule as well. We think this will be a very good piece of legislation, but we have to get it right, and we have adhered to the request of the stakeholders to give them extra time to consult on the bill.

Mr PAKULA — Minister, I just refer to your presentation. The budget breakdown 2008–09 by output group had $415.2 million for dispensing justice. Of that, on the budget initiatives page — you have already gone to ADR and Supreme Court — Magistrates Court safety, security and risk, $15.6 million, could you just give the committee some detail as to how that particular initiative will improve safety for officers of the court, members of the public, et cetera?

Mr HULLS — Some time ago I was approached by the Chief Magistrate in relation to a number of incidents that occurred at some of our courts. It was suggested that there needed to be upgraded safety at some of our magistrates courts, acknowledging that we need to get that balance right. Courts are public assets, and it is absolutely important that members of the public have access to our courts on the one hand, but on the other hand they need to be secure assets as well, and the security of judicial officers and staff who work in the courts and those who are appearing in our courts needs to be secured as well. It is a balancing act. Nonetheless the Chief Magistrate put a case and a study was done by the police, I think, in relation to some of the security issues at our courts. I do not know whether that report was ever finalised or endorsed finally by police. Nonetheless, it was agreed by the government that there needed to be further funds allocated for a number of courts around the state, so the budget includes $15.6 million over four years for the Magistrates Court to fund additional security personnel and weapons screening across the state. This will better equip our magistrates courts to respond to challenges of security and safety. It will make our courts safer for not just judicial officers and staff but, as I said, court users as well.

There are three components to the package. The first is $13.2 million for armed guards and unarmed security personnel services at nine courts; 1.98 million for the installation of weapons detection systems at these courts; and also $700 000 for minor security upgrades across all of Victorian courts. In case Kim Wells wanted to know what the nine courts were — and I know that is what he was going to ask — they are Broadmeadows, Dandenong, Frankston, Moorabbin, Ringwood, Sunshine, Geelong, Heidelberg and Werribee. I recently attended the Frankston Magistrates Court to announce the security funding package. That will see $1.6 million spent at Frankston. For anyone who has had the opportunity to visit the Frankston Magistrates Court, it is a very busy court. There are a whole range of issues there. I suspect that this $1.6 million will ensure two security guards, and an airport-style weapons screening system staffed by an additional three security personnel. I think it is a good budget initiative and it will be welcomed not just by the Chief Magistrate but by all court users.

The CHAIR — A final question to the Attorney-General from Mr Wells.

Mr WELLS — It is just to follow up the same question, Minister. I note that the list that you read out, none of them are in country areas. It is my understanding the Auditor-General brought down a report that highlighted serious security risks for country magistrates courts. Could you maybe address that part of it for us?

Mr HULLS — This is an ongoing brief where there has been substantial funding for upgrading security. Some of that $700 000 for security upgrades across all Victorian courts I suspect will be utilised in those country areas where there is deemed to be a higher risk than other jurisdictions.

Some of the matters that are dealt with in some country courts could not be described as high risk and as a result will not require upgraded security. Others I expect will, particularly if there was a very substantial matter that had high risk associated with it, although it may be in those types of matters they would be transferred to a court that had upgraded security. That happens now for instance in Melbourne with the Supreme Court and the County Court for some of the more high-risk matters. Supreme Court matters are actually dealt with over the road in the County Court because of security issues there. I suspect some of that $700 000 will be allocated to country jurisdictions, but it is an ongoing brief that the Chief Magistrate has to advise the government in relation to the highest security risks and the allocation of funding to those courts that I have named. My understanding is that has been after consultation with the Chief Magistrate, but we continually review security right across the state and this is an ongoing exercise.

The CHAIR — Thank you, Attorney-General. I noticed in your outputs for the VEC you have got funding down for one by-election, which is very efficient of you in that regard. I also thank John Griffin for his attendance.

Witnesses withdrew.

Transcript of evidence

7.2 Consumer Affairs portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 21 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 A. Robinson, Minister for Consumer Affairs,

Dr R. Kelleher, Acting Secretary, and

Dr D. Cousins, Executive Director, Consumer Affairs Victoria, Department of Justice.

The CHAIR — I thank the previous departmental officers on gaming and I welcome David Cousins, the executive director, Consumer Affairs Victoria. I call on the minister to give a brief presentation of not more than 5 minutes on the more complex financial performance information made in the budget estimates for the consumer affairs portfolio.

Mr ROBINSON — Thanks, Chair. The good news is we have got a slide show.

Dr KELLEHER — No, we do not.

Mr ROBINSON — No, we do not.

Dr SYKES — Another unfulfilled promise.

Mr WELLS — Every other minister has been able do it.

Mr ROBINSON — I did not say it worked. I said we had a slide show.

Dr SYKES — That is right. The subtleties of Labor words!

Mr ROBINSON — I will invite you over for a slide night or something later on. Consumer Affairs Victoria's main goals in achieving its vision of an informed and responsible body of consumers and traders is via empowering consumers via a competitive, fair and safe trading environment and via protection of vulnerable and disadvantaged communities.

Just in 2007–08 Consumer Affairs Victoria has received more than 460 000 written and telephone requests for information and service. It has handled some 37 000 visits to its Victorian Consumer and Business Centre, received in excess of 15 800 complaints and requests for inspections, recovered over $3 million through dispute resolution, received over 1.3 million visitor sessions to the website, and distributed over 2 million forms of publication. Inquiries are at an all-time high.

The portfolio contains 49 acts and some 50 series of regulations. It is a very diverse portfolio and it has some quite old legislation. One of the things I have been keen to do as minister is actually undertake or commence a modernisation program. We have received some funding to do that out of the regulatory reduction fund — $1.2 million over three years. This is important for a whole range of reasons. Real estate agents, for example, operate under at least two acts and about eight sets of regulations. There is a problem with some longstanding industries about where the reform effort goes. To my mind you just cannot keep loading up some professions with more and more regulations. It will get to the point where practitioners simply do not understand what it is that they are meant to be doing or not doing. The legislative modernisation program in 2008–09 will get under way. That is really about reducing red tape but also looking at the laws that we need going forward in a world where trade is being conducted in a very different way.

The national reform agenda remains a very active source of work for CAV. We are involved in a number of areas. On the consumer policy framework we are supporting moves for national harmonisation of generic consumer law. We have made submissions to the Productivity Commission on this front. I am pleased the Productivity Commission's recent final report on this matter referred to our submission, I think, 53 times. By way of comparison, I think it mentioned New South Wales about 10 times. We are putting a lot of time and effort into this.

In regard to commonwealth credit regulation, all consumer affairs ministers have informally agreed and signalled their willingness to have credit transferred to the commonwealth, and that will be a source of a lot more engagement over the coming year, although that is a very complex area. On a national product safety regime, I am having a meeting with the ministerial council on Friday in New Zealand, and we are hopeful of getting some substantial progress on product safety matters and taking a large step towards getting standardised arrangements and involving the commonwealth regulator, the ACCC.

With liquor, people would be aware liquor is the subject of our $37 million alcohol action plan. Consumer Affairs Victoria has a role to play in that. The alcohol action plan is coordinated by Minister Lisa Neville, but consumer affairs, through the liquor licensing, remains an important player. The government has allocated about $16 million by establishing a licensing compliance directorate, and we will be doing a lot more work on that during the course of the year. As an adjunct to the work we are doing in liquor, I issued a public warning statement last weekend about the marketing of alcoholic energy drinks and the potential risks to consumers. A body of evidence is

emerging around the world about the potential misuse of those products. Under powers in the Fair Trading Act the director will be doing some further work on that by engaging the liquor industry directly.

Other product priorities include product safety, the fall-of-the-hammer regulations in real estate, a residential accommodation review, motor vehicle lemon laws, and the Prostitution Control Act. With fall-of-the-hammer regulations, we are actually looking towards regulations that will prohibit the offer and acceptance of bids at auctions after the hammer has fallen. The current situation, and in fact the situation for many years, has been that you can keep making offers up until a contract is signed. That has created some uncertainty with auctions, and in the second half of the year we will have that change. We are proposing to introduce what is known, for all intents, as the lemon law on new motor vehicle sales. Important work is being done on the Prostitution Control Act about the efficacy of prosecutorial activity and how we might make that easier for the relevant agencies; and we are doing some work with residential accommodation and are proposing changes in the first stage to student accommodation and to boarding houses. We are working closely with other partners on that.

On financial counselling, through the recent budget process we have secured consolidation of the funding for financial counselling in Victoria. That is a very important part of our work. I welcome the commonwealth's doubling of financial counselling assistance over next four years and look forward to working with it cooperatively.

In conclusion on the funding matter, the CAV accounts for about 3.9 per cent of the department's total output — that is about 141 million. Of this, some 40 is sourced from appropriations and 97 is sourced from trust funds, including a $50-million allocation for public housing from the property fund but done in accordance with the relevant legislation, and I think we have got a slide there that talks about the source of funds. As people on this committee would be familiar, consumer affairs has a series of trust funds, and they to some extent underpin the operations of the agency each year.

The CHAIR — Thank you, Minister. We had an extensive discussion or exposition on trust funds in our latest outcomes report. There are quite a lot of trust funds in the system. Thank you for that. Just a clarification, is this alcohol action plan over a number of years?

Mr ROBINSON — It is over a number of years, isn't it?

Dr COUSINS — That is right.

Mr ROBINSON — Yes. It goes over five years, I think, as the total.

The CHAIR — Five years. Yes; I noticed we only collect $7.7 million in licence fees. We are obviously spending more than that per year in terms of regulating.

Mr ROBINSON — We have foreshadowed that there will be a review of licensing fees. They have not been reviewed in some time, and certainly some forms of licences in Melbourne are much cheaper than you would see interstate.

Ms MUNT — I was interested to see in your presentation mention of fall-of-hammer regulations. I have done a bit of buying and selling of property during my time, sometimes at auction, and there are certainly traps for the unwary. We are talking about a major investment in most people's lives and there can be difficulties. Budget paper 3, page 178, 'Protecting consumers', states:

> This output ensures that consumers are protected through appropriate regulation and education …

I was wondering if you could tell me if there is anything that is going to be put in place to address protecting consumers through education and regulation, particularly in regard to purchasing a property, and particularly in regard to purchasing a property at auction?

Mr ROBINSON — The reforms I have outlined with the fall-of-the-hammer changes are not the only thing that CAV do. They have a very active monitoring program of estate agent activity — auctions in particular. We have in Victoria a tradition where auctions are a more marked feature of the real estate industry than in some other states. I am not quite sure why, but that is very much part and parcel of life in Victoria. CAV keeps a close eye on both bidding practices and on underquoting. In 2007 I think there were 13 major compliance exercises on the estate agents market — on auctions in particular — and a substantial number of ongoing investigations have resulted from that. We have also seen successful court actions against two agents in the last 12 months, and they do

send a very clear signal to the real estate industry that practitioners need to observe some central tenets of the law and of regulations. What we are proposing now arises from discussions that have been held amongst a number of groups, including the advisory group we have got — the Estate Agents Council. It is about looking at how we can create greater certainty and confidence for consumers at auction. In the last six to eight months there have been a couple of reports of vigorous disagreements at auctions, where the property has actually sold to someone who did not seem to bid in the public process out the front.

The CHAIR — Were they in a tree, Minister?

Mr ROBINSON — But, as I said, the law for many years has allowed bids to be received right up until the contract is signed, so the fall of the hammer does not preclude bids being offered after that. Most consumers would be surprised by that. They would assume that the fall of the hammer is the point of finality, but it is not. We intend to make it the point of finality. We have had some detailed discussions with stakeholders about this, and we are in the process of drafting changes to sets of regulations. There are two sets of regulations we have got to amend, and our estimates is that change will be in place at the end of June. Going into the next auction season we will certainly be selling the message, via CAV through the usual channels, and the REIV will assist in that, that the law on auctions has been modified and the fall of the hammer is the point at which you need to have your bid in; otherwise offers certainly cannot be accepted.

Mr WELLS — Minister, on budget day your colleague the Minister for Mental Health put out a press release which states:

> The budget provides $17.6 million to create a compliance directorate in the Department of Justice to increase licence inspections and ensure compliance with new laws and regulations, review liquor licensing fees and develop an assault reduction strategy led by Victoria Police.

On page 178 of budget paper 3 under the heading 'Protecting consumers' the target set for inspections, compliance monitoring and enforcement activities in 2008–09 is exactly the same target as 07 and 08, so why is that when you are spending an extra $17.6 million?

Mr ROBINSON — I think some of the explanation is probably because the compliance unit will take some time to establish; we are not establishing it overnight. This is an area in which effective action depends upon clear cooperation between different agencies. In this case you are looking at the director of liquor licensing, you are looking at Victoria Police and you are looking at councils. They all have a role to play. My expectation is that the estimates we put there have probably been exceeded. It is a very active area. If you take stock of inspectorial activity and enforcement activity that is conducted by consumer affairs, by the director and by police, I would not be surprised if that is exceeded. But what we have got to do — and it is foreshadowed in the alcohol action plan — is get a more dynamic compliance unit established that is based upon more active cooperation between police, councils and consumer affairs. Consumer affairs in the first instance have the licensing function through the director of liquor licensing, and the director has a range of independent powers. She is resourced to take those powers involved in a whole range of hearings and applications and a whole lot of licence matters. We will ultimately create a much more dynamic and integrated vehicle for ensuring compliance, not with just the law as it stands now but the law as it will be strengthened, I think, over coming years to tackle what is a real scourge — the rise of antisocial behaviour around a lot of nightclubs and entertainment venues.

Mr WELLS — Minister, are you telling me that this spending $17.6 million to set up another bureaucracy, and the cost of setting up that $17.6 million will actually not result in one extra inspection? You might be underestimating it, but the fact is that in the 08–09 target you have actually stated 7750. So we are setting up a bureaucracy and that is not actually going to pay for one actual, additional inspection.

Mr ROBINSON — No, I am very confident that the establishment of the compliance unit will lead to a substantial increase in inspectorial activity. I expect it probably has not been foreshadowed accurately in the budget papers, because the alcohol action plan announcement was only made very recently, but I would expect the measures will be updated accordingly in the coming year.

Mr WELLS — Okay, so how much has specifically been put aside to increase licence inspections? If you are going to set up this bureaucracy, then how much is actually going to be put aside to actually do the increase in inspections?

Mr ROBINSON — I would say we will be allocating enough from that and other resources to ensure we do the job as well as we need to do the job. We are talking about this compliance unit being set up — I think the actual alcohol action plan refers to that being the major piece of work in 2009, so it may actually be in the year ahead of us; not the coming financial year or the year after that. But I can assure you this will be an area of a far more coordinated activity and a greater quantum of activity.

Mr WELLS — Okay. Just to clarify one point, why has there been a reduction from the actuals in 06–07? Why are we pumping in so much money to this area, but the actuals for 06–07 are 8575? We are actually going backwards.

Mr ROBINSON — I might ask Dr Cousins to give some — —

Mr WELLS — I mean it does not make sense — —

The CHAIR — Maybe they are reducing red tape, but anyway can we have the answer, please?

Mr WELLS — They are reducing red tape! They are actually spending $17.6 million to increase red tape, but we do not see any results according to these figures.

Mr ROBINSON — No, I would not agree that we are increasing red tape. We understand we have got a regulatory reduction, but we also understand we have got to do more to get effective compliance with the law. Community expectations have changed in this area in a relatively short period of time. We have seen the emergence of a very unsettling antisocial behaviour trend, and we have got to now put in place the structures to deal with that in a more coordinated manner, so that is exactly what the alcohol action plan does. I am very confident that through the course of the next 12 months and beyond we will build that resourcing and you will see a far more integrated and effective response, which will allow us to ensure that right through the liquor licensing area those people who seek licensing and those people who wish to maintain licensing understand even more clearly their obligations to the community.

Mr WELLS — And the clarification on — —

Dr COUSINS — This is a complex question. Firstly, whilst the expected outcome is shown as a 7500 quantity there, in fact I would expect that we will achieve the target, but nevertheless that is a lower figure than, as you point out, the previous year. I think we have had some concerns about this particular output measure for some time. It has been subject to some ongoing review, and that was a recommendation made by this committee. The difficulty we have with this is that there is no differentiation between the type of case — what comprises that figure. So, for example, one High Court case which we have been involved in over the last year accounts for one output measure, whereas a warning letter also accounts for one output measure. So you have got a vast range of matters and responses within this measure.

It is true that there has been a substantial change over the last years in fact in the nature of the compliance and enforcement activity, and that has been consistent with the desires of Parliament, which has passed amendments to the Fair Trading Act. So, for example, what is happening now is there is much more emphasis on civil matters in the higher courts than there has been in the past, so that is affecting the output in terms of numbers. Obviously there is a vast difference in terms of the level of resource that goes into taking a High Court case than there is in terms of a simple visit and perhaps a compliance letter.

The other thing I would say — and another reason why we are concerned about these output measures is that they take no account of the proactive industry compliance work that we have been doing. So, for example, over the past year we have been running a number of industry forums — with the building industry, for example. That actually does not record in the compliance activity. So I guess what I am saying to you is the numbers themselves are quite misleading at the moment, and we are working on improving the output measure.

The CHAIR — Okay, maybe that goes back to my comment on gaming, that we are looking at outcomes rather than simply enumerating outputs. That is probably a bigger task.

Mr ROBINSON — Chair, I might just add one point of clarification — I do not think I quite understood the question that was asked, but I think I understand it now. Just to take up Dr Cousins's point, in the course of the last year, when you look at the total outputs and you just want to make an estimate of the number of outputs, and

this year what that would be, Dr Cousins is quite right; one of the landmark achievements of CAV in the last 12 months has been its pursuit of a credit case all the way to the High Court. It is resulting in a landmark judgement. The case involves Australian Finance Direct. The value of that High Court judgement will be felt right across the country, not just in Victoria — for consumers and the protection they can be afforded — but it will benefit consumers right across the country. As Dr Cousins says, that shows up as one item out of 7500, but in terms of value to consumers, it is worth its weight in gold. It soaked up a lot of resources, but in terms of outputs this year that it worth its weight in gold as an output.

Mr WELLS — Yes, I know, but the point is you are spending $17.6 million and the press release screams that it is going to increase licence inspections and ensure compliance, but it does not reflect it here in the budget papers.

The CHAIR — Okay, the point has been made.

Mr SCOTT — Thank you, Minister. I refer you to page 178 of budget paper 3, which specifies an output which involves developing and administering consumer protection legislation, and I would like to ask you about what action the government has been taking — into the estimates period — since the consumer credit review was conducted to ensure that consumers of credit services are protected from exploitation.

Mr ROBINSON — Credit remains a very active area for CAV, both on the national front with work continuing at the ministerial council. We anticipate that on Friday in New Zealand we will be able to secure some agreements on further amendments to the uniform credit code. This has been work that has been under way for a number of years, and the workload, components of which are led by different states, is anticipated to continue for some time. Certainly the mood of ministers at that forum is that credit should be transitioned to a commonwealth responsibility. No-one is quite clear why it was not transitioned in that way some years ago when banking services and some of the financial and corporate regulation very much came under the purview of the commonwealth. Certainly there is a need for that to happen, but it is a little complicated by the fact that the uniform credit code is far from comprehensive, and the states do have capacities and prerogatives at the boundaries of that.

I should say we have taken steps to implement outcomes and recommendations made to us with the consumer credit review that was led by James Merlino, and late last year we introduced legislation which picked up on a number of those recommendations. We also convened last year a very productive affordable credit summit, and that involved CAV calling together a number of the major lenders: the Consumer Action Law Centre, the Brotherhood of St Laurence and the Financial and Consumer Rights Council. That was a very productive forum. I attended the opening of it. It has led to ongoing dialogue with those participants and out of that, a credit task force. The task force is exploring the feasibility of mainstream affordable small-amount credit, including whether existing initiatives need to be expanded to, whether new initiatives are required to be developed or both.

We acknowledge the work — and there is some very productive and genuinely good work being done by some — of the larger lenders. I am thinking of the National Australia Bank in particular, which has made a sizeable contribution to help get the no-interest loan scheme up and running in Victoria. That is still at a pilot stage, but it is working very well and I think is a signpost to what we might be able to do beyond this point.

As you in particular would be aware, we have undertaken some work with the payday lending or small loans sector. You would recall that I asked you to undertake some work, which is currently under way and I hoping to get a report back from you later in the year, about emerging practices. We do have in Australia a variety of responses at state level to how some of the payday lending practices should be regulated.

I make the point that I think within that sector there are some very good lenders and there are some very dodgy operators, and what I am hoping from your review is that we can get some clear indications as to how we should go forward. I do not think it is enough to simply come in and say, 'This is the established lending sector; we think they are all reprobates, therefore we will heavily regulate them', if it means that the better providers in that sector then say, 'It is not worth our while staying; we will withdraw', and then you leave vacant the question, 'Who will fill that void?', because someone will fill that void.

The CHAIR — The black market.

Mr ROBINSON — You do not want less reputable people coming into that space, because all they will do is seek to exploit people, with no concern about the consequences of that exploitation. That probably gives you

an overview as to where we are going, but I would expect by the end of the year we will get a fairly firm direction from the commonwealth as to the pathway it seeks to get greater harmony in an accelerated way with credit legislation across the country.

Ms MUNT — Will any of that discussion cover credit consumers who get a black mark against their name and find it very difficult to wipe that from the record — sometimes unfairly have a black mark against their name?

Mr ROBINSON — That is a very good question. The director is here, and the director will be meeting tomorrow with the officers of SCOCA. The director may have advice on that.

Dr COUSINS — Also that is a significant issue for the Australian Law Reform Commission. It is undertaking a review of privacy, and that includes the issues around positive credit reporting. That is a significant issue that CAV had commented on in the report that James Merlino had led, and a submission from the Victorian government went to the law reform commission around that subject.

Ms MUNT — Was that a public submission?

Dr COUSINS — Yes.

Mr RICH-PHILLIPS — Minister, I would like to take you back to the issue Dr Cousins discussed, with the level of enforcement and compliance activities. Across these budget papers from 06–07 to 08–09 we are seeing a doubling of the output funding, from 70 million to 140 million. At the same time there is no increase — there is a decline, in fact — in the number of licensing transactions and a decline by 1000 in the number of enforcement and monitoring activities. I take what Dr Cousins said about the High Court case, but is it the case that you have done the one case and therefore it has diverted resources away from all your other enforcement activities? Where has the 1000 decline in enforcement activities occurred? Is it the 'please explain' letters you talked about before? Where exactly has the drop-off been in the 1000 activities, and has that not taken place, presumably, as a consequence of doing that High Court case. With respect to the additional funding, how many additional liquor licences inspectors will be on the ground as a consequence of that additional funding that you spoke about earlier?

Mr ROBINSON — Let me deal with the last part of the question first. We have not made a determination as to how many. We have not put a quantum on it. That is a decision we will make based on the work that is still ahead of us. We are establishing the compliance unit. We will get advice from people within the department as to what the level of staffing is to give effect to what we seek to achieve, and I think it would be wrong to work backwards from a figure now and construct a number just around a staffing figure. But I envisage it will be more than we have got now, substantially more than we have got now, or it will be a resource that is capable of delivering greater inspectorial and enforcement activity than is the case now.

Just on your output measures, you mentioned 141 million to 70 million. Of course the figure has been inflated by the one-off allocation out of the property fund of 50 million for public housing. So because the property fund does make allocations under the act, every now and again that figure shoots up. It can be misleading in that sense.

I will make some general comments on the compliance function and will certainly try and give you a sense of where my head is at on this. Trader education, as the director has indicated, is and remains a key objective. There is an intersection of responsibilities in a number of our portfolio areas where our effectiveness is tied into the role of councils and police. Prostitution is a good example of this, where councils, CAV and police all have responsibilities, and if there is not an effective cooperative arrangement between those three agencies, you will not get ultimately the quantum of enforcement activity you would desire, because it will be too easy for one agency or another to say, 'Well, really, you would be better off going over there', or whatever.

Similarly, the way in which the law is constructed in some portfolio responsibilities — and, again, prostitution is a good example — the onus upon the relevant agency to prove the offence is quite burdensome, and is very, very complicated. You actually have to prove in that instance that not just was a sexual service offered illegally — that is by someone who was not registered or licensed — but it was actually provided, and the courts have determined over time that you need to be able to prove that that has happened on at least one occasion, so presumably two, in the space of a short period of time. The resource effort required to get a successful prosecution under the act as it is currently worded is very, very burdensome. You end up soaking up a huge amount of resource to try and ping someone with this offence. So what we have said there is we need to have laws that are more reflective of the expectations that you can ping someone with an offence, and in prostitution we have commenced some work that

will look at amendments — hopefully we will have those in the Parliament later this year — which will make the role of councils and police in particular, as far as prosecuting people who are acting in an unlicensed way goes, much easier. I am very keen to make sure we get the law right so that we can, when we put the resources in, get the output that everyone deserves — that is to get an effective prosecution. That is part of what is on my desk at the moment.

Another example from prostitution which will not come up in the stats, but again there is relationship with other agencies — through the course of the year CAV was able to do some terrific work in the prostitution area when they had a tip-off about a doctor who was providing health certificates in a very illegitimate way to sex workers. CAV undertook a lot of work on that. In the end that matter, I think, was referred to the medical registration board and it took the appropriate action. So it does not come up as something where CAV would have recorded a prosecution because there was nothing for us to prosecute, but CAV did a lot of the work. Again, the indicators as they are currently comprised do not necessarily give an accurate picture of the work that goes on behind the scenes and the sometimes complex relationships between CAV and co-joined agencies. Do you want to say anything further about that, David?

Dr COUSINS — I have perhaps just a couple of things to add. The doctor, by the way, was suspended.

Mr ROBINSON — Not this doctor — the other doctor.

Dr COUSINS — It is not just the one case in terms of major cases that we have had this year. We could get the details for you obviously, but just off the top of my head there are six Supreme Court cases this year that we have had. We have a number still under way. There has been quite a change, I think, in the nature of the activity. What I did not mention earlier, another area of activity which is very proactive, if you like, in dealing with problems, is the whole area of unfair contract terms. During the course of the year, for example, we have dealt with a range of problem areas. Fitness centres is one area where in fact we currently have two cases before VCAT. This relates to terms and conditions of contracts with customers, which are the source of many of the problems and complaints that we get coming to consumer affairs. These actions have the potential to spread and have an impact across the whole of that industry and so it is worth a lot of effort on those to get the precedents because it is very important. We do not make the law. At the end of the day in this area the courts and VCAT will pontificate on what the law is, and that will help to clarify things for those industries. So there have been some quite big matters there that we have dealt with that are not in fact in these statistics. For example, we dealt with Qantas over its frequent-flier program and achieved amendments to that to the advantage of all frequent-flier users ultimately, but there are quite a range of other areas there as well. Just in relation to the numbers game — —

The CHAIR — Quickly.

Dr COUSINS — Yes. The big drop-offs have been warning letters but also infringement notices. There has been some deliberateness about that. It is very easy for inspectors to write an infringement notice for a highly technical breach. We have been trying to avoid being overly technical, if you like, about these things. So our numbers of infringement notices are down. That has been an area subject to broader government policy thinking as well in relation to infringements. Another response and another area of growth, which again is more time consuming than all those, is around the area of enforceable undertakings. Whilst the numbers overall are down, some parts are up, and enforceable undertakings is one area. Again, that is a really important area for trying to determine, if you like, future compliance with the law. For example, in an enforceable undertaking we will typically get agreement that an organisation will adhere to the Australian compliance standard, which will help to influence future compliance activity.

The CHAIR — Thank you very much. We have time for two more questions.

Mr PAKULA — Minister, on page 178 of budget paper 3, the opening paragraph of 'Protecting consumers' says:

> The output ensures that consumers are protected through appropriate regulation and education that promotes awareness and compliance with consumer laws, specifically focusing on the needs of vulnerable and disadvantaged consumers …

In that context I just want to ask you if you could take us through the steps that you are undertaking over the forward estimates period to protect tenants?

The CHAIR — Yes, including university students too.

Mr ROBINSON — Yes, I knew we would get there eventually. Last year we launched — and I think we had given an election commitment prior to that that — a residential tenancy review. We had a residential accommodation discussion paper, and we had about 50 submitters to that. Out of that there were three major concerns.

The first was with student accommodation. It has been the case in Victoria since the early 80s that the Residential Tenancies Act provides what is not far off a self-exemption for an accommodation provider who can claim some connection with a university or tertiary institution. If you are in that position and you are located near Melbourne University — and I do not think you even need a formal letter from the university — you can declare that you are exempt from the provisions of the act. Over time that has led to, I think — and it has been pointed out to us in the submissions — some substantial disadvantage to students, particularly overseas students, in that they are not covered by the same protections as other tenants. That was the first area. The second area relates to the rooming houses and boarding houses. A lot of MPs would have some familiarity with where they are poorly managed. It creates major amenity issues.

The third was to do with residential parks. I know that Summerhill Residential Park is in Mr Scott's part of the world. With residential parks people can purchase an accommodation unit on a park but not actually own the land on which it stands. The law is written in a way that has not kept pace with the emergence of residential parks. The law is such that if you want to seek protection under the act you have really got to go off to VCAT and argue that for the purposes of the act you actually live in a caravan park, because the caravan park definition gives you protection. That is how the world has changed, and it sort of relates to the point I made earlier about legislative modernisation and ensuring that acts are appropriately keeping pace with the way the world is changing. What we have signalled so far is that we will be taking action in respect of student accommodation, and we will be tightening up the exemptions. It will not be up to people to simply say, 'I am an accommodation provider; I have got some proximity to a university and I am going to declare myself exempt'. We will actually put in place some tests for that. I am not saying we will close that off entirely at this stage, but we do intend to tighten up the eligibility for that.

The CHAIR — That would be good.

Mr ROBINSON — In respect of rooming houses and boarding houses, we have signalled, as per the request that was made by a number of councils, that we will align the Health Act regulation on rooming houses and boarding houses with the definition under the Residential Tenancies Act. This will ensure that councils are able in more cases to go down and apply the Health Act where there are complaints about the way boarding houses are being run. That is a regulatory change that the health minister will oversight.

These will contribute to a better environment for tenants, but they are only the start of the work. We have got an interdepartmental committee established to start looking in more detail at rooming houses and boarding houses, and beyond that at the residential parks. The essential problem is that in both of those cases you can end up dealing with bad operators. It is like a lot of things in life, there is no law that says you have to be a good person, unfortunately. The problem is where you end up with a bad rooming house or boarding house manager — and there are a handful of them around Melbourne. They do not seem to give a hoot about the hardship they cause. They seek, I think, unreasonably to exploit people, and you have got to have a framework that deters them without making life impossible for all the other people in that line of business who are trying to do it with a good reputation and do it in a good way. There is a lot more work ahead of us on that.

Mr BARBER — I am interested in compliance around the area of those laws that govern retirement villages; those body corporate style arrangements. Can you tell us what your likely compliance activity is in this area, and also who is the third party advocate that you fund? If people have a problem in this area, who would they go to?

Mr ROBINSON — I will refer the second part of that question to Dr Cousins. We do get ongoing correspondence from retirement village tenants at times. That is often in the case where the family member has died. They want to know what is going to happen to the unit and the way in which the entity will deal with that. That often creates some difficulty. We have had some amendments to the law and further amendments are in train to deal with some of these aspects. We intend that the effect of the changes will be overall to bring the entire sector up to a higher standard of compliance and uniformity. There are some differences in the way some of these centres work.

Insofar as the second part of your question concerns who do we fund, I might pass to over to Dr Cousins.

Dr COUSINS — Part of the law changes that the minister mentioned are related to the requirements on retirement villages to have in place dispute resolution mechanisms. Understandably a lot of people in retirement villages feel vulnerable and are reluctant to complain, so that is an important step. Consumer Affairs has funded for the last two years the establishment of an organisation called the Residents of Retirement Villages. It was auspiced through COTA, the Council on the Ageing. I think that is an important group to advocate for residents to us, the regulator in the industry.

The CHAIR — Thank you very much. Minister, just one final point about the response to question 12 on the questionnaire in regard to table 4.2 in budget paper 4; it would be good if you could reconcile the figures on liquor licence fees.

Mr ROBINSON — Sure.

The CHAIR — I note there is a misprint in the budget paper. I will talk to Treasury and Finance about that one. That concludes the consideration of the budget estimates for the portfolios of gaming and consumer affairs. I thank the minister and departmental officers for their attendance today. The committee has a couple of issues that it will follow up. Some questions will be forwarded to you in writing at a later date. It is requested that a written response to the matters be provided within 30 days.

Witnesses withdrew.

Transcript of evidence

7.3 Corrections portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

7.4 Gaming portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 21 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 A. Robinson, Minister for Gaming,

Dr R. Kelleher, Acting Secretary,

Mr R. Kennedy, Executive Director, Gaming and Racing,

Mr A. Clayton, Project Director, Gambling Licences Review, and

Ms J. Shinn, Executive Assistant to Executive Director, Gaming and Racing, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of gaming and consumer affairs. On behalf of the committee I welcome Mr Tony Robinson, Minister for Gaming and Minister for Consumer Affairs, Dr Roslyn Kelleher, Acting Secretary of the Department of Justice, Ross Kennedy, executive director, gaming and racing, Alan Clayton, project director, gambling licences review, and Jennifer Shinn, executive assistant to the executive director, gaming and racing. 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 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 procedures 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 being 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, and any documents tabled, will then be placed on the committee's website. Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally the procedure follows that relating to questions in the Legislative Assembly. There are no supplementaries, and you are meant to try to keep to 4 or 5 minutes in response, Minister. I ask that all mobile telephones be turned off, and I invite the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the portfolio of gaming.

Mr ROBINSON — Thanks, Chair and committee members, for the chance to be here. I am going to start with a qualification — I think we got some technology problems.

Dr KELLEHER — We do. We are dependent on the paper.

Mr ROBINSON — We do have some technology problems.

The CHAIR — But you have handed out something to us, and I am sure we will be able to carry on.

Mr ROBINSON — I will discuss briefly the gaming portfolio outputs, then I will turn to some gambling regulation issues, the gambling licences review, developments in responsible gambling policy, the government's actions in addressing problem gambling, and then I will just conclude with an overview of priorities for 2008–09. The gaming and racing portfolios, as you would be aware, are supported by the Department of Justice. My comments will be confined to the gaming component of that portfolio. I understand the Deputy Premier is before you next week, and he can deal with the racing issues. The portfolios account for 2.2 per cent of the department's total budget — 3.6 billion. The budget for the gaming and racing portfolios in 2008–09 is 72.2 million, and two-thirds of that is dedicated to funding the VCGR — that accounts for 19.5 million — and taking action on problem gambling policy, 27.7 million.

Other funded activities include policy and research functions, including national gambling research activities that are administered by Victoria, and funding for the gambling licences review. The VCGR continues to be regarded as one of the pre-eminent gambling regulators in the world. That is something we are determined to maintain. Its budget, as I said, for 08–09 is 19.5 million — that is a rise of about half a million. The commission's activities are geared towards achieving a fair and crime-free gambling industry in Victoria — something I think all of us would acknowledge it has done a very good job at over the past 15 years or more — which is operated in a responsible manner. The commission regulates commercial gambling activities, including electronic gaming machines — poker machines — lotteries, the casino as well as community and charitable gaming, such as raffles, bingos, lucky envelopes and the licensing of venues and employees. The commission comprises a chair, deputy chair and a full-time executive commissioner, supported by staff from the Department of Justice.

Just as a rough guide, there were some 522 gaming venues across the state as at 30 June last year — and the casino, of course — and the VCGR in the last year conducted 1651 gaming inspections. So if you want to work in averages, that is about three inspections per venue. The gambling licences review is the major focus of the Office of Gaming and Racing's work in 2007–08 and will continue into next year. As you would be aware, last October we

announced the outcome of the lottery licence process, and we are now in the transition phase. From 1 July lotteries will be run by two companies in this state — Tatts, which will maintain the block lottery products and Intralot, the new entrant which will run the instant or non-block lotteries, or the 'scratchies' as we say.

In April this year we announced the reconstruction of the remaining gambling activity — wagering, Keno and gaming. I will not go into great detail, but I think you are all aware of the decisions there. We will have a single Keno licence beyond 2012; we will have a venue-based gaming model; and we will have a single wagering and betting licence. There is a lot more work to be done as we go into transition, not just through to 1 July with the lotteries but through to 2012 with the remaining gambling activity.

On responsible gambling activity, I am sorry we do not have the slide, but we did present some material here about Victoria relative to other states. I just want to make a brief comment there. Victoria still maintains the lowest number of gaming machines per 1000 adults after Western Australia, which has only machines in the casino. New South Wales has 100 000 machines, nearly three times as many gaming machines per 1000 adults as Victoria. They have a ratio of, I think it is, 19.7 machines per 1000 adults, compared to Victoria, which I think at the moment is about 6.8. Because we have got a fixed number of machines and the population is growing, by the end of the new gaming arrangements in 2022 we anticipate that that density will shrink to under six to about 5.8.

We have the highest taxing arrangements for gambling revenue in Victoria; we make no apology for that. About 82 to 85 per cent of those taxes find their way into the health services. Problem gambling expenditure in Victoria in 2006–07 — the last time we have been able to actually get comparable figures together — was just under 20 million; New South Wales, 11.3; Queensland, 3.8. A further comparison, just in policy measures, on ATMs precommitment research on problem-gambling counselling we are well ahead of those other jurisdictions.

Further announcements in the current year in terms of responsible gambling policy, we have announced policy on precommitments, so all new machines that come into the market after 2010 in Victoria will be required to have a precommitment feature. We also made a further announcement on ATMs. We had in place a policy through legislation last year that would limit the amount that could be withdrawn per day from ATMs at gaming venues to $400 per account, but in fact we have now gone further and said that all machines would need to be out of all parts of gaming venues by the end of the current licensing period. What you will find is that in effect at the end of next year a large number of machines will be pulled. So we are setting the pace on that policy.

Taking Action on Problem Gambling has total funding of $132 million, and work is progressing in a number of the action areas. The total expenditure in 08–09 under Taking Action on Problem Gambling is close to $28 million, and in the current year it is in excess of 20 million. We look forward to the coming year — and I will just finish on this — and obviously the gambling licensing arrangements will continue to receive our attention. We will continue to fund, with even more funding this year, the 'Taking action on problem gambling' action areas. There will be a new provider for the Gamblers Help telephone, and web-based problem gambling services will be extended. The centre for problem gambling research and treatment will take the next stages in its development. We will be launching a new problem gambling community awareness and education strategy, and we will be doing some very active work, I anticipate, with other states and certainly with the commonwealth, as we see the COAG gambling council reactivated, welcomingly, after about an 18 months hiatus. We hope to have that next meeting in Melbourne because we believe we have got a good story to tell.

The CHAIR — Thank you very much, Minister. I have asked the department previously about subsidies and concessions et cetera, and I think it is going to provide any further information that it has. That is probably more relevant to other parts of the department.

Mr ROBINSON — I have got some advice on that, Chair, if you would like.

The CHAIR — Yes, sure.

Mr ROBINSON — I anticipated this question. The only obvious response to that in the gambling portfolio would be the differential in tax treatment between clubs and pubs. Pubs pay the 8.33 per cent and clubs do not. I think the budget papers account for this differential in budget paper 4 as about 67 million, I think. That is what we estimate is the differential. There are other red tape reduction measures. That could be a later question we could address you on.

Mr WELLS — It is question 6.

Mr ROBINSON — Your question 6? You are doing well to get six questions, Kim.

The CHAIR — Keep going, Minister.

Mr ROBINSON — We have anticipated a review of bingo arrangements. We have some draft regulations out on bingo, and they will reduce the red tape burden, especially for some retirement homes and church groups. We are also doing some work on a very old rule in pubs and clubs, the sign-in rule. We are not sure that that has any real relevance today. It is a burden on clubs in particular, and we will be looking at that as to whether that could be updated to reduce the burden.

The CHAIR — If you could expand on that and give us a written response on that in detail, it would be good.

Mr ROBINSON — Sure.

The CHAIR — Particularly when we are trying to work out what subsidies and concessions there are, including some implicit ones like the one you identified. It is quite large; $67 million is really quite considerable, particularly when you are going forward in your policy, which is obviously is not going to come in for a number of years, there are going to be further differentials between the clubs and the pubs in respect of gaming.

Mr WELLS — Minister, I am just looking at your 'Addressing problem gambling' and the announcement in 2006 with total funding of 132.3 million. That is over what period?

Mr ROBINSON — Five years; it is through to 2011, I think.

Mr WELLS — Which leads me into the question I wanted to ask. This committee recently reported that the government's problem gambling communication campaign was actually cut between 05–06 and 06–07. How much will be allocated to that particular campaign in 08–09 and the forward estimates?

Mr ROBINSON — I would take issue with you to say it was cut. I think it was an underspend as to what might have been estimated before. It was not actually cut. I do not think a decision was made to actually cut it. The actual figures you were looking at were a product of what was actually placed in the market in terms of advertising. Advertising is a key component of the suite of problem gambling measures. Estimates are made about the per annum spend, but the actual spend depends on a range of factors. The advantage of having a program that runs over five years is that any underspend or in any year where we do not meet the projected spend, that money is carried forward. So it is not lost to the program; it is actually carried forward and it is a resource that can be applied in the following year.

The 08–09 spend is likely to be around $3 million; it might be slightly more. It will coincide with a new advertising campaign and tougher in-venue messages. What we do formally in advertising complements a lot of what is done outside that strict advertising spend. The focus increasingly with advertising is to identify the timeslots both through the year when gambling expenditure is on the increase — because it is cyclical; it goes up and down through the course of the year, and that is a well-established pattern — and by deduction problem gambling goes up and down a bit through the year. Also the trick with advertising is to try to place it at the best times during the week. So if you are like me and you happen to listen to the races on the weekend, you will find that 927 has a lot of ads over the course of a Saturday afternoon. I think it has one between most races. I think we place about 2500 spots with 927 through the course of the year. There are also some practical issues that confront the people running the programs about where to place ads — for example, in last year's federal election you just could not get spots between about September and December; you just could not buy spots at all, and if you could have found one, it was probably going at three times the rate because of the demand from other sources. I am happy to let Ross Kennedy provide a little bit more advice, if you like.

Mr WELLS — Yes, it is just, I guess, the spend over the forward estimates period on this campaign.

Mr KENNEDY — As the minister said, we have a five-year time frame for 'Taking action on problem gambling', and within the budget we have a dedicated component for community awareness, of which advertising is the major feature. The spend will be up and down according to the sort of advice we get on the best timing for awareness campaigns and the availability of media from time to time. The commitment is therefore full expenditure over the period.

Mr WELLS — How much will that be for advertising?

Mr ROBINSON — Over the course of the whole five years or the remaining part of the program?

Mr WELLS — For starters, over the five years, how much — —

Mr KENNEDY — Over the whole five years it is 37.5 million.

Mr WELLS — And the 08–09 is 3 million?

Mr ROBINSON — Three million. But I think the figure Ross is quoting from probably includes advertising and some others.

Mr KENNEDY — It does. It is the whole promoting package.

Mr ROBINSON — There is no dedicated action area there that just talks about ads placed, because ads placed, by themselves, are not a firm enough guide as to what you are doing in activity in the area. You can run lots of ads, but if you do not have the counselling services for people to connect into, the ads themselves are less meaningful.

Mr WELLS — So it is $37.5 million over the next five years.

Mr ROBINSON — In that relevant action area.

Mr KENNEDY — Promoting healthy communities is the action area.

The CHAIR — What is the five-year period?

Mr ROBINSON — Through to 2011, so that is in the remaining part of — —

Mr WELLS — But with regard to the problem gambling communication campaign, are we talking the same — —

Mr ROBINSON — No, my understanding is the communication campaign talks about ads and others, does it not? It is not just ads.

Mr KENNEDY — It is the promoting healthy communities action area of 'Taking action in problem gambling'. A component of that is the communications campaign. A large part of the communications campaign is the media buy, but there are other elements. The total campaign cost is 37.5 million over five years.

The CHAIR — But there are also some community grants in this I know for local action, which might be sort of getting diversion tactics — —

Mr KENNEDY — That is right. We can break that down for the committee.

Mr ROBINSON — It includes an education component as well.

The CHAIR — Maybe you can give us something in detail on it.

Mr WELLS — Can we just clarify that the 37.5 million is for the healthier communities?

Mr ROBINSON — That is for the action area.

Mr KENNEDY — The action area promoting healthy communities.

Mr WELLS — How much is just the advertising campaign?

Mr KENNEDY — Which is part of that, which I will have to come back to you with a breakdown.

Mr WELLS — Right. Can we have that on notice, on how much that will be? Also how do you assess the success or otherwise of the ads that you are placing? What strategy do you have in place to check whether it has been successful or not?

Mr KENNEDY — We are into the fourth phase of the community awareness campaign, and after each phase we commission an independent evaluation of the effectiveness of the campaign, largely measured by awareness levels. Each of the three phases to date at the evaluations has led to refinements of the subsequent phase, but confirm the effectiveness in each case.

The CHAIR — I might add that our report on the financial performance outcomes has a recommendation seeking to strengthen the evaluation processes of advertising campaigns. We expect a response from the government within the next few months.

Mr ROBINSON — I might say, Chair, I had a discussion with Jenny Macklin briefly last week because she has been asked by the Prime Minister to provide the gambling ministers or gaming ministers forum, and there is a meeting I think foreshadowed in July. One of the things I think we will be advancing quite strongly to the commonwealth is that there is the opportunity to try to develop some standard methodologies across the states, because we put some information together about the comparison of problem gambling expenditure, and we are very confident we are miles ahead of the other states. But in fact there are no common measuring tools here, and I think ultimately that is what we need in this country. We need to have a debate in which we can compare best practice.

The CHAIR — I think we are all pulling in the same direction on this.

Ms MUNT — Minister, you touched briefly in your presentation on gambling licences review, and if I could just refer you to budget paper 3, page 162, under notes, no. (i), it says:

> The 2008-09 budget includes funding for the gambling licence review.

I would just be interested if you could give me some more details on the post-2012 industry structure.

Mr ROBINSON — Fine. It has been a huge component of the work of the Office of Gaming and Racing, supported by the department, over the last three or four years, but particularly the last year, and it will continue to be a huge component of the work going forward. The government's decision was based on — and I say this to pubs and clubs; I am doing a lot of forums at the moment with them explaining the announcement — essentially the four Cs. What we have adopted is a more competitive environment. We had the national competition policy review of the gambling industry in Victoria back in 2000 or 2001 and it concluded — and it was made public at the time — that a duopoly was not as competitive in terms of the outcomes and the benefits delivered to the community. We said at that time that we would have a more competitive environment, so heading to a venue model and also allowing for the Keno operations to be hived off and offered as a sole licence. Currently they are not. It does provide for that competition. Similarly, offering the wagering licence to the market and allowing bidders to compete for that business is good.

With lotteries, I think we said last year that the value of competition to taxpayers over the course of the next 10-year period can be measured in hundreds of millions of dollars. Typically in Victoria what we have done since the 1950s — governments of both persuasions — when Tatts first came in, at the end of any licence period, Tatts was invited to the back room, cup of tea, scone, licence extension, money paid over. No-one ever knew whether that was good value. We have clearly said competition going forward is a key component so that taxpayers can be more confident about the value they are delivering. These licences or entitlements are worth something and taxpayers expect us to deliver best value.

We also said that the changes going forward deliver control and certainty to the gaming industry, to pubs and clubs. One of the weaknesses of the gaming system as it is currently constructed is that the operators own the machines, so they get to decide where they will be moved. It does not matter what your relationship is with a gaming company, in a pub or a club, you can have the company ring you and say, 'You are doing a good job, but we are moving them'. In fact there are some clubs which will pick up the paper and read that there is some proposed development. In fact the machines are coming from them. Under the system going forward from 2012 pubs and clubs will have the ability to secure entitlements, and if they have entitlements they will have control and certainty about those for the full 10-year period. They will have the ability to trade them. It is also about community where removal of the licensed operators means in the first instance their share of the revenue is available to the pubs and clubs. Ultimately under the model we are proposing, more of the benefit of gaming activity rests with the community. We think that is a positive.

At the moment we have just gone through lotteries and we are transitioning through to 1 July with the wagering, Keno and gaming. There is a lot more work ahead of us. In the first instance we have consultations with the racing industry. We gave an undertaking that we would do that and that is to get to a point where we have had discussions about what constitutes 'no worse off' for their funding stream beyond 2012. We are also doing some post-announcement work. I am talking to pubs and clubs. We will have a formal communication program beyond that with all stakeholders, because it is important with the independent review panel in place that all stakeholders are treated equally and have equal access to information, so that will be done formerly once we get into June or July. We will move towards a registration of interest stage for the Keno and the wagering licences, and that we anticipate in the second half of this year. We anticipate that will probably take about 12 months or 18 months to work through to conclude those matters. We are also doing a lot of work in formulating the policy around the transition through to venue and pub ownership of the machine entitlements. That will require a lot more intense work and modelling; we have to work through what the appropriate sliding tax scale will be. There is a lot more work in the second half of the year and we are going to have a very, very active time.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the Merkel review and how it is funded. The budget allocates 9.1 million for the gambling licences review. Does that include funding for the Merkel review, as apparently it did last year, according to Minister Andrews? What funding is provided for the Merkel review going forward each year, and how are the members of that panel remunerated; is it on a per-meeting basis or a fixed fee?

Mr ROBINSON — I will just say briefly that the Merkel panel is doing a very good job. The Merkel panel under the legislation, I think, has delivered three reports to the Parliament and will continue to deliver reports to the Parliament. It can do so at the panel's volition ; it does not need our permission to indicate it wants to make a report ; it has that unilateral power. The staffing components are separate. In terms of the funding required, pretty much the funding that is required, as is indicated by the panel is needed, is provided; we do not have arguments about that because it has got an important job to do. The actual panel's operation, I think, through 07–08 cost about 700 000.

Mr CLAYTON — Seven hundred and fifty.

Mr ROBINSON — Seven hundred and fifty. There is a larger allocation made for the whole gambling licences review. That is a much larger team of people, and again we make no apologies for that because this is a monumental piece of work. But I might let Ross Kennedy and Alan Clayton, who heads the steering committee, comment.

Mr CLAYTON — The point about the 08–09 budget is it is an aggregate budget, which would include costs for the IRP, the independent review panel, and the gambling licences review. There is no set break-up in the aggregate figure, so the budget figures that you have got of $9 million allocated in the 08–09 budget going forward and equally the independent review panel costs were taken out of the overall budget for the gambling licences review in 07–08, the current financial year.

Mr RICH-PHILLIPS — The minister said it was 750 000 for 07–08.

Mr ROBINSON — I think that is right.

The CHAIR — That is the expected cost, is it, at this stage? There are still a few months to go.

Mr ROBINSON — Yes, for this year, for the actual independent review panel.

Mr RICH-PHILLIPS — For the Merkel panel. Do you anticipate that will be consistent going forward?

Mr CLAYTON — If I could answer that, Minister?

Mr ROBINSON — Yes, sure.

Mr CLAYTON — It is not easy for us to anticipate what the expenditure will be because, as the minister said, the independent review panel will determine when it is going to report. So it is not clear to us at the start of the year how it is going to report and when it is going to report. As the minister said, the funding for the independent review panel will be made available as needed, but at this stage we do not have a forward plan in terms of the budget because they will determine, as the review proceeds, as the licence allocation process proceeds, at a number

of points along the pathway when it is going to report, and how much work it takes it to report is really a matter that crystallises as it goes.

Mr RICH-PHILLIPS — So how do they obtain the relevant funding? If Merkel decides that he wants to report on issue X, he then has to come to the department seeking funding to actually go through the mechanics of reporting?

Mr CLAYTON — He submits his costs. As he goes he submits costs.

Mr RICH-PHILLIPS — So he does not need to seek — —

Mr CLAYTON — He does not seek clearance, he just submits costs.

The CHAIR — So you make a reasonable estimate.

Mr ROBINSON — That is important. In order for people to be confident that he is doing his job in an unfettered way — and the reports he is delivering are certainly frank and fearless — it is important that he does have that discretion, much as it is at odds with what we would consider to be established practice in controlling costs. He has an important job to do and to this point in time he has been able to do that very well and we anticipate that arrangement continuing. He will be delivering reports for some time yet.

Mr RICH-PHILLIPS — The other part of the question was the remuneration of members of the panel. What are the arrangements there?

Mr KENNEDY — It is prescribed on a daily sitting basis, but I do not have the figures with me; we can certainly supply them.

The CHAIR — Okay, we will take that one on notice.

Mr PAKULA — It is per sitting?

Mr KENNEDY — Per sitting, yes.

Mr RICH-PHILLIPS — And can you tell us how many sittings there have been of the panel?

Mr KENNEDY — We can come back to you with that.

Mr PAKULA — Seven hundred and fifty thousand bucks worth!

Mr CLAYTON — We do not keep a record of that and I do not know whether they do. The only way that we can really — —

Mr RICH-PHILLIPS — Presumably if they are claiming per day they would have to submit the number of days that they sit.

Mr CLAYTON — The only way we could provide advice to you on that is what their aggregate expenditure is for the period that you would request advice on, so, as we said, what the expenditure was up to this stage. We would just receive their costs as they go and then account for it at the end by aggregating out what its expenditure is for the year.

Mr RICH-PHILLIPS — Would they not be making a daily claim — if they sit 10 days, for 10 times the sitting fee? Would not the department hold that information?

Mr ROBINSON — I think what you will find is their sitting arrangements vary depending upon the load. There was a lot of work in the lead-up to the lotteries decision. But through the course of the year their workload will ebb and flow a little.

The CHAIR — Okay, if you provide what information is available to us on the basis of that information we would appreciate it.

Mr SCOTT — I refer you to budget paper 3, Minister, pages 180 and 181, and the ongoing enhancement of the regulatory environment. Can the minister update the committee on the government's overall problem gambling strategy and how it will be progressed through this budget?

Mr ROBINSON — Thanks for the question. Again, I am sorry, we do not have the slide. There is a lot going on in terms of problem gambling strategies and the regulatory environment. I think that is what you are asking about in particular. We do intend to increase the expenditure under the program in 08–09 to 27.7 million. So a number of areas in this program have been scaling up through the course of it. Of that, around 11.8 million has been provided to the gamblers help agencies and to statewide initiatives promoting enhanced services for culturally and linguistically diverse and indigenous communities. Treatment services are very much at the fore of taking action on problem gambling, and the gamblers help service system is undergoing significant reforms through the course of this year, including a raft of new service enhancements that ensure problem gamblers and their families receive the most effective treatment options. We have significantly redeveloped the gamblers helpline service. It is the intention it will be able to offer scheduled therapeutic counselling, self-help materials, online counselling, 24-hour-a-day, seven-day-a-week, face-to-face appointment scheduling for gamblers help services. These new service enhancements are intended to complement the current service provision of the telephone counselling services across Victoria.

Last September we launched the Melbourne University and Monash University joint centre for problem gambling treatment and research. That was through an allocation of $4 million, and we look forward to that developing. I might briefly speak about some of the things that will be doing. It is headed by Professor Alun Jackson from Melbourne University. It also has a centre director, Professor Shane Thomas, from the faculty of medicine at Monash University; two senior research fellows, two research assistants and an administrative officer. The centre intends to undertake internationally competitive gambling research to look at things like the epidemiology of gambling forms, risk and protective factors in relation to problem gambling, longitudinal studies of youth gambling, family violence gambling, and how people cope with depression in gambling, an important link in the chronicity of problem gambling and the phenomenon of natural recovery. We really look forward to that being advanced further in the coming year.

We have other legislative changes. We had legislation passed through Parliament last year that required major industry participants to have in place responsible gambling codes of conduct. Both of the licences that came out last year with lotteries for the first time have responsible gambling conditions in them. Responsible gambling conditions will continue to be part of the licences going forward, from Keno. We also have the Responsible Gambling Ministerial Advisory Council. I will be seeing them again at their next meeting, and we look forward to them doing some work with us on the ATM policy. We have invited them to help us work up what an acceptable exemption policy would be for small towns where the ATM in the gaming venue might be the only ATM in the town; they will do some work on that. I have spoken to Professor Singh, who is the chair, and invited him to assist us in working on our policy of precommitment and how we might find a suitable standard of precommitment mechanisms for all machines. There is a lot happening at the moment, and we are going to have a very active year ahead.

Dr SYKES — My question relates to the lottery review. As I understand it, the budget papers forecast a 10 per cent increase in lottery taxation revenue compared with 07–08 — up to 354.8 million. What is the sensitivity of this forecast to any failure by Intralot to be up and fully operational by 1 July? The background to that question is that there is a rumble in the jungle out there amongst — —

The CHAIR — You do not trade rumours, I am sure.

Dr SYKES — The Nationals member for Northern Victoria Region is out there on his tom tom beating his drum. That will be picked up in a moment by the slower thinking members. The issue is that we are particularly concerned about the $10 000 up-front fees. It has been estimated by some people in the industry that they may have to generate an extra $60 000 worth of sales to cover the additional costs. What is the impact if Intralot does not get up and running; and what are you doing to address these concerns that appear to be soundly based about increased costs for the operators and therefore the potential impacts on their profitability and access of these products to small communities?

Mr ROBINSON — That is a fair enough question. We are conscious of some anxiety amongst agents. I have met now with the Lottery Agents' Association, I think, on three occasions. I met with them early this week, or

it could have been late last week. Our license of course is with the lottery companies, not with the agents directly; their relationship is with the lottery company. What we said as a general statement to all — we say this to lottery agents and we say this to some clubs that I have spoken to about the changes in gaming — is that the government's first obligation is to taxpayers right across the state. We make decisions in the case of lotteries [inaudible] particularly the value we can return to taxpayers. The decision as I said last year to go with two lottery operators is one that will, on our best estimate, return far more to the state than if we just kept with one. The agents have had a number of complaints. In the first instance there was some disquiet about the way Tatts was handling its arrangements with a number of the lottery agents. There were a small number that only sold lottery tickets, not in mixed businesses as such, and there was some toing and froing between Tatts and those agents about their ability to sell Intralot products. We have worked through that and got a satisfactory resolution. We are pleased about that. Eighty-five per cent of lottery sales are actually Tatts products. That is where the bulk of sales remains.

We have also had some more recent issues with the way in which Tatts and Intralot will share counter space, if you like. In part, this is about two companies just getting used to each other. There is a bit of chesting — young bucks on the paddock testing each other out. The agents in more recent times have had some concerns about Intralot's preparedness for the changeover. We signalled to them that — and I am in the process of writing to Intralot about this — we expect them to fulfil their obligations to the state to have things perform up to the standards that we set. If they are not, we have the ability to fine them, and we have indicated that the state will not be shy about doing that if they have made commitments and cannot deliver on them.

There will be a requirement for lottery agents to equip themselves under the agreement they have with the new licence holder, Intralot, with the right equipment and machinery to undertake those sales. What that involves is really a matter for Intralot and the agencies; it is not something we get involved in. As we said to some agents, the licences were going to be renewed. From 2008 onwards we were going to have a different scene, so the arrangements to support that, including what they would be required to undertake with the new licence holder, were there for everyone to see. There would be costs to be borne. We will continue to work with lottery agents to try and ensure that the transition works as smoothly as possible. I know there are some concerns about the way in which Tatts will withdraw some of its scratchy products before 30 June. We are approaching Tatts to talk to the agents directly, to try and assure them. I think some of the claims around some of the anxieties are probably a little misplaced, and we will be able to deal with those.

The entry of a new player is the other thing. Sorry, there are two things. As we go to 30 June, the requirement that tax withdraw products will probably mean that they will have some bonus draws and have to distribute the pool winnings so they do not have anything left over by 1 July. Similarly, the new entrant from 1 July would probably be foreshadowed with a fairly strong advertising campaign. So I think it is swings and roundabouts in all of this, but we are confident both for agents going forward and for taxpayers generally that the decisions we have reached are in everyone's best interest.

Dr SYKES — Chair, just a clarification: do you expect Intralot to be fully operational by 1 July?

Mr ROBINSON — I do not know that we said they had to be fully operational. I think we required that they have their full range of products available but, Alan, you might want to talk about this.

Mr CLAYTON — There is a plan that is contained within the licence about how the games will go forward, so there are certain dates for certain games in the plan. I think, just adding to what the minister has said, both Tatts and Intralot were required to put a transition plan to the VCGR for their consideration, and the VCGR has approved Intralot's transition plans, so the progress is on target in the context of what the licence conditions require.

Dr SYKES — Chair, just clarifying the general answer that the minister gave: as I understood it, Minister, you are saying the primary responsibility is to all Victorian taxpayers?

Mr ROBINSON — Correct.

Dr SYKES — But if the implementation of a new system results in substantially increased cost, and operators are going to need to generate at least $60 000 more income to cover those costs, is that not discriminating against small operators and therefore, by default, small communities, and particularly in my case, rural communities?

Mr ROBINSON — An agent in the city might run the same claim as an agent in a rural town. I do not know that there would be any difference based on that.

Dr SYKES — Yes, there will be small operators in the city but there will also be a lot of small operators in small country communities.

Mr ROBINSON — Any transition will require readjustments. One of the things that we have done is agreed to an Intralot arrangement where they will offer a higher commission on some of their products than is currently the case with Tatts — I think 10 per cent commission rather than 9 per cent commission. I am not wanting to get into the absolute nuts and bolts of what Intralot's arrangement would be with agents. I think there is probably room for negotiation, and Intralot needs those agencies as much as the agencies will be requiring Intralot. I think some of the claims you hear might be accurate, some may be inaccurate. There is a lot of anxiety but we are confident that as we move through the transition phase, we will get to 1 July and some of these concerns will have been allayed.

Mr PAKULA — Minister, you talked earlier in the answer to one of the previous questions about some discussions you have had with Jenny Macklin. You also, on page 180 of budget paper 3, talk about the establishment of consultative processes. In that context I am wondering if you can just outline to the committee in some more detail what provisions you have put in place for working cooperatively with both the commonwealth but also with the other states over the forward estimates period in some of these areas?

Mr ROBINSON — One of the things I have been keen to do as a relatively new minister in this portfolio is to try and advance this discussion but at times it is a pretty set-piece discussion — you have got people who are opposed to the industry, people within the industry. I think actually we have got to accept that gambling activity is a legitimate activity. It is very much a big industry. It employs I think some 50 000 Victorians. It employs a lot more people around the whole country and it needs to be regarded as that. But what the community wants, not just in Victoria but elsewhere, is to see that we are constantly attentive to the need for it to run responsibly, and I think it is difficult to do that if we do not have a ready interchange with other states. The COAG forum, the gaming ministers forum, is the appropriate place to do that. We were pleased to hear that the commonwealth was wanting to revive this because we think that it can only deliver good. It can only deliver a forum in which states are more readily comparing themselves to each other.

As I said earlier, we have got a good story to tell. Decisions over the last few months in particular, I think, have placed us firmly at the forefront of gaming policy in the country. I was just talking the other day to the AHA. If you compare us with New South Wales, where this is a public health matter — we are talking about the smoking bans, it is not strictly a gaming matter — they moved to smoke-free venues, like we did, but then they allowed outdoor smoke areas. Now we to some extent allowed that, I guess, but they have gone to that in a big way. Now they have allowed machines to be moved out into the smoking areas. That is just backsliding on a huge scale. They just do not take that public health message or the connection with problem gambling at all seriously. We think that is a regression, not a progression. The fact that they do not have to get into a forum and be asked as to why they are doing that is not good. We would like to see the ATM commitment. I suspect over time that will become the national standard — the removal of ATMs from all venues. Is that my phone? I do apologise for that; it is normally on silent.

I am strongly of the view that precommitment is going to become a national standard, and that is because of the technology that is emerging. You can either go two ways on this: you can put your head in the sand and think that the world will somehow leave you alone, or you can engage with other governments, look at what is best practice, try and bring your community with you. We are very hopeful that this forum will accelerate gaming policy development across the country. We will also be lobbying the other states to join us regardless of the outcomes of the ministerial council forum in adopting, as a broader standard, the precommitment mechanisms. Every five years or so, there is a national standard drawn up. We are prepared to go it alone on a standard for machines in Victoria beyond 2010 but it would be in everyone's interest if a precommitment feature is mandated across the country.

Mr BARBER — Minister, what standard of precommitment would you be pushing for?

Mr ROBINSON — I have been not mischievously but deliberately a little open on that because I do not want to come out today and prescribe that it must be system X when system X may or may not be the best that is on offer. We want a system that does not allow people to simply play on one machine and walk around the corner and

start on the machine next to it. You would be aware, Mr Barber, that there are all sorts of people out there who tout for business — we get emails and other approaches from them regularly. I do not want to give them any comfort by saying that the system they are offering would be the best. I just think that this is an area in which technology is emerging at a furious rate. We want to adopt a standard that serves our purposes well, and serves our purposes well through the period beyond 2010.

Mr BARBER — Minister, I guess I was asking not about the technical standards but the features of it in terms of is it compulsory and is it linked across every machine?

Mr ROBINSON — Every machine in Victoria would have it, yes.

Mr BARBER — But is it linked between every machine and is it compulsory for everybody who plays a machine?

Mr ROBINSON — My intention is that it would be. Unless I get advice that that would not work, that is the direction we would take. I am conscious that I am not a technical expert in this field and if I go out and say, 'It should feature A, B, C and D', not knowing what A, B, C and D are in a technical sense, it could be horribly misinterpreted. What we have said to Professor Bruce Singh at RGMAC is that we would invite him to travel to Nova Scotia later this year, because Nova Scotia is broadly recognised as probably the most progressive jurisdiction in this field. I understand that they have rolled out a precommitment variety of machine. We would want to have a look at what that does and whether that is suitable here.

Similarly, we also want to lobby the other states because we think this is a great opportunity to join us on this and ultimately, if people who are going to run machines in venues are dealing with manufacturers, it would be better if we had one standard in Australia, with all machines in Australia featuring a precommitment feature, rather than different standards. I cannot be any more specific than that, except that we will be guided in large part by the advice we get from Professor Bruce Singh and the departments and agencies in other jurisdictions.

Mr NOONAN — Minister, I just want to go back to the regulation of gaming, which is referred to at page 180 of paper 3, and specifically to get you to elaborate on the impact of a couple of the dot points of your presentation here in relation to the precommitment mechanism on the machines, and also perhaps the impact of the ATMs. If you could give the committee a feel for how many venues currently have ATMs — I do not know if you can do that — and also give us some further information on the caps on gaming machines going forward?

Mr ROBINSON — With the caps, the second phase of the caps policy was rolled out late last year and that resulted in another more than 500 machines being moved out of targeted municipalities. We have a series of caps in place. We are not intending to change that; we think the caps work quite well. If you look at some of the gaming turnover figures from capped municipalities, there is quite a substantial drop this year, after those changes the year before. We think, certainly listening to some of the commentary from the business community, that caps are having an impact. One of the reasons that they are projecting that gaming companies' revenues are slowing is because of the caps policy, so I think the caps policy is a valuable addition to the range of policies we have. I should preface it by saying that the thing about gambling policy and problem gambling in particular is that there is no one solution. I think some years ago perhaps people were inclined to think that there was one simple solution and in fact there is not. Certainly in Victoria our faith is in the diversity of policy approaches we have and we believe collectively they get much closer to where we want to be than by focusing on just one policy. So caps are working and will continue to apply.

With ATMs, we had earlier announced a policy where we would limit from early 2010 the amount that was permitted to be withdrawn from a gaming machine in a venue. I think that was $400 a day. What we started to receive from venues in the last few months was advice that providers of ATMs were saying that this was going to increase the cost of reprogramming machines for that measure. Subsequent to our decision in March that in fact by the end of 2012, the end of the current licensing period, they would all be removed from all parts of venues, including car parks, the advice has strengthened to say that really, in a large number — I think it is roughly about 600 ATMs in gaming venues across Victoria — or a majority of those cases, it just will not be feasible for the gaming venue to pay what is required to get the machines reprogrammed for only a two-year period.

We have had some approaches to say, 'Well, given you've made this rule about banning them all from 2012, why don't you just relinquish the earlier decision about the changes from 2010?'. We have not accepted that; we are sticking with the changes. One of the repercussions of that will be that from late next year, probably — I would not

put a number on it, but I suspect in a very substantial number of venues in Victoria — the machines will go and they will not be replaced. We think that is good policy ultimately. As I said, I am confident that this will become a national position at some point in the future, so it is important that we get ahead of the game on that. With the precommitment — as I said, work will start this year. Work towards the national standard was scheduled to start between the different gambling offices in the different state jurisdictions. That will continue but our input to that of course will be predicated on us adopting a precommitment standard and we will separately be doing that work through RGMAC and the Office of Gaming and Racing — probably the VCGR — about what we actually input to that new standard.

Mr DALLA-RIVA — Minister, I refer you to the budget paper 3, service delivery, page 180. In the third paragraph it says:

> Consultative processes are established to encourage input from a wide variety of persons interested in the gambling sector, including direct stakeholders and the broader community.

I understand from one of your overheads that in relation to addressing problem gambling, there was action taken in 2006, with total funding of $132.3 million? Of those, I note that most of the action there has been complete, there are only two ongoing, with the third one — —

Mr BARBER — Problem solved.

Mr DALLA-RIVA — I do not know if the problem has been solved, but it appears that we have got these programs finished. I am curious, because the community advocacy on gambling project, which I gather was one of those funded and established in 2006 under the VGLA, had an initial two-year period. I am just trying to work out, given that there was funding in 2006 for an advance for a period of time, are there funds provided in the forward estimates in the 2008–09 budget to continue projects like I have just mentioned, or are these types of projects virtually finished now, given that at the time VGLA made it very clear that this is one of the conduits of providing a clear channel for the state government to listen to community concerns about gambling? I am trying to get a feel, in terms of the forward estimates, for what componentry of some of those previous problem gambling areas are ongoing, given that a lot of them have been completed, and are projects like the community advocacy on gambling finished?

Mr ROBINSON — The presentation in the slide there is a simplistic presentation. When we say, for example, that we are ensuring a more socially responsible gambling industry, that is largely complete in the sense of the legislative changes we have made and announced through the transition to the new model. That is the model that we are going forward with now. Obviously in order to successfully undertake the very massive transition through to a venue-operator model, you cannot thereafter be changing — announcing further substantial reforms to that industry structure, otherwise you would never get the thing started or stopped. We are in a position with the independent review panel, and certainly one of the things Mr Merkel reports on, is the quality of access to all the information that is available about industry restructure matters. That is largely complete, compared to where we were. We do have an ongoing capacity to deal with the sorts of things you are talking about. The community advocate on gambling was established in, I think, 2006. It has had an interesting genesis, and the person in the position left after 18 months or so. I might be wrong there.

Mr KENNEDY — Eighteen months, I think.

Mr ROBINSON — We had some dialogue about that. I will be seeking further advice on that, and I have spoken to a number of people about that in the last few weeks. I want to be sure — and the funding is available in a continued position, as I said, but I want to be sure that everyone understands what that position is there for. I am reading through the genesis of it and the work that was done, and the fact that the person left, I am just not clear in my own mind what was intended, and I want to be very clear about what was intended before we just say, 'Here is some more money, off you go'. People interpret the role in different ways. One of the things that the advocate did was assist councils in making submissions to the Kirby report. That is well and good, but I do not think you need to establish a separate office of the community advocate just to help councils make submissions to a public inquiry. The councils are very capable of doing that themselves. I would be looking for a more defined and significant role than just something that might help councils do what I anticipate councils are quite able to do themselves. We need to have a bit more of a think about that and seek some input in the second half of the year. But that funding continues, that funding is available.

Mr DALLA-RIVA — To follow up, in 2006 it was $132.3 million? Have those moneys been extended?

Mr ROBINSON — No, continuous — —

The CHAIR — We had a question about that before.

Mr ROBINSON — To 2011.

The CHAIR — It is over a five-year period, remember? There is $28 million next year.

Mr DALLA-RIVA — And of that will there be a component for this?

Mr ROBINSON — Yes — —

Mr DALLA-RIVA — Of a variation — I guess what you are saying is — of a variation of this particular advocate?

Mr ROBINSON — Yes, and the advocate's role within that is a very small component. But the advantage of a five-year program is that the moneys are to be contained in that program. They are not sort of remitted back to Treasury every year and then you have got to argue separately. The money is there and any underspend in a given area in a given year provides — that resource carries on and is available to us going forward. It does give us a fair bit of scope as to how we can apply the resources going forward. This is a field in which knowledge is improving all the time. If you went back, 10 years ago most of what is being done now was not even being attempted. It was being done in a pretty half-hearted measure, either the actual content of policy or the resourcing of it. We have come a long way. We are very confident that Victoria is positioning itself now well ahead of the pack in Australia, but there is more work we need to do and we have a capacity in this program — —

Mr WELLS — More to be done?

Mr ROBINSON — There is more to do.

Mr WELLS — More to be done?

Dr SYKES — More to do? A new version!

Mr ROBINSON — Do you like that? You heard it first here.

The CHAIR — Thank you, Minister. I assume on that one there, to clarify, 'Protecting vulnerable communities', that there will be action under 'Promoting healthy communities' in that respect?

Mr ROBINSON — Yes.

The CHAIR — Like, for example, providing support for reducing gaming dependency in certain communities, like the Chinese community, for example.

Mr ROBINSON — A very active program is going on there. We will provide you with more information. If you want, I can provide you with copious detail of the sorts of work that goes on within those projects.

The CHAIR — The other final comment before we have a break and switch over to consumer affairs is that I notice in your output measures in terms of quantity that there were lots of briefings. It is interesting that the department of education has dropped this because it felt the briefings were not of strategic concern. No doubt Treasury and Finance may well look at the outputs and the types of outputs in the future and discuss that with departments?

Mr ROBINSON — Chair, I am sure that will be a source of endless debate and discussion.

The CHAIR — Yes. Thank you very much, and I thank the officers of the department.

Witnesses withdrew.

Transcript of evidence

7.5 Police and Emergency Services portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

7.6 Racing portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 3 June 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 Hulls, Minister for Racing,

Dr R. Kelleher, Acting Secretary,

Mr R. Kennedy, Executive Director, Office of Gaming and Racing, and

Mr G. Prescott, Manager, Office of Racing, Department of Justice.

The CHAIR — I welcome Ross Kennedy, executive director, Office of Gaming and Racing, and I call on the minister to give a brief presentation of no more than five minutes on the budget estimates for the racing portfolio.

Overheads shown.

Mr HULLS — The first slide speaks for itself, really. We are a national leader. The industry employs over 70 000 people, two-thirds of those are in country Victoria. It is a huge economic and social contributor to the state and contributes in excess of $2 billion in economic activity and the bulk of the economic benefits have arrived in rural and regional Victoria, including a very vibrant breeding centre. The next slide again is the make up of the portfolio. It is a very small part of the Department of Justice's budget. It contributes 2 per cent of the total budget of $3.58 billion. The next slide talks about achievements in 2007-08 including the race fields legislation. It includes basically the fact that it was introduced primarily to protect the integrity of Victorian racing by ensuring that wagering activities of non-Victorian bookmakers on our races could be appropriately monitored by our racing stewards.

The next slide talks about funding support. RIDP, the Racing Industry Development Program and also the Living Country Racing Program, all about capital infrastructure in the main in relation to racetracks around the state. The next slide talks about priorities for 2008-09 and obviously the biggest priority is the wagering licence. We remain committed to a very strong and vibrant racing industry and we want to ensure that funding arrangements are structured to ensure that we continue to have a world-class racing industry. We have confirmed that after 2012 the Victorian racing industry will be funded from wagering to the greatest possible extent rather than through a combination of wagering and gaming machine revenue. We believe this is the appropriate path down which to go. It will maximise incentives for the wagering licence-holder and the wagering industry to work towards the overall betterment of the racing industry. The next slide which is the last slide is again on priorities for 2008-09, ensuring we have a strong and growing racing industry, an appropriate legislative framework and governance structures in place to ensure that we maintain public confidence in our racing industry.

The CHAIR — Thank you, Minister. I refer to pages 180 to 181 of budget paper 3, which deal with the outputs and deliverables on the gaming and racing management and regulation. One of the things we are interested in as a committee is good governance. I guess you could elaborate on what the government is doing and what it wishes to do in the future to ensure the racing industry is actually appropriately governed both in its present and obviously future day challenges.

Mr HULLS — I think there is a bit of misconception out there in relation to what role the government has in relation to the racing industry, setting race dates and those types of things. People forget that we did put in place an independent governance structure for the racing industry that was supported by all sides of the house and it is true that the next decade will see the racing industry facing challenges and opportunities that are unprecedented in its history. We were always concerned to ensure that the industry was best positioned to respond cohesively and effectively to these challenges and that is why we commissioned an independent review in 2006 to assess the industry's ability to respond appropriately. The review has been, I think, a catalyst in motivating internal discussions within the industry on issues such as governance, administration, future wagering environment post 2012 and the like. Under landmark changes to Racing Victoria Ltd's constitution, which passed the Parliament towards the end of 2007, an independent board was set up to lead Victorian thoroughbred racing into the future. This new board is independent of government. It has seen the appointment of three women, I might say, which is really quite unprecedented and reflects the growing importance of women to the racing industry. The amended RVL constitution was tabled in Parliament on 30 November 2007, paving the way forward for the implementation of a completely independent RVL board that was announced immediately after the AGM of Racing Victoria Ltd in December 2007.

I think this board is one of the most talented boards of any sporting organisation in Australia and is well placed to lead the industry into the 21st century. It includes Pamela Catty, who was a group manager of corporate affairs in Coles and brings substantial commercial and banking sector expertise; Robert Cooke, who is the managing director and chief executive officer of Symbion Health and has qualifications in finance and administration; John Harvey, director and chair of the audit committee at David Jones, amongst many of his board appointments; Peter McMahon, who has a wealth of experience in finance and banking; Naseema Sparks, whose background is marketing and also business; and Tim Warren, who has finance experience, mainly in the resources sector. When you add those to the chair of RVL, Michael Duffy, who has a racing background but is also a former federal

Attorney-General, so is experienced in dealing with government; deputy chair David Karpin, with extensive business and board experience, and also Barbara Saunders and Mark Ewing, who have experience in accounting and administration. I think you would agree that it is pretty impressive line-up to take the industry into the future. But I repeat: this is a board that is independent of government. It makes decisions for and behalf of the industry independent of government.

Mr RICH-PHILLIPS — Minister, you spoke about the changed gaming arrangements-racing arrangements and talked about the shift from supporting a racing industry through gaming and wagering to one that is based primarily on wagering. When those announcements were made in April you indicated the government was committed to developing funding arrangements that were no less favourable for the racing industry in this state. Can the committee take from that the current contribution to racing from EGMs through Tabcorp of $35 million will now come from wagering in addition to its current contribution?

Mr HULLS — That is really what the discussions are about now between the government and the industry as to what 'no less favourable' means. 'No less favourable' is a term that is not new; it is actually enshrined in the Gambling Regulation Act, so it is not new terminology. Just to go back a bit, we decided to have a single wagering operator. We did that because we believe that provides certainty and stability for the racing industry in Victoria. A single parimutuel licence is a consistent feature wherever racing is held around the world. It has served Victoria well in the past and I think it will do so in the future. What we will do of course through this process is introduce competition into the bidding process for the licence to get best value for money for the industry and also for Victoria.

One advantage of having a single parimutuel licence is that we will retain the system of one large pool. What does that mean? It basically means that you get better and more stable odds when punters place a bet. The wagering and gaming operator licences originally issued in 1994 were linked because the licences were granted to the then state-owned TAB. Since then of course Tabcorp has become a publicly listed company and the gaming operator licences will not exist beyond 2012.

The wagering industry is growing. It is a viable industry that has the potential to increase revenues from its own racing product. I think these new arrangements, where the funding of racing to the greatest extent possible will come from wagering, does give the racing industry control of its future. They will work very closely with the wagering partner who will give primacy to the racing industry. The industry in Victoria is the second-largest wagering expenditure in Australia. I think it does offer a very attractive licence for any potential provider of wagering.

We are committed — and this again gets to the second part of your question — to ensuring that the industry continues to prosper and we have commenced consultation with the industry on future financial arrangements, with the guarantee that the conditions will be no less favourable than currently exist. Discussions are taking place as to what that means and I expect those discussions — and I do not want to pre-empt the outcome — will canvass a whole range of issues including taxation arrangements and the like. But it is true that the industry currently gets about $75 million — and I will stand corrected — a bit more, about $75 million-plus from gaming machines each year and discussions are being held at the moment as to what 'no less favourable' means. But if they are getting $75 million-plus from gaming machines now, obviously those discussions will be centred around how that money is going to be made up and that will be part of a whole range of discussions that are taking place.

Mr RICH-PHILLIPS — You said the industry would be funded from wagering to the greatest extent possible. Does that mean the government is keeping the door open either to direct funding from government or some residual EGM funding?

Mr HULLS — I am not going to pre-empt the outcome of the discussions that are taking place now, but what you are saying is not new. The government made an announcement that the racing industry would be funded to the greatest extent possible from wagering revenue. We have broken the nexus with gaming machines, and the industry will be funded and dealt with on terms that are no less favourable. There are experts involved from the racing industry and from the government and overseen by a probity auditor in relation to what those things actually mean, and that is taking place now.

Ms MUNT — I would also like to speak about the regulation of the gaming and racing industry. In particular I wonder if you could explain to the committee what the racing integrity review is.

Mr HULLS — I think, as the Chair said at the outset, the reputation and health of any industry, in particular the racing industry, is built on its foundation of integrity, and it is absolutely crucial that this integrity is not compromised, and that the integrity of all participants is upheld, as are the rules of racing. You cannot compromise integrity in any way. As you know, there was an investigation in relation to activities surrounding the former CEO of RVL, and I think that investigation acknowledged some shortcomings within betting services and integrity services divisions of RVL. That included some difficulties in the transfer of information between betting services and integrity services areas up the chain of command.

From my point of view the difficulties really shone a spotlight on the issue of whether RVL's integrity assurance services should continue to reside within the same corporate structure as its commercial operations. That is something the industry needs to face; it is something that I as minister need to address as well. As a result I set up a review by acting judge Gordon Lewis in relation to giving me advice about world best practice integrity services within the racing industry. He has been given fairly detailed terms of reference and they have been publicly released. They will take into account some of the issues I have raised, including whether integrity services should remain a function alongside the commercial and development roles of the controlling bodies, or be set up as a separate independent entity. If a case can be made out for the separation of functions, whether they should be delivered individually for each of the three codes — for thoroughbred, harness and greyhounds — or whether there should be one integrity body dealing with all three codes, ensuring that adequate pathways exist for the escalation of integrity issues up the chain of command, developing an integrity assurance structure and culture that is fully transparent and accountable and incapable of external influences, and any other aspect that he wants to report on. He is due to report to me by early August of this year. Once he has made those recommendations the government will have to make a decision, in consultation with the industry, as to which path it wants to go down.

Mr SCOTT — Minister, I refer you to budget paper 3, pages 180 and 181, and the output 'Regulating gaming and racing'. What is the government doing to support the greyhound industry in caring for retired greyhounds?

Mr HULLS — That is a good question because it — —

The CHAIR — Derelict dish-lickers.

Mr HULLS — It is asked at any public accounts committees that I have been at, and I am always keen to give an update, because I have to say that the greyhound adoption program is a fantastic program. It is one that is recognised right around the world so far as animal welfare is concerned. Hopefully gone are the days when a greyhound that is past its use-by date — all sorts of things used to happen to them. Anyone who has ever had anything to do with a greyhound would know they are extremely placid animals. Believe it or not, they are quite lazy, and I am not going to make any reflection on the upper house and similarities They actually make great pets. The greyhound adoption program has been enormously successful. In 06–07, 354 greyhounds were put through the program bringing the total number of adopted greyhounds — to go through the program they train the greyhounds and then they are adopted out as pets. There have now been some 2200 adopted out since the program started in 1996.

What has happened since the last Public Accounts and Estimates Committee meeting is that they have extended the program to a prison pet partnership program — a PPP. When people think of PPPs they would not normally think of the prison pet partnership program. I was fortunate enough to launch that program at Dhurringile Prison. The program's catchcry is not bad: everyone deserves a second chance. It is not just the greyhounds, it is the prisoners as well. I have to say that the PPP plays a very impressive role. It rehabilitates retired greyhounds, as well as attempting to rehabilitate prisoners. Some of the prisoners I spoke to were extremely attached to the pets, and were very upset when, having undergone the greyhound rehabilitation program, the pets then left the prison and were fostered out, if you like, to the families who were adopting them. They have had a huge impact on the prisoners at Dhurringile, so much so that I am advised that they are going to expand the PPP, the program, to other low-security prisons such as Beechworth, Tarrengower and Langi Kal Kal as well. So if it is as successful at those prisons as what I saw at Dhurringile, it is fantastic not just for the pets but also for the prisoners as well.

Ms MUNT — Do you know how it goes when they actually go to homes? Is it working out?

Mr HULLS — Extremely well. I have met with some people that have adopted greyhounds and they just have not looked back. Some of them have adopted more than one. They find that the pets are extremely tame as a

result of this program. When I was first racing minister I actually demuzzled greyhounds. You probably remember that greyhounds had to be muzzled, and I could never quite understand why. There was a view around that they were vicious animals and used to bite everybody, but it is quite the opposite — they are very placid animals. Once they have gone through this program they can be demuzzled and they are loving pets basically.

Mr DALLA-RIVA — Attorney-General, I refer you to the statement of finances budget paper and in relation to taxation in racing on page 43 it talks about the forward estimates increasing from 129.4 million up to 152 million into the 11–12 year. You will be aware, and I probably want your question in relation to how you are dealing with it, but moneys wagered through Northern Territory-based bookmakers and betting agencies have increased substantially from about $200 million in 2001 to what is estimated around $4 billion today. So can you advise what impact this will have on the revenue proposed here for Victorian racing in particular?

Mr HULLS — I think it is important we send a message to those corporate bookmakers that operate in other jurisdictions that they cannot free ride on our product, and that is why we have introduced the race fields legislation to ensure that those bookmakers who want to bet into Victoria have to pay a fee to RVL to be able to use the product and the integrity of the product that exists here. I think that those figures in the budget papers are right, and I expect that the wagering industry will be a vibrant industry and will continue to be vibrant. But it has to be remembered that it is competing against other forms of discretionary dollar spending so it is absolutely crucial that the industry continues to innovate and revitalise its product if it wants to compete, and I expect the announcement of the stand-alone wagering licence will ensure that that does occur.

In relation to the competition from corporate bookmakers, as I said, we have introduced our race fields legislation, but I have also reconvened the bookmakers reform working group to ensure that bookmakers here can continue to compete for that wagering dollar that is going to other forms of betting, whether it be Betfair or corporate bookmakers interstate. I think the health of the industry in Victoria is reflected by the fact that for the first time in a decade there are in excess of 200 registered Victorian bookmakers and significant numbers applying for registration. It is pleasing to note, I might say, that 11 of those, I think, are women; female bookmakers in Victoria. Nonetheless, it is clear that the evolution in the national and global wagering sector has resulted in an increasingly challenging market environment for those that are in the wagering industry. You have probably noticed recently that Tabcorp, in an innovative move, decided that they were also going to set up in the Northern Territory to compete against some of the corporate bookmakers that exist in the territory.

In relation to the bookmakers reform working party, I reconvened that to consider various proposals to meet head-on some of the challenges that are facing the industry, and that group reported to me, from memory, in January, I think, of this year, and they have made a number of recommendations. That includes bookmakers being allowed to operate 24/7 from approved racecourse locations; bookmakers being permitted to operate offcourse from premises that I, as minister, would approve; Tabcorp being approved to offer fixed-odds betting on all races which again would, going to your question, enable Tabcorp to better compete with some of those corporate bookmakers; that the issue of non-bookmakers being able to invest in bookmaking operations be looked at, and that public companies be permitted to become registered bookmakers.

So a lot of those recommendations, or all of those recommendations at least, have been made. I am currently considering each and every one of those with a view to taking legislation into the Parliament later this year. What I would say about them is that it is important that bookmakers are able to compete. It is important, of course, that Tabcorp be able to compete appropriately. We are entering a new wagering environment but any reforms that I implement will have an eye to keeping bookmakers operating at racecourses because it is absolutely crucial in my view for the colour and movement of racing, for the ongoing viability of the industry and the ability to continue to attract people to the course. The last thing we want is to lose bookmakers from our racecourses. So some of these reforms will enhance the viability of wagering and in particular bookmakers oncourse. Some of them, I suspect, will lead to bookmakers removing themselves from racecourses. I simply repeat, without wanting to pre-empt what the government intends to do in relation to these reforms, that we will always have an eye to retaining the presence of bookmakers oncourse.

The CHAIR — Thank you, Minister. I note for the record that Ged Prescott from the Office of Racing was also at the table assisting the minister. I thank departmental officials for their assistance during this hearing. We will now break for a few minutes while we change to the industrial relations portfolio.

Witnesses withdrew.

CHAPTER 8: DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

Transcript of evidence

8.1 Aboriginal Affairs portfolio

Please note the Aboriginal Affairs transcript and the Local Government transcript are combined into one transcript.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 21 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 Aboriginal Affairs and Local Government portfolios

Mr R. Wynne, Minister for Aboriginal Affairs, and Minister for Local Government,

Mr Y. Blacher, Secretary, and

Mr S. Gregory, Chief Finance Officer, Corporate Finance.

Witnesses Aboriginal Affairs

Ms A. Jurjevic, Executive Director, Aboriginal Affairs Victoria,

Witnesses Local Government

Ms P. Digby, Acting Deputy Secretary, Planning and Local Government, and

Mr C. Morrison, Acting Director, Governance and Legislation and Local Government Programs, Department of Planning and Community Development.

The CHAIR — On behalf of the committee I welcome to the table Mr Yehudi Blacher, Secretary of the Department of Planning and Community Development; Ms Angela Jurjevic, Executive Director, Aboriginal Affairs Victoria; Mr Stephen Gregory, Chief Financial Officer; and Mr Morrison, Acting Director, Governance and Legislation and Local Government programs, all from the DPCD. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information on the Aboriginal Affairs portfolio.

Mr WYNNE — Thanks very much, Chair. Joining me is the director of Aboriginal Affairs Victoria, Angela Jurjevic; Yehudi Blacher, the secretary, and Stephen will deal with any more complex financial matters. We have got a presentation for you to have a look at. If we can, Angela will hand those around. I wanted to firstly say, Chair, that this is the first opportunity I have had to present to you as Minister for Aboriginal Affairs. I was delighted to have the opportunity, provided by the Premier, to take up the Aboriginal Affairs portfolio, and although my previous experience with Aboriginal Affairs had been as parliamentary secretary to the Attorney-General in our first term of government, when we were putting together the very successful structure for the Aboriginal justice agreements, it was particularly pleasing to be provided with this opportunity to work with the Aboriginal community.

The broad message that I wanted to briefly touch upon today was how the government is seeking to tackle the issue of the Aboriginal community in Victoria more generally, and I wanted to indicate to the committee — and it is a much vaunted term, but in fact the government has a whole-of-government response to Aboriginal affairs. We have a Ministerial Taskforce on Aboriginal Affairs, which is chaired by the Deputy Premier, Rob Hulls. I think it is very appropriate that the Deputy Premier, a person with a very keen interest in social policy and social justice outcomes, is the chair of the committee.

Other committee members are Jacinta Allan, Minister for Skills and Workforce Participation; Maxine Morand, Minister for Children and Early Childhood Development; Tim Holding, Minister for Finance, WorkCover and the Transport Accident Commission; Bronwyn Pike, Minister for Education; Lisa Neville, Minister for Community Services; and obviously me, as Minister for Aboriginal Affairs.

Underneath the ministerial task force is a secretaries group, of which Yehudi Blacher is a member, but indeed secretaries of all departments across government are involved in a coordinated way in the Ministerial Taskforce on Aboriginal Affairs; that is the important link between the political arm and the bureaucracy to implement the outcomes of the task force's work. The broader framework is the Victorian Indigenous affairs framework, which would be well known to members of the committee, which is a long-term strategy about overcoming the fundamental disadvantage experienced by the Aboriginal community.

We all know of the really appalling health outcomes for Aboriginal people in this state, where the average age of an Aboriginal person is 17 years less than for a non-Indigenous person, and we want to, through that ministerial task force and the key policy and strategic objectives of the Aboriginal Affairs framework, really work in a very systematic way to seek to make a difference in the lives of Aboriginal people.

On page 2 of the document there you will see the key outcomes that we are seeking to achieve: improve maternal health and early childhood health; literacy and numeracy — we know that if an Aboriginal young person is maintained in education to year 12 completion or the equivalent, their pathways going forward are infinitely improved. Preventing family violence and improving justice outcomes are self-evident — we know that Aboriginal people are incarcerated somewhere in the order of 14 times more than non-Indigenous people and their interactions with the criminal justice system often have a very negative outcome for them, so the sorts of initiatives that the Attorney-General has implemented — things like the Koori Court, alternative dispute resolution mechanisms — which try to divert people away from the criminal justice system, are obvious ones that we would all be seeking to support.

Building indigenous capacity in Aboriginal communities is in our view an absolutely fundamental thing and one with which the government is very committed to trying to support Aboriginal people both in their interactions with government and also within their own communities as well. Finally, Chair, the outcomes for Aboriginal people must be inextricably linked to land. The association between Aboriginal people and their land, what can be done on their land, who speaks for the land, who speaks for country, improved economic development outcomes for Aboriginal people would be self-evident, but again they are issues that we are trying to tackle in a systemic way. What underpins that of course are the achievements in 2007–08. All of those are pretty self-evident I think on the

third slide, 'Achievements in 2007–08'. And in the fourth slide we indicate what is our forward program for 2008–09. I will be happy to elaborate on any of those matters through question time.

That was very harsh, Chair; it was my first go at it.

The CHAIR — That is all right; we have only got 5 minutes, otherwise my colleagues would say, 'We've got 25 minutes for questions'. I note that in terms of your outputs and outcomes on page 194 — I know they are departmentally specific, but they do not really relate a whole lot to the strategic areas for action. Maybe that is something to look at.

Ms MUNT — Minister, can I refer you to page 292 of budget paper 3 and the initiatives listed there under 'Improving the Lives of Indigenous Victorians'. Can I ask you to please comment on why there is no reference in that list to funding for the stolen generations, and also what the government is doing to address the circumstances of the stolen generation, and what support was provided for the national apology?

Mr WYNNE — I had the honour of being able to go to Canberra to represent us at what was an extraordinary and historic day — the national apology to the Aboriginal people by Kevin Rudd, which was at the start of their term of government. It was an extraordinary day because we actually went there with a whole group of stolen generation Victorians. We assisted a whole group of I think in the order of 70 to 80 people, I am advised by Angela.

They went up to be part of the apology. As I say, I had the opportunity to be there. The night before, they had a function for many of the participants, members of the stolen generations from across Australia. I was a bit reluctant to go to this event, but I was very warmly welcomed not only by our own delegation but more broadly by the groups from across Australia.

There was an incredible sense of anticipation there on the night about how this event would go, and it was just a wonderful opportunity to meet with people. I remember meeting with this really, really old man who had come from way, way outback Western Australia, a tiny little Aboriginal man, very small, very frail — I think he was about 87 years old — and he stood there with tears in his eyes, and he said to me, 'I never thought I'd live to see this day'. That was incredibly powerful, just the sense in which people were saying that the government was prepared to acknowledge that a wrong had happened to them, and that on behalf of the broader body politic, our federal government — our national government — was prepared to say, 'We were wrong; you have been wronged, and we apologise for that, and we build a bridge and we move forward'. It was very powerful.

The next day was extraordinary. After the apology, there was this amazing — as I am sure you heard or saw — eruption of emotion; of grief, of joy, of tears, just this mixture in all of the Aboriginal people around me. It was extraordinary. It was an amazing moment to be there and to be involved with this. I have said before, sometimes when you change a government, you can change the nation, and I think the nation did change that day, and we turned a page. This was very important and very symbolic, and we have moved forward from there.

Just in relation to Stolen Generations Victoria, as you know we established Stolen Generations Victoria with funding of $5.1 million over four years, and the Victorian group did a mighty job in Canberra. It was very difficult to hold together a group of people who have come with different sets of expectations about what might happen, bringing their grief with them. It was very, very difficult. But they did an absolutely fantastic job, and they are doing a great job here in Melbourne. They are working with the Public Record Office in tracing people's lineage, where people have come from, and on stolen wages. They are working on those sorts of initiatives, but they are doing things around practical reconciliation as well, things around grief, counselling, family support, Sorry Day activities — these are good things — and they are terrific on information and advocacy as well. As anyone who has been around Aboriginal communities and talked to them would know, the damage that has been done is incredibly profound, and Stolen Generations is doing a great job, I think, in helping to repair that. It was a great event and I had the honour of being able to represent us there.

Mr WELLS — Minister, how many staff do you have in your department? What is the staffing? How many are actually Aboriginal?

Mr WYNNE — How many are Aboriginal?

Mr WELLS — No, how many are in your department, and how many are actually Aboriginal?

Mr WYNNE — We have got 87 staff, and about 30 odd.

Mr WELLS — Thirty odd would be Aboriginal?

Mr WYNNE — Yes.

Mr WELLS — I refer to your handout with the prevention of family violence and child abuse, and I think it is about $24.7 million that you are going to spend on that. How many indigenous rehabilitation centres are being funded and where are they situated?

Mr WYNNE — Indigenous rehabilitation centres?

Mr WELLS — In regards to specific family violence.

Mr WYNNE — Oh, the healing services?

Mr WELLS — Yes, the healing services.

Mr WYNNE — We have four services.

Sorry, could you just ask that question again? You asked it in a slightly convoluted way. Please say it again.

Mr WELLS — We are trying to get the terminology right, I think that is the issue. So the issue is family violence and child abuse, and there is a commitment of funds towards that. Are they the healing services that are directed to reducing family violence and child abuse?

Mr WYNNE — In part, yes, and in part, no. Some of this is around men's behaviour change programs, intensive case management for indigenous men and family violence outreach services. The healing centres have been largely based around dealing with issues around alcohol and obviously the other impact of that being family violence as well.

Mr WELLS — Where are the healing centres?

Mr WYNNE — Have you got the locations of those, Angela? You can answer that.

Ms JURJEVIC — One in East Gippsland at Lakes Entrance, one in northwest Melbourne, that is the Maya living free centre — —

Mr WYNNE — That is in Northcote.

Ms JURJEVIC — There is one being established at Rochester, and there is also another one at — —

Mr WYNNE — One in Ringwood.

Ms JURJEVIC — One in Ringwood, and there are also some time out services.

Mr WELLS — So the fourth healing centre is at Ringwood.

Ms JURJEVIC — It is eastern metro, at Ringwood.

Mr WELLS — So it is Ringwood, Lakes, Rochester and — —

Ms JURJEVIC — Lakes Entrance, Rochester and northwest Melbourne, and Maya in Thornbury.

Mr SCOTT — I refer the minister to page 194 of budget paper 3, and the output measures for Aboriginal affairs, and I ask the minister to comment on what the government is doing to improve the representational arrangements for Aboriginal people in Victoria.

Mr WYNNE — This is an initiative I picked up from Gavin Jennings, who spent a lot of time going around Victoria talking to Aboriginal communities about what they thought would be the most appropriate structure to have a conversation with government, and he developed what we call these local indigenous networks (LINs). He got funding of 10.8 million over four years, which was allocated from January 2006, to really build the

community capacity and a locally-based structure from which Aboriginal people could engage more broadly at a regional level but also a structure in which voices that might not often get heard through the Aboriginal community could be heard by government.

It has been very much a community up type of response. We are on track to have 16 new local indigenous networks (LINs) by the end of June this year, building on the 8; so it is 24 and we have another 16 to go. We are well and truly advanced in that work and I think this is an important initiative by us to build an alternative structure to be able to engage with Aboriginal people. I said 16; I should have said 14 — 14 to go.

If you think about the way that governments tend to talk to Aboriginal communities, we have a plethora of advisory structures. Many leaders in the Aboriginal communities spend half their lives running around talking to government. We think there is a possibility for us to have a further refinement in the way that meaningful and very much community-based engagement with Aboriginal people occurs. If you think about it, we have Aboriginal advisory committees in justice, in health and education. You name any portfolio and we have an Aboriginal advisory committee, and some poor soul has to go off and work their way around all of these structures. I am up for a discussion more broadly within government about how we can get a good structure in place which is very strongly engaged at the community level and actually refines down the consultative processes.

It begs the question of course of how the commonwealth in the future seeks to engage with Aboriginal communities in the light of there not being an ATSIC any longer. We will continue discussions with Jenny Macklin about how we are seeking to approach it, but the important thing about our LINs is unlike ATSIC they are not funded to provide services. We want them to be inclusive and anybody is encouraged to join and be a part of it. We want our LINs to be supported to achieve really the aspirations of their local communities. It is an important initiative and one that we are on target to achieve the outcomes that we agreed upon. If you do get in place a good community process and a good community voice, inevitably you will get better outcomes going forward for the Aboriginal community. So we think it is a good initiative.

Mr RICH-PHILLIPS — Minister, on the issue of Aboriginal unemployment, your department has acknowledged that Aboriginal unemployment is far higher than broader community unemployment. There is $2 million going into an Aboriginal youth employment program with this budget. Can you tell the committee how you will select a service provider to roll out that program, and how you will assess the success of that program — i.e., recording the number of Aboriginal people that go into genuine private sector employment post their involvement in a government program.

Mr WYNNE — Your specific question is not within my portfolio area, but I would be very happy to talk to you about the broader employment strategies that we are engaged with. If you think about a place like Shepparton, where there is a very large Aboriginal population there. Rumbalara is a great community Aboriginal organisation there, with great leadership there of people like Paul Briggs who is recognised probably around Australia as being one of the great Aboriginal advocates around the place. I know Dr Sykes knows him well. By any measure they are a group of people having a red-hot go, and we support them. I was up there two Saturdays ago.

All I would say to you is look around the community there. How many Aboriginal kids have a job in Shepparton? The answer is may be a handful, and that is after all the work that has been done — the COAG process, the processes of our own government and the support that has gone in there. So we have to do things differently to achieve outcomes particularly for young people. Some of those, as you know, Mr Rich-Phillips, are about keeping kids in school and keeping them engaged in school. It is an absolutely fundamental, key proposition that we have supported through the Aboriginal framework. If you keep a kid in school to year 12, you have a prospect of holding on to them, getting them into training, getting them into employment and getting them into college, university or whatever. That is fundamental. The second aspect of it is for those kids who have dropped out of the system, how do you get them re-engaged? So you have to get those kids re-engaged as well.

I was up in Wodonga recently talking to one of the Aboriginal co-op's there, and they are having a terrific go at trying to get young kids who are in danger of dropping out of the school system into a bit of trade training, to say 'Hey, listen, come with us. Come and get involved in a bit of pre-apprenticeship training with us around the building industry, plumbing and construction and so forth', trying to hold those kids together, giving them a chance and being mentored by Aboriginal people, giving them the opportunity to say there is another way than basically

going down a destructive path. These sorts of interventions I think are incredibly important and really worth supporting going forward.

From our own point of view, our land and economic development program, which we may want to have some discussion about, is really trying to look at opportunities for strategic investment in Aboriginal-owned and run organisations where there is an opportunity for not only ongoing employment but in fact ongoing business opportunities. I would be happy to talk about that further if you want, because I know time is running out on us.

They are the sorts of interventions that are really going to make a difference, but it goes back to the core framework. And that core framework for young Aboriginal people is to give them the best start in life through the maternal and child health interventions, keep them engaged in school, keep them engaged in school to year 12, give them the opportunities of employment and training outcomes, and that investment is going to succeed over time.

Mr RICH-PHILLIPS — Just quickly, Minister, on page 292 of budget paper 3 there is a list of the whole-of-government Aboriginal programs. Could you just let us know which ones you are responsible for versus other ministers?

Mr WYNNE — We will just quickly scan our way through those and tell you which ones are ours.

The CHAIR — These are the output initiatives which are government-wide.

Mr WYNNE — The indigenous leadership strategy — 0.4, the last one — that is us.

Mr RICH-PHILLIPS — All the rest are other ministers?

Mr WYNNE — Yes.

The CHAIR — Which almost goes back to my original comment, which was that the outputs of your department relate only a very little bit to the strategic areas, which of course are government-wide.

Mr WYNNE — Yes, it is a broader, whole-of-government framework.

The CHAIR — I guess it raises the question: are we handling it right, in terms of looking at outcomes in the way we record them?

Mr WYNNE — We have clearly articulated what the broad frameworks are, and I indicated those earlier, Chair. They are signed onto by all the government ministers; we have the secretaries group engaged in that. As you know, we have to report every year on the outcomes, both the positives and the negatives, to the Parliament. It is a pretty significant discipline upon government.

Local Government Portfolio

The CHAIR — Minister, I call on you to give a brief presentation of no longer than 5 minutes on the more complex financial and performance information in regard to local government.

Mr WYNNE — I have a handout. I will only briefly touch upon this, given we have limited time, except to say it is a big year for local government.

Mr WELLS — What, there is more to be done?

Mr WYNNE — No, council elections, 79 of them, coming up at the end of the year, with four-year terms coming up. We will have hotly contested council elections, we hope, because we are very keen to encourage active democracy.

Mr BARBER — You should pay accordingly, Minister; you will get them hotly contested.

Mr WYNNE — I am very happy to talk about councillor remuneration, no difficulty at all.

The CHAIR — Minister, if you just — —

Mr WYNNE — Chair, I am under severe provocation here.

The CHAIR — I know; just ignore it.

Mr WYNNE — We had a great meeting of pretty much all the mayors and CEOs last week. We came together to talk about strategic directions going forward for local government. That was an excellent meeting, where we signed the Victorian State-Local Government Agreement, an historic agreement which spells out the mutual responsibilities of state and local government, and which is very strongly supported.

All of us are great friends of public libraries. I had the opportunity to attend out in Broadmeadows, in the Premier's electorate, at the Hume Global Learning Village the launch of the Premier's Reading Challenge Book Fund, which is $6 million over four years. What a great program this is, what a huge success, getting kids to read — it is unbeatable. It is a fantastic outcome that has really taken off. I am sure that any of you who have young kids — or those who are still on the way down that path — would know how they are engaged. It will be a cracker opportunity for young kids to really engage in the imagination of reading.

It is worth pointing out, Chair, that it was only in 2003 that Broadmeadows got a library — it is extraordinary — but it is a fantastic facility and beautifully located. It has everything you could want there — community access and internet. It is a wonderful library with great lending facilities. It is just a sensational place.

We saw another 10 libraries either replaced or newly built at Kyneton, Caroline Springs, Geelong West, Romsey, Craigieburn, Frankston — right across Victoria. The libraries program has $30 million in recurrent funding in 2007–08 and $31 million in 08–09. The introduction of wireless internet over two years has $1 million, which will be really very much welcome, not only by libraries but also by neighbourhood houses. There is a $1 million program to monitor access by people to the internet services at libraries. That is all good stuff.

On neighbourhood houses, I know everyone is a fan of neighbourhood houses. Last week I was out at the Jika Jika neighbourhood house in Northcote, where we celebrated Neighbourhood House Week. Again, this has been a good record by the government in terms of the increase in support to neighbourhood houses over successive years. Most if not all our neighbourhood houses are receiving a staffing subsidy. There is still a small handful — —

Dr SYKES — There were 30 unfunded; how many are there now?

Mr WYNNE — I will give you the answer to that when I have finished my presentation. It is not 30 unfunded. We funded another 10 in the last round for a small staffing component, but significant capital works and disability access to many of our neighbourhood houses. Going to the point by Cr Barber on councillors' allowances, we have had an independent panel process.

Mr BARBER — Former Cr Barber.

Mr WYNNE — Former Cr Barber.

Mr BARBER — What has led you to councillor?

The CHAIR — I think you have used your 5 minutes up, Minister.

Mr WYNNE — I said former councillor — former Cr Barber, on councillors allowances and the independent panel process we have come up with a good, I think a reasonable set of remuneration packages and supports to councillors, and a better local governance discussion paper, that you are well aware of. That went out for broad community consultation. That goes to dealing with some key questions around clarifying for councillors conflicts of interest, trying to deal with those issues, certainly dealing with issues around disputes between councillors, trying to deal with those at a local level wherever possible, recognising and respecting the autonomy of local government, and where they cannot be dealt with there they will be potentially go to VCAT.

We will have two tranches of legislation going into the Parliament this year. The first will be in the next couple of months, around some electoral reform matters, and the second will be around the good governance aspects. So we will need to put two tranches into the Parliament, and the Parliament will deal with that accordingly. The Best Value Commission has completed its work. That has been now integrated very much into the day-to-day operations of local government. We thank the Best Value Commission for its work there.

We have $4.7 million for a councils reforming business package, which I spoke about and which I am happy to speak about in detail if we get some time today; and, finally, community planning, which has got to be in my view an integral part of the way that local government conducts its business going forward.

The CHAIR — Thank you, minister.

Mr NOONAN — Minister, it will be worth for the councils' benefit your elaborating on the councils reforming business, the 4.7 million over 2 years — I think you are projecting year 1 this year — and talking about what outcomes are expected through that particular allocation?

Mr WYNNE — This is, I think, a great initiative. It is one we are doing in partnership with the MAV. The first kick-off of it was in relation to affordable housing. We got together $250 000 from housing and $250 000 from local government to put together a package of $500 000 to go out to local councils, to say, 'Let's move past the rhetoric about affordable housing and let's look for opportunities for some practical outcomes in terms of getting land rezoned and getting it back into the marketplace, offering it up to government as affordable housing opportunities'.

We got a terrific number of expressions of interest right across local government. It was quite a tough process. We got six councils involved: Darebin, Manningham, Maribyrnong, Surf Coast, Swan Hill and Wodonga — a broad sweep across metropolitan and regional Victoria. Already many of these councils have identified land that they own themselves, land that they may own in partnership with the state government, or indeed it might be private sector land that they want to see redeveloped to get better outcomes in terms of housing affordability going forward.

The key to this has been getting land rezoned. Once you have got the land rezoned you have moved into really a marketable proposition, whether it is with me as the Minister for Housing, whether it is more broadly with VicUrban, whether it is a joint venture project with the housing association — let us see how they come forward. But I think this is a terrific initiative and one that we will do more of if it is as successful as I think it will be.

The other area that I think is really very important is procurement. I think there are enormous opportunities in terms of unlocking the bulk-buying capacities of local government not only in Victoria but right up the east coast of Australia. If you think about the buying power of local government up the east coast, it is an enormous opportunity to garner the collective buying capacity and to offer real savings back to local governments where they can reinvest those savings back into social or physical infrastructure on behalf of their councils.

We are very keen to pursue that much further with the MAV. Local laws — inconsistency of local laws is a huge bugbear for business. So we are going to do a lot more work in this area, again with local government, to try to straighten out inconsistencies in local laws. This will be, I think, of significant benefit — and also the greater use of shared services. I think they are an important opportunity for us, particularly where you have small, rural

municipalities and a larger council close by. What are the opportunities for shared service outcomes to the benefit of both organisations and indeed the communities they serve? So there is a good agenda going forward, a good amount of money in there, with I think potentially some very good practical outcomes.

The CHAIR — Thank you, Minister.

Mr DALLA-RIVA — Minister, in your presentation to the Public Accounts and Estimates Committee you outline your 2007–08 achievements in that you mention ensuring local government partnerships with the Victorian state-local government agreement signed. You then go on to some of the other achievements — 'Empowered local residents and communities' — and that is about community planning.

Mr WYNNE — Yes.

Mr DALLA-RIVA — You then move on to the forward estimates period, for which you have listed seven priorities. I will not read them all out, but two of them bring note to my question. They are: 'Joined up government' — that is obviously the continuation of the agreement that I outlined earlier, and the implementation. The other one is, 'Empowered local residents and communities', again along the same lines of community planning.

Given that you are an advocate for those particular issues and they are your priorities moving forward, how do you see that local government, now having had its powers stripped in local planning decisions, links up to your priorities into the next period? With that in mind, are there any financial implications in the budget moving forward in relation to the changing of heart, as it were, today from the Premier in relation to stripping the planning powers from local government?

The CHAIR — Insofar as it relates to your portfolio, Minister. It might be directed to the Minister for Planning who is to appear on Friday.

Mr WYNNE — I am very aware of the decision that the government has made in relation to activity centres. I support the decision. I think it is a good decision, because it is one that is about having a partnership between the state and local government.

Mr BARBER — Like when the mafia comes to your restaurant and says, 'We are your new business partners'?

Ms MUNT — No, not like that at all.

The CHAIR — Minister, you can answer insofar as it relates to your portfolio in terms of the question on community planning and council-state government agreement.

Mr WYNNE — If you look carefully at the decision-making process, councils will be responsible for the development overlays in their principal activity centres. It will be their business; it will be their business to put in place the structure plans. It will be their business to decide what are the community aspirations for those 26 principal activity centres. I want to reiterate, as the Minister for Planning has done, that there will be no diminution of third-party appeal rights.

Once the structure plan is put in place — and there is the whole process around how all that occurs — then, as the applications come through the system for developments to occur within those principal activity centres, you will have a development approval committee (DAC), which is made up of two state government, two local authority representatives and an independent chair to deal with those matters. It strikes me that this is quite a sensible and streamlined way to deal with applications within the broad structure plan that has been resolved by the council.

I have to say, Mr Dalla-Riva, that I do not accept the assumption that you make that it is stripping away rights of communities to have a say. Communities will have absolutely a say in the structure planning process. It is a long and involved structure planning process, as you know very well. The councils will decide on the basis within the structure plan of where third-party appeal rights will be. Through that process it will be the council, and there will be no diminution in the capacity of third-party rights.

Mr DALLA-RIVA — Just as a follow-up — —

The CHAIR — Insofar as it relates to the minister's portfolio.

Mr DALLA-RIVA — It does. Part of these new committees, will they have the responsibility for planning — —

The CHAIR — I think it is actually outside the minister's portfolio.

Mr DALLA-RIVA — I just want to know — —

The CHAIR — Insofar as it relates to his portfolio, I am happy for that.

Mr DALLA-RIVA — He just mentioned it. I want to know if there is any financial impost in terms of the establishment of those committees. If they are not within his portfolio, that is fine.

Mr WYNNE — They are not within my portfolio.

Mr DALLA-RIVA — Thank you very much.

Mr WYNNE — It is a matter for the Minister for Planning. But in broad terms — —

Mr DALLA-RIVA — There is a financial impact, but thank you. We are here for the forward estimates apparently.

The CHAIR — I do not think the minister commented on the financial impact one way or another.

Mr WYNNE — Let us be clear, Mr Dalla-Riva, you have asked me the question. I said it is not within my portfolio responsibility.

Mr DALLA-RIVA — No, I understand that. The Chair is sort of holding me up when I am asking about the cost that is going to be to the government. I do not need to be stepped on, I just want to know whether it was.

The CHAIR — We will ask the planning minister on Friday.

Mr DALLA-RIVA — If we cannot ask about the forward estimates, why are we here?

The CHAIR — We can, but we ask the ministers in respect of their portfolios.

Mr PAKULA — Minister, there has already been some commentary during the hearing about councillors' remuneration. I want to ask about councillors' conduct, particularly bearing in mind page 21 of budget paper 3, the output measures on local government. What is the government doing over the budget period to include local councillor conduct?

Mr WYNNE — As you go around local government and talk to people, the vast majority of local government councillors are professional, conduct themselves in a proper and appropriate fashion — the vast majority. From time to time, you will get circumstances of conflict and inappropriate behaviours. There is a big difference between, in my view, robust debate as we ought to have in a democracy and behaviours that are unacceptable — behaviours of bullying, standing over, that sort of behaviour that is particularly unacceptable. I know in talking to a range of women councillors, they have said this sort of behaviour is not a space that they want to be in and something needs to be done about it.

All of the councils have got in place principles of good governance and behaviours, but it is a difficult situation for a council to govern itself around some of these conflicts. Certainly in developing the good governance paper, we were very cognisant of trying to put together a proposition that would be helpful to local government when you get into these conflictual situations.

Our first priority was to say, 'Right, when you get into a conflict that you cannot actually resolve between yourselves, we will bring in some outside support for you' — that is, some outside mediation, some experienced people who have been involved in the local government sector, drawn from a list agreed by the MAV and the VLGA of people who are good at this sort of work, who can come in and assist the council in trying to resolve these matters and offer suggested outcomes for them, whether it be mediation, some counselling, whatever is required to try to resolve it at the local level.

I hope this is in a very rare number of cases. If that cannot be resolved at the local level, then of course the potential will be there in the legislation which the house will debate an opportunity for this to be elevated to the next level, which will be VCAT. What potentially attends to that is penalties that would be engaged in that, including suspension. People have the right to natural justice and the capacity to be represented and heard through the whole process, but at the end of the day, it is trying to put in place something that is broadly supported by the local government sector.

I would indicate to the committee that thus far, the advice I have received across the sector is people welcome this intervention, they think it is a useful tool to be used and one that hopefully will get passage through the Parliament obviously prior to the elections, which will set in place a framework going forward for local government.

Mr BARBER — I think it will be a lot stronger than the framework that applies to MPs, for example.

On the general subject, then, and it is to do with another matter that you are legislating or hoping to move forward on, that is, the Winky Pop case — I had to be the first guy to say that in *Hansard* !— in terms of this coming budget year, are there any particular activities that your department needs to undertake to clarify matters there; is it a case of providing information out to councils; and will you be able to achieve that, I suppose, before the elections come around, which is quite a crucial period?

Mr WYNNE — For those who are unaware of the Winky Pop decision, this was a decision of Justice Kaye in the Supreme Court on 16 November regarding an application pertaining to an applicant at Hobsons Bay council which reflected on the conflict of interest and natural justice obligations of councillors. It was an interesting decision. In effect Justice Kaye's decision, in lay language, was that the council denied the applicant natural justice in that the councillors were implacably opposed to a particular development proposal and therefore were not even prepared to really hear that there might be an alternative proposition — that, in effect, their minds were closed to any alternative proposition — and that that — —

Dr SYKES — That is like the decommissioning of Lake Mokoan — I got it in!

Mr WYNNE — The decision noted that the appropriate test was whether the councillors' views were so demonstrably fixed that they were not open to being dislodged by reason or argument. That is at the core of the decision, and in fact the council's decision was overturned, which is famously now called the Winky Pop decision.

The potential implication of this was that if somebody seeks to stand for local government and they are standing on a particular ticket, hypothetically in opposition to a major development, and subsequently that development comes along and it is dealt with by the council, is that councillor then Winky Popped by that decision, because they are implacably opposed to this development? We have taken advice from the Victorian Government Solicitor in relation to this matter. He is obviously considering the implications of the Winky Pop decision, and if there is any further advice we need to provide to local government about that, we will do so in due course. But it is a most interesting decision.

The CHAIR — So do you provide a lot of assistance, or just a Wee Willie Winkie bit?

Mr PAKULA — Why is it called Winky Pop?

Mr WYNNE — Winky Pop was the applicant. It is Winky Pop Pty Ltd.

The CHAIR — Minister, I have just a couple of quick questions before we wind up. You mentioned neighbourhood houses. Most of us have some in our areas. I know a lot has been done, and you mentioned this in your presentation material. What are you going to do next year and the out years?

Mr WYNNE — I have always looked forward to your support on these matters, Chair. The current funding for 2008–09 is $19.3 million. That is a huge increase; that is a threefold increase since we came to government. In January, as I indicated, 11 neighbourhood houses were added to the neighbourhood house coordination program to receive growth recurrent funding. That was a good start for them. In 2007, 29 houses received the one-off capacity grants — small amounts of about $3000 to $3500 — to continue to provide community based activities. Through our recently released *A Fairer Victoria*, $17.4 million is available for the improvements to the infrastructure as part of our modernising neighbourhood house program.

These are good initiatives, and we think going forward the neighbourhood house sector is in very good shape. They want more funds to get their staffing levels up from pretty much the base funding received by some of those initial 11 that we brought on. We will continue to advocate, of course, for neighbourhood houses within the broader state budget policy settings, and I look forward to your continued support for neighbourhood houses.

The CHAIR — I am sure you have my continued support and Dr Sykes's continued support.

Dr SYKES — This was a toss-up: whether I ask a question about Lake Mokoan, the Food Bowl Alliance or the impoverished state of a number of country councils. I will go with the country councils one.

Mr WYNNE — Yes, do, that is a good one.

Dr SYKES — Within the context of the budget, there was a recent Auditor-General's report that identified a number of councils of questionable sustainability.

The CHAIR — Three.

Dr SYKES — But there were 21 all up that were at risk. I know that in addition to the Auditor-General identifying that, both the MAV and the VFF have expressed concerns, as have we politically. Locally, for example, at Benalla our rates are going up 8 or 9 per cent each year, and they will go up for five years. That means a 50 or 60 per cent increase in rates, and in our case it is in a community where one-third of the people have household incomes of less than 25 000 and are having difficulty in funding it; and that applies also to Strathbogie, Mansfield et cetera. What have you got in mind to address that untenable situation that confronts a number of councils out there?

Mr WYNNE — It is an excellent question, Dr Sykes. I talked about this in some detail at our local government forum last week, and I hope you got some positive feedback from your councils about that.

The Auditor-General identified three councils — Colac Otway, Central Goldfields and Moorabool. In fact the cabinet was at Central Goldfields yesterday, and we talked with the mayor and councillors and the senior administration there. The total rate budget of Central Goldfields is 5 million. The council in my area, the City of Yarra, would probably get that, and more, in parking fines, I suspect. This is a huge problem.

As you rightly identified, there are 21 councils that have been identified in Victoria that are in some financial strain. The answer to this is we have to change the conversation with the commonwealth government. They are the key funders of local government through financial assistance grants, both tied and untied. As you know, there has been a gradual erosion of financial assistance grants over the last decade or so, from 1 per cent of commonwealth taxable down to 0.6. That means for Victoria alone, $200 million a year. That is a big amount of money that you could start to be redirecting into the sheer sustainability of those small local councils. If you think about them — the Moorabools, the Colac Otways and some of those small councils up in further north, through the Wimmera and so forth — —

Dr SYKES — You have got Strathbogie, Benalla, Mansfield and Alpine.

Mr WYNNE — Many of them have declining populations. Some of them are going through very harsh economic times with limited capacity to raise rates. You have got to have a different conversation, and that conversation has got to be changing the way that financial assistance grants are allocated to local government. We have got to change, in my view, both the quantum and the formula, because the formula is not picking up the systemic problem of those small local councils.

You cannot be in a situation where you have got a council that is reliant, long term, for survival on more than 50 per cent, sometimes 55 per cent, of its income coming in from commonwealth and states grants, because their capacity to raise funds is just not there from the rates.

Dr SYKES — You would be aware that The Nationals have a policy of using a percentage of the GST to go direct to councils, á la the federal Roads to Recovery funds?

Mr WYNNE — Yes. Of course that is not even going to the question of road funding; that is a whole separate issue of its own.

Dr SYKES — But that would actually be within the state control by some agreement between the state and the commonwealth. Again we get back to the agreement of targeting the 21 most in need. Whatever system you come up with, they need more money otherwise there are going to be serious problems.

Mr WYNNE — Indeed, as you know it is not a Victorian problem alone; it is a national problem. Every state is confronting this sustainability question. You would be aware, I am sure, the announcement that Ken Henry is going to be undertaking significant work in this area around the whole financial assistance arrangements. Of the two areas that they have annexed off, one is the GST. I think there was one other area; I have just forgotten it. Certainly the GST is annexed off from any — —

The CHAIR — There is superannuation for people over 65 or 60 as well.

Mr WYNNE — Superannuation for people over 60, so they are the two areas that are annexed off, so hold no hope for GST.

Dr SYKES — Just send us the money, send us the cheque and we will — —

The CHAIR — You will find that Victoria passes on more than other states do in terms of grants.

Mr WYNNE — I have already raised this in a ministerial council meeting with Anthony Albanese, the federal minister. I said, 'In this debate we want to be right with you in terms of finding another way of dealing with the sustainability of small councils, because they cannot go on like this'.

Dr SYKES — But you have also got to stop the ongoing cost shifting á la the weed control, where 20 million is coming to DPI and DSE and councils, but the cost of weed control for councils is going to be more than that, so you have got to avoid that continuation of cost shifting as well.

The CHAIR — Are you suggesting amalgamation?

Dr SYKES — I would leave that to this courageous and politically astute government to address those sorts of issues.

The CHAIR — I thought Pat might have given you a bit of advice!

Dr SYKES — No; I will just ask the cashed-up government to look favourably.

The CHAIR — That concludes the consideration of the budget estimates for the portfolios of housing and Aboriginal Affairs and local government. I thank the minister and departmental officers for attending today. The committee has a couple of issues to follow up with you, and maybe some other questions will be forwarded to you in writing at a later date. The committee requests that responses to these matters be done within 30 days. Thank you, Minister.

Mr WYNNE — Thank you very much.

Committee adjourned.

Transcript of evidence

8.2 Community Development portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 22 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 P. Batchelor, Minister for Community Development,

Ms G. Myles, Deputy Secretary,

Mr D. Ferrie, Executive Director, community Programs, and

Mr S. Gregory, Chief Financial Officer, Department of Planning and Community Development.

The CHAIR — I thank the Minister and on behalf of the committee I welcome to the table Gillian Miles, deputy secretary, DPCD; Damian Ferrie, executive director community programs; and Steven Gregory, chief financial officer. I call the minister to give a presentation of no more than 10 minutes — it can be shorter if you like — on the community development portfolio.

Mr BATCHELOR — I am happy to negotiate the length of the presentation if the mark of the time I save means that we can go home earlier, otherwise I am not in the mood.

The CHAIR — We are already about 5 minutes behind time, you see, and I know my colleagues would like to quiz you for as long as possible.

Overheads shown.

Mr BATCHELOR — What I want to do is to give you a presentation today for a brief 10 minutes on A Fairer Victoria, then on the things we are doing to move forward, particularly in relation to place-based investment, volunteering, community enterprise, financial inclusion, the Victorian government action plan and the Community Support Fund.

On A Fairer Victoria, this year was the fourth occasion on which we used this budget statement to really address mechanisms and have policies for introducing fairness to reduce disadvantage and create opportunities. There were four key priority areas in A Fairer Victoria this year. The first of those was getting the best start in life, and we have allocated $163 million out of the $1 billion investment in new initiatives. And under this theme of getting the best start in life we are trying to strengthen the maternal and child health services to expand our capacity to support the growth in births that Victoria is experiencing. You will have heard the Treasurer talk about this being a budget for babies.

We are also providing another $29 million to provide 1000 early childhood intervention service places to assist children who have a disability or a developmental delay, and that helps us support an additional 150 children with a disability to attend preschool. Twenty-four million dollars has been provided to continue our family violence reforms with a stronger emphasis on prevention, particularly in those communities experiencing high levels of violence.

Our second priority area in A Fairer Victoria was improving education and helping people get into work. We are spending some $218 million there, $71 million of it supports our school reforms, including the appointment of 67 school improvement leader positions, so that is one for each of the school networks that exist. This is really designed to lift performance in schools right across the state. We have $33 million to expand support for students who require additional assistance, whether it is helping children with a disability or a behaviour-related issue, or those who have a specific learning issue. We have $22 million for our literacy improvement teams. You would understand the theory and policy driver behind these is the best start in life; helping children at the preschool stage helps them progress through their journey at school. By helping those who are at greatest risk and need extra assistance at school, you help them become much more job-ready.

Our third priority area was improving health and wellbeing, and nearly $400 million has been designated for this, the largest area of A Fairer Victoria. There is 233 for improved disability services and outcomes. There has been a big focus of $20 million to reduce the burden of chronic disease. Chronic disease is disproportionately carried by those communities that are disadvantaged. We are also maintaining our long-term commitment to tackling mental illness with a further $76 million has been provided there to provide ongoing social support for people with mental illness. The simple subtext again in this area of A Fairer Victoria is that if people are chronically ill, they cannot get a job or they cannot hold one down, and as we know, and as I have said on many occasions, the best way of helping someone is to actually get them job-ready and help them keep a job. If you do that you are able to lift them into a lifetime journey of improvement, rather than providing them with a bit of emergency relief or something that is typified by the traditional handout process in the welfare state.

The fourth priority area is developing livable communities. We want to provide some more generous concessions, which include an increase of 15 per cent in the cap on water and sewerage concessions and some extra assistance for those who have multiple sclerosis. In terms of livability, we are also providing some $29 million to attack homelessness and to assist housing services.

That is the context of our overall budget initiatives. There are a couple of areas I want to place a bit more emphasis, and that goes to place-based investments. We have a number of streams of departmental activity and spending initiatives that direct money towards those places that have greatest disadvantage. We are undertaking a number of initiatives to further continue that work in community renewal, community building initiatives and transport connections in particular, which are all focused at areas of disadvantage or, in the case of our transport connections, on those parts of the community that are transport asset poor, trying to work with communities to improve them.

Dr SYKES — Does that mean they do not have a car?

Mr BATCHELOR — No, we do not provide cars. It means that they are — —

Dr SYKES — I was just clarifying what 'transport asset poor' is. That sounded like jargon. Can you just translate it?

Mr BATCHELOR — They do not have much public transport.

Mr BARBER — It is everybody, then.

Dr SYKES — Everyone in country Victoria.

The CHAIR — Minister, you are just about running out of time.

Mr BATCHELOR — I will skip to the first overhead on the Community Support Fund. This is the explanation of the use of the Community Support Fund in the last financial year. In understanding this, it is important to understand that the Community Support Fund was established under the Gambling Regulation Act. It is operated in the public account. Cabinet determines the allocation funding to departments for initiatives that are consistent with the legislation. The legislation sets out what it is to be spent on, and we make sure that it fits in with those statutory requirements.

A series of programs are delivered by the appropriate departments — for example, the Victorian community support grants, which you can see there, are administered by the Department of Planning and Community Development, but the other initiatives, including gambling services, are administered through the Department of Justice. There are other community services and grants programs administered by the relevant departments, so the Minister for the Arts, through the Department of Premier and Cabinet, and other relevant departments administer those.

If you go to the next overhead, that outlines what we propose to do with the expenditure in the year ahead in terms of the programs that are in place to utilise the funds available through the Community Support Fund.

Ms MUNT — At the end of your presentation, Minister, you briefly touched on the Community Support Fund. I was wondering if you could tell me what effect the announced changes that will be put in place for Victoria's gaming industry post-2012 will have on the Community Support Fund?

Mr BATCHELOR — As you would know, the government recently announced a reform to the structure of the gaming industry. That is to take place past 2012, and a number of changes are going to be introduced. But as to the amount of money, in my areas of responsibility they relate to the Community Support Fund. It is anticipated that they will be more or less the same — that is, approximately 8.33 per cent. Within this context, however, we are intending to review how the Community Support Fund operates post 2012 in a similar way to the way the review has been undertaken of how the gaming industry, which triggers the revenue flow for the Community Support Fund, will operate.

There is no doubt that the Community Support Fund will continue to operate in one form or another. Why I am confident about that is because of the role that the Community Support Fund has played in assisting communities in a whole range of areas and the very wide support that it has got in the community as a whole. But we are proposing to undertake a review during the course of this year.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the no-interest loan scheme. Last year you indicated that additional funding had been provided for the next four years, and you were targeting 4000 loans under that scheme per annum. Can you tell the committee how many loans will be provided in 07–08 under the

scheme, what is the average size of the loans given under the scheme, and what type of default rates have been experienced under that scheme?

Mr BATCHELOR — The government committed $4.7 million over four years to the NIL scheme — the no-interest loan scheme. That applies right across Victoria, it is undertaken or assisted by some community organisations. There are about just over 30 of those. We help them to deliver their skills and organisational capabilities to deliver the NILS to low-income people.

The program is delivered in partnership with the Good Shepherd Youth and Family Services Organisation and the National Australia Bank, and the NAB is providing $3.3 million in loan capital. The expanded scheme will increase the number of providers from 41 to 77 and the number of loans from 850 to 4000 over four years. The average loan works out to be about $1000, and to date the repayment rate has been about 98 per cent.

Since the announcement in July 2006 the expansion has established 18 additional providers; we do not provide it ourselves. It has established some specialist programs in relation to domestic violence and young carers, and it has provided a website, which we hope is more accessible with the information that it provides not only to individuals but to community organisations. We have provided loan capital to organisations up to the value of about $2.6 million, so far.

It is a small scheme that is really designed to help individuals who are doing it tough. But the success in terms of getting the repayments through comes from the fact that it is undertaken with the support of a case management approach to the management of the issues through Good Shepherd. You just do not rock up, put a case and get an amount of money and that is the end of it; they try to provide some help and assistance with a form of financial counselling and ongoing support. It is, if you like, a tool Good Shepherd uses to provide support and assistance to help people over time. It provides an access or a pathway to giving people a confidence to seek that.

Mr RICH-PHILLIPS — How much has the scheme expanded towards your target of 4000 loans that you set a year ago?

Mr BATCHELOR — I have not got the — —

Dr SYKES — I know it is coming to Benalla, so I welcome that.

Mr RICH-PHILLIPS — Is that a target: that you will have 4000 in four years' time? Or is that 4000 every year?

Mr BATCHELOR — No, it is over the four years.

Mr RICH-PHILLIPS — Growing from 850 to 4000?

Mr BATCHELOR — To 4000, yes.

Mr RICH-PHILLIPS — Will you get, perhaps on notice, how you have progressed on that?

Mr BATCHELOR — Yes.

Mr SCOTT — Minister, I would like to refer to the presentation and the summary you gave of the A Fairer Victoria 2008 statement. What will the impact be of the commonwealth social inclusion agenda on the Victorian government's A Fairer Victoria framework and on the community development portfolio over the budget period?

Mr BATCHELOR — We have, if you like, led the development of this social inclusion agenda, and particularly through A Fairer Victoria. We are trying to get other jurisdictions to take it up, including the commonwealth. South Australia is very well advanced in the social inclusion agenda, and the new commonwealth government has placed a new emphasis on the sorts of activities that we undertake here in Victoria. They are calling it social inclusion; we are calling it A Fairer Victoria.

Essentially it seeks to have the same sorts of objectives. We are trying to get the commonwealth to join in with initiatives that we undertake or to lead in areas of similar concern, particularly in place-based activities. My departmental officers have met with the newly-established inclusion unit which has been set up in the office of the

Deputy Prime Minister, and I have met with the parliamentary secretary to try to work through how we might work collaboratively. Our priorities in A Fairer Victoria this year that I have set out are the sorts of policy initiatives that the commonwealth is interested in. It is interested in early years development; it is interested in addressing place-based disadvantage.

It, and particularly the Prime Minister, has placed a strong emphasis on homelessness and employment assistance, and we think it is in line with our policy; that is, getting the best start in life, helping people get job-ready. A number of initiatives that we have included in this year's budget, we believe, will be the sorts of things that the commonwealth might like to mimic and try to implement as well.

Also we have got some programs, like our community enterprises, which we think are very good in terms of providing employment opportunities to particular disadvantaged groups — migrant women, youth, refugee communities — and we would like the commonwealth to be much more active in this process. Again, it is based on our philosophy of: if you can help someone to get a job. Here we are helping people to start a business, and that is much more enduring for them as an individual not only financially but in helping them to be much more socially engaged and active.

The establishment of our Office for the Community Sector, which will be set up within the Department of Planning and Community Development in Victoria, should provide us with an access point for close collaboration, and hopefully from the commonwealth's point of view, the expansion of its social inclusion agenda.

Dr SYKES — My question relates to the Community Support Fund and the estimated expenditure coming up for 2008–09 of 108 million. What percentage of that 108 million will go to what I would describe as on-the-ground works versus going to departments to recoup the expenses involved in the management of these funds?

I will give you a couple of examples — not related to your portfolio. We had the funding of Craig's Hut reconstruction after the fires. The grant was in the order of $300 000. Of that, 46 000 went back to the DSE for its input into the reconstruction of Craig's Hut. Similarly with the fox bounty there was $1 million allocated; 600 000 was distributed as bounty and 400 000 went back to the department for various costs.

Mr BARBER — Are you saying that the fox bounty came out of the CSF?

Dr SYKES — No, I am giving you an example of where there was money announced — I said at the start that it was not the minister's portfolio.

The CHAIR — The minister can only answer in respect of his portfolio and the estimates.

Dr SYKES — I have just given him a couple of examples, and now I am asking him — —

The CHAIR — Can you get on with it!

Dr SYKES — If you want to keep talking about the fox bounty — —

The CHAIR — You are a serial offender.

Mr BATCHELOR — Just go ahead with it, Bill; don't let them put you off.

Dr SYKES — Minister, under pressure of distraction, my question is: how much of the 108 goes to on-the-ground works and how much goes back to departments to cover various costs involved in the administration of the fund?

Mr BATCHELOR — This is a particularly relevant and important question because almost all of it — —

Ms MUNT — You have finally had one — a relevant and important question!

Mr BATCHELOR — Leave him alone.

The CHAIR — Minister, your answer, please.

Dr SYKES — I am mortally offended.

Mr BATCHELOR — It is terrible, I have got to defend The Nationals!

Dr SYKES — Strange bedfellows, Minister.

Mr BATCHELOR — That is right. In terms of the Community Support Fund I cannot answer for the fox bounty and the other examples you gave.

Dr SYKES — We will get onto the scent of that; that is all right.

Mr BATCHELOR — In terms of the Community Support Fund, almost all of it goes to projects; very little of it is retained for administration. In fact $105.4 million was spent on programs and only 2.2 was retained for administration. We need to have money retained for administration not only so that we can evaluate programs and choose the best ones but also to make sure that the money is spent on the sorts of initiatives that it is claimed for, but you can see that it is a small amount. We call for applications; we have got to assess and monitor them.

They come from community organisations who need some help in preparing grant applications, and we try to assist them. We try to give out as much of the money as we can. We do not want the nature of community organisations to be a barrier to being successful in the grants. There are other administrative costs — overheads that have got to be met — but overwhelmingly the vast amount of the program funding gets spent on on-the-ground activities, as you call them.

Dr SYKES — A good answer to an important question.

Mr NOONAN — I guess my question has some relevance to Dr Sykes' question. It concerns page 201 of budget paper 3 which talks about the establishment of the Office for the Community Sector. I wonder if you could advise the committee what the proposed functions of that office will be and the rationale for the investment.

Mr BATCHELOR — The relationship of this department to community organisations is different, say, from the relationship between community organisations and the Department of Human Services, where they have entered into a contractual arrangement. We see the Department of Planning and Community Development, if you like, as being a bit of a champion of community organisations — we are on their side, if you like. We do that because we think community organisations are an important part of our civil society and of our economy. If you just look at what community organisations do for the delivery of government services, and we pay them to deliver services. They are currently delivering about $2 billion worth of services or about 5 per cent of the state budget. They make a significant economic contribution.

We have undertaken some dialogue with the community sector to try and make sure that they are better equipped and have a larger capacity to deal with that responsibility and to do that in an efficient manner. One of the initiatives that has arisen out of our response to the review undertaken by Allan Fels, the stronger community organisations project, has been to set up the Office for the Community Sector, which will be placed within the Department of Planning and Community Development.

That is just one of a series of 25 action plans that will form our response to that review by Allan Fels and a review by the State Services Authority. They are designed to reduce red tape, to provide capability framework for their workforce, to provide and strengthen and make more sustainable the organisations themselves, to develop leadership skills and management requirements, all from the point of view of taking the existing community framework and making them better able to deal with their responsibilities.

They will range from, as I said, the establishment of the Office for the Community Sector to seeing if they want to set up a new peak body organisation to better represent their views, to providing leadership and governance training for local boards. It is designed to try to help not only the very big organisations like the Brotherhood of St Laurence or the peak organisations like VCOSS but also the little local sporting clubs and surf rescue organisations and all of those very local organisations that really keep our community well glued together and active.

We see the role of helping them in an institutional and an organisational way as being very important. This idea came out of that dialogue with community organisations, where they recognised that they are increasingly having more complex tasks asked of them, entering into longstanding contractual arrangements to deliver service, and understood they needed to be able to improve their management and organisational skills.

The other issue that they raised was attracting and retaining staff. In an economy where things are moving along strongly, in the community sector there is not the capacity to pay the higher wage rates as do other organisations, so we are looking at how we might set in place some arrangements to encourage people, their having learnt skills for that sector, to stay employed there. The proposals ranged from helping organisations to understand what their capability requirements are through to simple things like providing career path opportunities by allowing people to move from one organisation to another, either by formal exchange programs or through providing some form of portable long-service leave.

This action plan, which is the government's response to those two reviews, will be coordinated and delivered by the Office for the Community Sector.

The CHAIR — Thank you very much, that is very interesting.

Mr BARBER — Minister, the flexible transport solutions grants are shown as a discontinued output in the budget papers, and there are a declining number of grants there down to its last year.

Mr BATCHELOR — What page are you on?

Mr BARBER — I am on page 446 of BP3. What it seems to be replaced with, on page 200, is the same measure but now it is only saying 100 per cent of grants — which does not tell me anything; they might have been one grant. Is this program actually being discontinued; if so, why?

The CHAIR — It says this particular program is finished.

Mr BARBER — And in general terms, what is the program for transport? People do not have a community when they cannot get anywhere.

Mr BATCHELOR — That is right. We have a program that we are funding called Transport Connections, which is a program where we provide assistance to mostly their country municipalities and where we provide funding to the council to employ a transport coordinator. Their role is to undertake a number of activities over a four-year period. Typically they would start off doing an asset examination — an audit of existing transport assets — and then trying to work out what is the unmet demand in their communities. Remember, this is a community based response; it is not a full-scale route service provision mechanism, because that is provided by the Department of Transport. The community transport coordinator would work with the community organisations to try to match together these existing assets and, with volunteers and other organisations, to provide new and innovative local solutions. At almost every location they are entirely different.

There is an additional part of the funding stream, which you are referring to — the flexible transport solutions — which is now housed within what is now the Department of Transport. It just provides a pool of money so if they need some assistance in developing their local community idea, they can apply to the Department of Transport to fund it.

What sorts of outcomes do they achieve? In some areas they have got the bus company and the taxi operators to coordinate a trial of a sort of a new route service, so that they do not have to buy a new bus; they can use the underutilised taxi services during part of the day to effectively provide a small localised service in Timboon and Cobden so they can connect with the V/Line services.

In other areas they have made arrangements for TAFE students to use the existing school bus services. School buses have an extensive network across country Victoria, and many of them have capacity on them. Through negotiations with the parent community and the school community the local coordinators have been able to get other parties to get access to that spare capacity. So in Wellington shire, for example, they provide trips for senior citizens to go in and out of the major towns. In other areas they provide it for TAFE students.

In another area they have got the buses that might have been provided by a health service provider or a community health centre, and through the drawing together of volunteers they can provide local transport connections when the bus is not needed for health services. This was best brought home for me by a volunteer driver, because I asked him how he had got involved in it. He told me that he was at a local football match one day, when a policeman collared him and asked him how he had got there, and he thought he was in a bit of trouble. He said that he just drove himself each week. The policeman suggested, 'Why don't you get the community health centre's bus? You can

drive it, and any kids that do not have access to a car, or their parents cannot drive them, you can put them in the bus'.

It is those sorts of very little local initiatives that Transport Connections provides. But on some occasions it will provide a bit of financial assistance, and they are provided and assessed under the Flexible Transport Solutions initiative, which is housed within the Department of Transport.

Mr BARBER — There were 28 of them last year; 4 were expected in the previous financial year. Is it discontinued because the program is discontinued? I do not see anything popping up in the former Department of Infrastructure's outcomes.

Mr BATCHELOR — No. It is driven by requests that come from local communities. It is a pool of funds that will exist during the course of this program, and it is driven by the requests that come from those local teams.

Mr BARBER — What is the pool?

Mr BATCHELOR — It is about $4 million, I think.

Mr BARBER — A year, and it is ongoing?

Mr BATCHELOR — It is about $4 million over the life of the program.

The CHAIR — Thank you, Minister. Just talking about small local initiatives, you are allocating $5.3 million to establish 12 local community foundations. I must admit we have established a community foundation in our area. It is called the Edge to give a bit of an edge to people living on the edge. It has helped 70 kids. It is in a neighbourhood renewal area. No doubt you have copied this from us, Minister, but how are you going to roll this one out, and what is the reason behind it?

Mr BATCHELOR — We have copied this idea from a number of successful community initiatives that are already in place, yours being one. There is the big Melbourne central one, the Melbourne Community Foundation, which has been going for a number of years now.

The CHAIR — There is also a youth foundation, which has been established.

Mr BATCHELOR — There is one in Ballarat, and the Bendigo Bank supports various ones.

The CHAIR — Community banks as well.

Mr BATCHELOR — So we have observed its success in a number of iterations and manifestations. That is an observation we have made. Secondly, a series of place-based initiatives are being undertaken. In my area of responsibility we have the community renewal program, which is in places in metropolitan Melbourne, and we also have the community building initiative in country Victoria. Again the metropolitan ones were modelled on the successful neighbourhood renewal program, which is out of the Department of Human Services, not in my area, but it is a similar sort of program.

We were addressing funds and activity towards geographically located areas of disadvantage, and in country Victoria people involved with the CBI go to look at places that are suffering from population decline or population increase that is putting stress on their local communities. And through a community planning process we have been able to identify, or the community has been able to identify, the things it regards as being important. We are assisting them to then approach relevant different sources of funding opportunities: commonwealth, local government, state government, philanthropics, local activities et cetera.

One of the things that we have noticed is that some communities have better capabilities at accessing grants; others do not. Also we thought it would be important to try and put in place some ongoing source of funds that would be available to help support these community planning initiatives when our schemes are discontinued, because they are time based and some point they will cease. We will hopefully set in place a community mechanism that will be enduring. So we are trying to find ways and means of supporting that on an ongoing basis through community foundations. So what we are proposing to do is to use the money that has been provided in the budget — $5.3 million has been provided over four years; we plan to establish 12 of these community foundations. Essentially what we will do is use that money to match contributions from other sources to set up an endowment

that would provide ongoing disbursements to meet local community needs. We think this will be successful because Victoria is the home of philanthropic organisations.

There are more philanthropic organisations here in Victoria than the rest of Australia. Some of them have got substantial amounts of money and are wanting to make contributions to disadvantaged communities, but because there is no structured vehicle to receive the money that they have confidence in providing it to we thought that this would be a way that would help state, local and federal governments and also philanthropic organisations provide money to community organisations. We have set a modest target of setting up 12 of these. They are likely to be based around areas the size of local government areas; it is an area that most people are familiar with and happy about. We will set up 12 and get them running, and then evaluate them in due course and, if they are successful, see how can set up more — all with the view of helping a number of organisations get engaged with their communities and give them the confidence and the benefit to continue that type of community engagement. This would provide them with a funding source so they could fund the decisions and conclusions that they come to.

Mr RICH-PHILLIPS — Minister, can I take you to page 203 of budget paper 3? It is note (k), which talks about — —

Mr BATCHELOR — Note (a)?

Mr RICH-PHILLIPS — Note (k), which talks about the output cost for the community strengthening output group and makes reference to the Community Support Fund. It says that this year you will receive $103.3 million, you are going to spend $108 million, and there is a difference of $4.7 million. The question is: given the CSF comes through — —

Mr BATCHELOR — It is 4.5 in my copy of the budget papers.

Mr GREGORY — No, it is 4.7

Mr BATCHELOR — It is 4.7, is it? Yes.

Mr RICH-PHILLIPS — Given the CSF comes through special appropriation and you have got a positive balance in there now, why is this money coming through the ordinary appropriation and going into the CSF?

Mr BATCHELOR — I might ask Mr Gregory to answer that. It is a bit too technical an issue.

Mr GREGORY — One of the issues that was faced when the department was established was that there were actually no numbers on the operations of the CSF in the output numbers. So there was a view that it would be good to reflect the actual total operations of the CSF in each budget form. So therefore the actual impact on the state budget is the difference between how much revenue is paid into the CSF and how much is paid out, which is the operating cost in a sense of the CSF. So we have an appropriation amount within that output cost, and on top of that we add the deficit, or the difference between revenue and expenditure for the year, to give a total cost of that output. Again, it is not a pure thing, but it was a way of having the whole CSF transparent in a sense in the budget papers.

Mr RICH-PHILLIPS — And that difference will be paid from accumulated surpluses?

Mr GREGORY — Yes, I would say there are balances already, previous balances, and we will fund that deficit through the cash balance within the CSF.

Mr RICH-PHILLIPS — So although that is shown as an output cost, it is not actually picked up in the ordinary appropriation for the department?

Mr GREGORY — No. In budget paper 4 you will see a special output in our operating statement, but in relation to general outputs it is not. So if you go to our income statement in budget paper 4, you will see two items, two numbers, there. One will be our general output appropriation, and there will be the special appropriation for gaming revenue paid into the CSF.

Mr BATCHELOR — It is really an accounting treatment of the policy. What we are trying to do — and I alluded to it before — there is no value in storing up the money that comes into the CSF; we want to get it out and spend it. When we came into office there was an accumulation, a bank of money — I forget how — —

Mr GREGORY — About 140.

Mr BATCHELOR — It was about $140 million, so we have been progressively trying to reduce that over time and manage the flow of funds in and out to enable us to get that money back into the community. That is the policy behind it. That is the accounting treatment and explanation.

Mr RICH-PHILLIPS — So there is no double counting across the output groups?

Mr BATCHELOR — No.

Ms MUNT — On page 38 of budget paper 3 I have noticed an item — 2 million to help establish a community enterprise catalyst to give emerging community enterprises the support they need to get started and succeed. I was wondering if you could give the committee some information on what sort of emerging community enterprises will be supported and what form that support will take?

Mr BATCHELOR — Our community enterprise catalyst is a new initiative that comes out of our response to our action plan — strengthening community organisations. We have allocated some $2 million to it. What we are trying to do is to provide some assistance to small organisations to establish social enterprises or community enterprises. This new investment builds on a process that we have undertaken in previous budget years. Between 04 and 07 some $6.3 million was allocated to the community enterprise strategy, and another $3 million was allocated in 07–08 to support 30 community enterprises over four years. Typically it is designed to encourage social investors and community business partnerships to help people or communities who might otherwise find it very difficult to find full-time employment.

We have been able to see the successful establishment during that period of time of some 76 community enterprises and a series of jobs being created and training experiences provided to individuals. Because of the nature of the groups that are targeted through these schemes, typically they go to young people, or they might go to migrant women who are socially isolated, or refugees, and the sorts of enterprises that are established — yesterday we launched one that was being auspiced by the Melbourne Citymission in Fitzroy, where they are getting young people to develop a silk-screen printing business. They use silk-screen printing instead of producing stencils, I suppose, for community art and put it onto T-shirts and other apparel to create a business opportunity and make money.

Dr SYKES — 'Save Lake Mokoan' T-shirts or 'Anti-pipeline' T-shirts?

Mr BATCHELOR — It depends how much you pay them.

Dr SYKES — We are paying heaps to send water to you guys.

Mr BATCHELOR — They will explore any business opportunity. The kids who are involved in it find this a really exciting opportunity because what it does is recognise the creative abilities that they have, provides them with social contact and network, and because it is auspiced by the Citymission there is a mentoring element and guidance provided. They are looking forward to setting up this little business. Clearly they would not have the capital or the wherewithal to set it up, so we provide some establishment assistance, in this case through the Citymission. Another instance has been the establishment of what looks like being quite a successful organic mushroom growing business at CERES in Brunswick.

Dr SYKES — You treat us like mushrooms, Minister.

Mr BATCHELOR — No.

The CHAIR — Do not denigrate primary industry, please.

Mr BATCHELOR — That is where Karen refugees from Burma are getting instruction from a refugee from Bhutan, and they have set up a fantastic little organic mushroom growing business where they grow high-value shiitake and other sorts of mushrooms and sell them to yuppie gourmet shops. You have probably seen them, Greg.

The CHAIR — Thank you, Minister. Dr Sykes, bring us back on line, please.

Dr SYKES — That is a great challenge for me, Chair. Minister, last year during these discussions you mentioned a plan to set up what we would call a one-stop shop, one gateway of entry for government grants. Can you just give us an update on what is happening on that front, because I think it is a great initiative?

Mr BATCHELOR — We have set up within the Department of Planning and Community Development a website, an e-grant portal. It gives details of all the grants within the department, provides for a simplified application process and allows you to not only get the explanation and the criteria about the grant and a simplified application form but also enables you to do it online, if that is what you would like to do, or you can use it as a template and print it out. It was implemented, I think, in July 07, and currently about 65 per cent of the programs are being transitioned onto this portal, and we hope the remaining programs will be there by July 08. So if you want to get the information, you can get it all from there.

Dr SYKES — This is all government grants or grants administered by your department at this stage?

Mr BATCHELOR — The first stage is getting the grants administered by Planning and Community Development, and we would hope that in the long run it would provide the example to the government and it could be expanded. It would have to be expanded on a department-by-department-type basis, but that is what we would like to look that. But we have got to get ours set up and operational, and we are well on the way to doing it. We think it will improve policy outcomes. It will make it easier and it will be much more helpful in us planning and managing our own grant programs. It is a department largely based on grant funding, so it is a much more efficient way of doing it.

The CHAIR — It is a very helpful portal, and certainly community groups have found it very useful.

Mr SCOTT — My question relates to government support for volunteering. Minister, I refer you to budget paper 3, page 182. Under the heading 'Major policy decisions and directions' there is a dot point 'increased opportunities for participation'. Could you outline how the government's continued support for volunteering will further this direction?

Mr BATCHELOR — I think I mentioned before the role of community organisations, and of course what underpins those community organisations is the role of volunteers. They are really the backbone of our community. As part of the 07–08 budget the government is allocating some $4.4 million from the Community Support Fund over the next four years to continue its support for volunteers. It extends an already existing and successful small grants program. It is to provide practical support to small community organisations to create opportunities for volunteering and to promote volunteering as a worthwhile effort in its own right but also to increase the opportunities for people who would like to volunteer. It builds upon our second-term investment, when we spent $14 million to provide support to volunteers, and that has delivered a whole host of small grants to community organisations — about 930 to date.

Essentially what we are trying to do is to help organisations recruit new volunteers, train them and, by paying for some organisational support, retain the volunteers that they have access to. We find that about a third of Victorians are interested in volunteering and have been in the past, but there is a significant trend that is emerging, in that volunteering is changing and the volunteering trend of people, particularly those who are leading fairly busy and active lives, is edging towards something that is a bit more flexible. Particularly if they have got specialist skills, they are looking to try to make sure that those intrinsic skills are made use of in the organisations they are volunteering in. So people are very keen to volunteer. We want to encourage that of course; we want to help the organisations make best use of those who are volunteering, and if this trend continues, to help the organisations notice or become aware of the trend and change the base of their organisations to accommodate it.

Mr RICH-PHILLIPS — Minister, I would like to ask you about accountability of the Community Support Fund. You indicated on your slides that a lot of funding is delivered through other agencies, through their various programs, departments et cetera. Under the Gambling Regulation Act the Minister for Community Development is responsible for ensuring those funds are acquitted in accordance with the purposes laid down in the act. What compliance or accountability mechanisms do you have in place to ensure that where grants are delivered through other agencies and other programs that they do comply with the requirements of the Gambling Regulation Act?

Mr BATCHELOR — As you say, the funds within the CSF are applied by the minister with responsibility for the fund. The programs or projects are subject, firstly, to cabinet approval as part of the budget

process, and therefore they are examined in a whole-of-government way by the relevant ministers and me as part of that process. Cabinet determines the allocation of funding to the department for initiatives that are consistent with the legislation, and that includes the drug and alcohol programs and the gambling treatment and financial counselling services. They are administered within those departments and the ministers take responsibility for that.

Our comfort, if you like, is provided by the fact that the Auditor-General audits all of those departments and audits the use of those funds within those departments. That is what provides the accountability, if you like, that satisfies my responsibilities in making sure that those funds expended by my fellow ministers meet those requirements, because that is examined by the Auditor-General.

The CHAIR — There is further explanation on page 569 of our recent performance outputs report, which provides a description of the evaluation processes which the minister has described.

Mr RICH-PHILLIPS — So there is a specific requirement for the Auditor-General — —

Mr BATCHELOR — There are MOUs and funding agreements that exist between those other departments and mine in order to ensure that they meet the requirements under the act.

Mr RICH-PHILLIPS — And the Auditor-General specifically looks at the GRA requirements when he audits those other agencies that receive funding from CSF?

Mr BATCHELOR — Yes.

The CHAIR — That is what the minister said. The minister said the Auditor-General just audits the departmental statements, whatever the department.

Mr RICH-PHILLIPS — Which obviously does not indicate whether they comply with the GRA or not.

The CHAIR — Which obviously includes whatever grants they are. I think from memory the Auditor-General has already done one specific audit in respect of the Community Support Fund, and I think we have got it on the forward program as well.

Mr RICH-PHILLIPS — So was your answer yes or no, Minister?

Mr BATCHELOR — My answer was as I said before. But there are funding agreements and there are MOUs at the departmental level, and on the expenditure of departmental funds, the departments have to acquit those funds, and that is audited by the Auditor-General.

The CHAIR — I think we might finish up on that note. No-one has got anything on notice. Thank you, Minister, and thank you to the departmental officers. That concludes consideration of the budget estimates for the portfolios of energy and resources and community development. The committee has a couple of issues which need follow-up. We will probably write to you on those, but you might actually get in earlier and respond to us. I request that any such written responses be provided within 30 days.

Committee adjourned.

Transcript of evidence

8.3 Local Government portfolio

Please note the Local Government transcript and the Aboriginal Affairs transcript are combined into one transcript.

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 21 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 Aboriginal Affairs and Local Government portfolios

Mr R. Wynne, Minister for Aboriginal Affairs, and Minister for Local Government,

Mr Y. Blacher, Secretary, and

Mr S. Gregory, Chief Finance Officer, Corporate Finance.

Witnesses Aboriginal Affairs

Ms A. Jurjevic, Executive Director, Aboriginal Affairs Victoria,

Witnesses Local Government

Ms P. Digby, Acting Deputy Secretary, Planning and Local Government, and

Mr C. Morrison, Acting Director, Governance and Legislation and Local Government Programs, Department of Planning and Community Development.

The CHAIR — On behalf of the committee I welcome to the table Mr Yehudi Blacher, Secretary of the Department of Planning and Community Development; Ms Angela Jurjevic, Executive Director, Aboriginal Affairs Victoria; Mr Stephen Gregory, Chief Financial Officer; and Mr Morrison, Acting Director, Governance and Legislation and Local Government programs, all from the DPCD. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information on the Aboriginal Affairs portfolio.

Mr WYNNE — Thanks very much, Chair. Joining me is the director of Aboriginal Affairs Victoria, Angela Jurjevic; Yehudi Blacher, the secretary, and Stephen will deal with any more complex financial matters. We have got a presentation for you to have a look at. If we can, Angela will hand those around. I wanted to firstly say, Chair, that this is the first opportunity I have had to present to you as Minister for Aboriginal Affairs. I was delighted to have the opportunity, provided by the Premier, to take up the Aboriginal Affairs portfolio, and although my previous experience with Aboriginal Affairs had been as parliamentary secretary to the Attorney-General in our first term of government, when we were putting together the very successful structure for the Aboriginal justice agreements, it was particularly pleasing to be provided with this opportunity to work with the Aboriginal community.

The broad message that I wanted to briefly touch upon today was how the government is seeking to tackle the issue of the Aboriginal community in Victoria more generally, and I wanted to indicate to the committee — and it is a much vaunted term, but in fact the government has a whole-of-government response to Aboriginal affairs. We have a Ministerial Taskforce on Aboriginal Affairs, which is chaired by the Deputy Premier, Rob Hulls. I think it is very appropriate that the Deputy Premier, a person with a very keen interest in social policy and social justice outcomes, is the chair of the committee.

Other committee members are Jacinta Allan, Minister for Skills and Workforce Participation; Maxine Morand, Minister for Children and Early Childhood Development; Tim Holding, Minister for Finance, WorkCover and the Transport Accident Commission; Bronwyn Pike, Minister for Education; Lisa Neville, Minister for Community Services; and obviously me, as Minister for Aboriginal Affairs.

Underneath the ministerial task force is a secretaries group, of which Yehudi Blacher is a member, but indeed secretaries of all departments across government are involved in a coordinated way in the Ministerial Taskforce on Aboriginal Affairs; that is the important link between the political arm and the bureaucracy to implement the outcomes of the task force's work. The broader framework is the Victorian Indigenous affairs framework, which would be well known to members of the committee, which is a long-term strategy about overcoming the fundamental disadvantage experienced by the Aboriginal community.

We all know of the really appalling health outcomes for Aboriginal people in this state, where the average age of an Aboriginal person is 17 years less than for a non-Indigenous person, and we want to, through that ministerial task force and the key policy and strategic objectives of the Aboriginal Affairs framework, really work in a very systematic way to seek to make a difference in the lives of Aboriginal people.

On page 2 of the document there you will see the key outcomes that we are seeking to achieve: improve maternal health and early childhood health; literacy and numeracy — we know that if an Aboriginal young person is maintained in education to year 12 completion or the equivalent, their pathways going forward are infinitely improved. Preventing family violence and improving justice outcomes are self-evident — we know that Aboriginal people are incarcerated somewhere in the order of 14 times more than non-Indigenous people and their interactions with the criminal justice system often have a very negative outcome for them, so the sorts of initiatives that the Attorney-General has implemented — things like the Koori Court, alternative dispute resolution mechanisms — which try to divert people away from the criminal justice system, are obvious ones that we would all be seeking to support.

Building indigenous capacity in Aboriginal communities is in our view an absolutely fundamental thing and one with which the government is very committed to trying to support Aboriginal people both in their interactions with government and also within their own communities as well. Finally, Chair, the outcomes for Aboriginal people must be inextricably linked to land. The association between Aboriginal people and their land, what can be done on their land, who speaks for the land, who speaks for country, improved economic development outcomes for Aboriginal people would be self-evident, but again they are issues that we are trying to tackle in a systemic way. What underpins that of course are the achievements in 2007–08. All of those are pretty self-evident I think on the

third slide, 'Achievements in 2007–08'. And in the fourth slide we indicate what is our forward program for 2008–09. I will be happy to elaborate on any of those matters through question time.

That was very harsh, Chair; it was my first go at it.

The CHAIR — That is all right; we have only got 5 minutes, otherwise my colleagues would say, 'We've got 25 minutes for questions'. I note that in terms of your outputs and outcomes on page 194 — I know they are departmentally specific, but they do not really relate a whole lot to the strategic areas for action. Maybe that is something to look at.

Ms MUNT — Minister, can I refer you to page 292 of budget paper 3 and the initiatives listed there under 'Improving the Lives of Indigenous Victorians'. Can I ask you to please comment on why there is no reference in that list to funding for the stolen generations, and also what the government is doing to address the circumstances of the stolen generation, and what support was provided for the national apology?

Mr WYNNE — I had the honour of being able to go to Canberra to represent us at what was an extraordinary and historic day — the national apology to the Aboriginal people by Kevin Rudd, which was at the start of their term of government. It was an extraordinary day because we actually went there with a whole group of stolen generation Victorians. We assisted a whole group of I think in the order of 70 to 80 people, I am advised by Angela.

They went up to be part of the apology. As I say, I had the opportunity to be there. The night before, they had a function for many of the participants, members of the stolen generations from across Australia. I was a bit reluctant to go to this event, but I was very warmly welcomed not only by our own delegation but more broadly by the groups from across Australia.

There was an incredible sense of anticipation there on the night about how this event would go, and it was just a wonderful opportunity to meet with people. I remember meeting with this really, really old man who had come from way, way outback Western Australia, a tiny little Aboriginal man, very small, very frail — I think he was about 87 years old — and he stood there with tears in his eyes, and he said to me, 'I never thought I'd live to see this day'. That was incredibly powerful, just the sense in which people were saying that the government was prepared to acknowledge that a wrong had happened to them, and that on behalf of the broader body politic, our federal government — our national government — was prepared to say, 'We were wrong; you have been wronged, and we apologise for that, and we build a bridge and we move forward'. It was very powerful.

The next day was extraordinary. After the apology, there was this amazing — as I am sure you heard or saw — eruption of emotion; of grief, of joy, of tears, just this mixture in all of the Aboriginal people around me. It was extraordinary. It was an amazing moment to be there and to be involved with this. I have said before, sometimes when you change a government, you can change the nation, and I think the nation did change that day, and we turned a page. This was very important and very symbolic, and we have moved forward from there.

Just in relation to Stolen Generations Victoria, as you know we established Stolen Generations Victoria with funding of $5.1 million over four years, and the Victorian group did a mighty job in Canberra. It was very difficult to hold together a group of people who have come with different sets of expectations about what might happen, bringing their grief with them. It was very, very difficult. But they did an absolutely fantastic job, and they are doing a great job here in Melbourne. They are working with the Public Record Office in tracing people's lineage, where people have come from, and on stolen wages. They are working on those sorts of initiatives, but they are doing things around practical reconciliation as well, things around grief, counselling, family support, Sorry Day activities — these are good things — and they are terrific on information and advocacy as well. As anyone who has been around Aboriginal communities and talked to them would know, the damage that has been done is incredibly profound, and Stolen Generations is doing a great job, I think, in helping to repair that. It was a great event and I had the honour of being able to represent us there.

Mr WELLS — Minister, how many staff do you have in your department? What is the staffing? How many are actually Aboriginal?

Mr WYNNE — How many are Aboriginal?

Mr WELLS — No, how many are in your department, and how many are actually Aboriginal?

Mr WYNNE — We have got 87 staff, and about 30 odd.

Mr WELLS — Thirty odd would be Aboriginal?

Mr WYNNE — Yes.

Mr WELLS — I refer to your handout with the prevention of family violence and child abuse, and I think it is about $24.7 million that you are going to spend on that. How many indigenous rehabilitation centres are being funded and where are they situated?

Mr WYNNE — Indigenous rehabilitation centres?

Mr WELLS — In regards to specific family violence.

Mr WYNNE — Oh, the healing services?

Mr WELLS — Yes, the healing services.

Mr WYNNE — We have four services.

Sorry, could you just ask that question again? You asked it in a slightly convoluted way. Please say it again.

Mr WELLS — We are trying to get the terminology right, I think that is the issue. So the issue is family violence and child abuse, and there is a commitment of funds towards that. Are they the healing services that are directed to reducing family violence and child abuse?

Mr WYNNE — In part, yes, and in part, no. Some of this is around men's behaviour change programs, intensive case management for indigenous men and family violence outreach services. The healing centres have been largely based around dealing with issues around alcohol and obviously the other impact of that being family violence as well.

Mr WELLS — Where are the healing centres?

Mr WYNNE — Have you got the locations of those, Angela? You can answer that.

Ms JURJEVIC — One in East Gippsland at Lakes Entrance, one in northwest Melbourne, that is the Maya living free centre — —

Mr WYNNE — That is in Northcote.

Ms JURJEVIC — There is one being established at Rochester, and there is also another one at — —

Mr WYNNE — One in Ringwood.

Ms JURJEVIC — One in Ringwood, and there are also some time out services.

Mr WELLS — So the fourth healing centre is at Ringwood.

Ms JURJEVIC — It is eastern metro, at Ringwood.

Mr WELLS — So it is Ringwood, Lakes, Rochester and — —

Ms JURJEVIC — Lakes Entrance, Rochester and northwest Melbourne, and Maya in Thornbury.

Mr SCOTT — I refer the minister to page 194 of budget paper 3, and the output measures for Aboriginal affairs, and I ask the minister to comment on what the government is doing to improve the representational arrangements for Aboriginal people in Victoria.

Mr WYNNE — This is an initiative I picked up from Gavin Jennings, who spent a lot of time going around Victoria talking to Aboriginal communities about what they thought would be the most appropriate structure to have a conversation with government, and he developed what we call these local indigenous networks (LINs). He got funding of 10.8 million over four years, which was allocated from January 2006, to really build the

community capacity and a locally-based structure from which Aboriginal people could engage more broadly at a regional level but also a structure in which voices that might not often get heard through the Aboriginal community could be heard by government.

It has been very much a community up type of response. We are on track to have 16 new local indigenous networks (LINs) by the end of June this year, building on the 8; so it is 24 and we have another 16 to go. We are well and truly advanced in that work and I think this is an important initiative by us to build an alternative structure to be able to engage with Aboriginal people. I said 16; I should have said 14 — 14 to go.

If you think about the way that governments tend to talk to Aboriginal communities, we have a plethora of advisory structures. Many leaders in the Aboriginal communities spend half their lives running around talking to government. We think there is a possibility for us to have a further refinement in the way that meaningful and very much community-based engagement with Aboriginal people occurs. If you think about it, we have Aboriginal advisory committees in justice, in health and education. You name any portfolio and we have an Aboriginal advisory committee, and some poor soul has to go off and work their way around all of these structures. I am up for a discussion more broadly within government about how we can get a good structure in place which is very strongly engaged at the community level and actually refines down the consultative processes.

It begs the question of course of how the commonwealth in the future seeks to engage with Aboriginal communities in the light of there not being an ATSIC any longer. We will continue discussions with Jenny Macklin about how we are seeking to approach it, but the important thing about our LINs is unlike ATSIC they are not funded to provide services. We want them to be inclusive and anybody is encouraged to join and be a part of it. We want our LINs to be supported to achieve really the aspirations of their local communities. It is an important initiative and one that we are on target to achieve the outcomes that we agreed upon. If you do get in place a good community process and a good community voice, inevitably you will get better outcomes going forward for the Aboriginal community. So we think it is a good initiative.

Mr RICH-PHILLIPS — Minister, on the issue of Aboriginal unemployment, your department has acknowledged that Aboriginal unemployment is far higher than broader community unemployment. There is $2 million going into an Aboriginal youth employment program with this budget. Can you tell the committee how you will select a service provider to roll out that program, and how you will assess the success of that program — i.e., recording the number of Aboriginal people that go into genuine private sector employment post their involvement in a government program.

Mr WYNNE — Your specific question is not within my portfolio area, but I would be very happy to talk to you about the broader employment strategies that we are engaged with. If you think about a place like Shepparton, where there is a very large Aboriginal population there. Rumbalara is a great community Aboriginal organisation there, with great leadership there of people like Paul Briggs who is recognised probably around Australia as being one of the great Aboriginal advocates around the place. I know Dr Sykes knows him well. By any measure they are a group of people having a red-hot go, and we support them. I was up there two Saturdays ago.

All I would say to you is look around the community there. How many Aboriginal kids have a job in Shepparton? The answer is may be a handful, and that is after all the work that has been done — the COAG process, the processes of our own government and the support that has gone in there. So we have to do things differently to achieve outcomes particularly for young people. Some of those, as you know, Mr Rich-Phillips, are about keeping kids in school and keeping them engaged in school. It is an absolutely fundamental, key proposition that we have supported through the Aboriginal framework. If you keep a kid in school to year 12, you have a prospect of holding on to them, getting them into training, getting them into employment and getting them into college, university or whatever. That is fundamental. The second aspect of it is for those kids who have dropped out of the system, how do you get them re-engaged? So you have to get those kids re-engaged as well.

I was up in Wodonga recently talking to one of the Aboriginal co-op's there, and they are having a terrific go at trying to get young kids who are in danger of dropping out of the school system into a bit of trade training, to say 'Hey, listen, come with us. Come and get involved in a bit of pre-apprenticeship training with us around the building industry, plumbing and construction and so forth', trying to hold those kids together, giving them a chance and being mentored by Aboriginal people, giving them the opportunity to say there is another way than basically

going down a destructive path. These sorts of interventions I think are incredibly important and really worth supporting going forward.

From our own point of view, our land and economic development program, which we may want to have some discussion about, is really trying to look at opportunities for strategic investment in Aboriginal-owned and run organisations where there is an opportunity for not only ongoing employment but in fact ongoing business opportunities. I would be happy to talk about that further if you want, because I know time is running out on us.

They are the sorts of interventions that are really going to make a difference, but it goes back to the core framework. And that core framework for young Aboriginal people is to give them the best start in life through the maternal and child health interventions, keep them engaged in school, keep them engaged in school to year 12, give them the opportunities of employment and training outcomes, and that investment is going to succeed over time.

Mr RICH-PHILLIPS — Just quickly, Minister, on page 292 of budget paper 3 there is a list of the whole-of-government Aboriginal programs. Could you just let us know which ones you are responsible for versus other ministers?

Mr WYNNE — We will just quickly scan our way through those and tell you which ones are ours.

The CHAIR — These are the output initiatives which are government-wide.

Mr WYNNE — The indigenous leadership strategy — 0.4, the last one — that is us.

Mr RICH-PHILLIPS — All the rest are other ministers?

Mr WYNNE — Yes.

The CHAIR — Which almost goes back to my original comment, which was that the outputs of your department relate only a very little bit to the strategic areas, which of course are government-wide.

Mr WYNNE — Yes, it is a broader, whole-of-government framework.

The CHAIR — I guess it raises the question: are we handling it right, in terms of looking at outcomes in the way we record them?

Mr WYNNE — We have clearly articulated what the broad frameworks are, and I indicated those earlier, Chair. They are signed onto by all the government ministers; we have the secretaries group engaged in that. As you know, we have to report every year on the outcomes, both the positives and the negatives, to the Parliament. It is a pretty significant discipline upon government.

Local Government Portfolio

The CHAIR — Minister, I call on you to give a brief presentation of no longer than 5 minutes on the more complex financial and performance information in regard to local government.

Mr WYNNE — I have a handout. I will only briefly touch upon this, given we have limited time, except to say it is a big year for local government.

Mr WELLS — What, there is more to be done?

Mr WYNNE — No, council elections, 79 of them, coming up at the end of the year, with four-year terms coming up. We will have hotly contested council elections, we hope, because we are very keen to encourage active democracy.

Mr BARBER — You should pay accordingly, Minister; you will get them hotly contested.

Mr WYNNE — I am very happy to talk about councillor remuneration, no difficulty at all.

The CHAIR — Minister, if you just — —

Mr WYNNE — Chair, I am under severe provocation here.

The CHAIR — I know; just ignore it.

Mr WYNNE — We had a great meeting of pretty much all the mayors and CEOs last week. We came together to talk about strategic directions going forward for local government. That was an excellent meeting, where we signed the Victorian State-Local Government Agreement, an historic agreement which spells out the mutual responsibilities of state and local government, and which is very strongly supported.

All of us are great friends of public libraries. I had the opportunity to attend out in Broadmeadows, in the Premier's electorate, at the Hume Global Learning Village the launch of the Premier's Reading Challenge Book Fund, which is $6 million over four years. What a great program this is, what a huge success, getting kids to read — it is unbeatable. It is a fantastic outcome that has really taken off. I am sure that any of you who have young kids — or those who are still on the way down that path — would know how they are engaged. It will be a cracker opportunity for young kids to really engage in the imagination of reading.

It is worth pointing out, Chair, that it was only in 2003 that Broadmeadows got a library — it is extraordinary — but it is a fantastic facility and beautifully located. It has everything you could want there — community access and internet. It is a wonderful library with great lending facilities. It is just a sensational place.

We saw another 10 libraries either replaced or newly built at Kyneton, Caroline Springs, Geelong West, Romsey, Craigieburn, Frankston — right across Victoria. The libraries program has $30 million in recurrent funding in 2007–08 and $31 million in 08–09. The introduction of wireless internet over two years has $1 million, which will be really very much welcome, not only by libraries but also by neighbourhood houses. There is a $1 million program to monitor access by people to the internet services at libraries. That is all good stuff.

On neighbourhood houses, I know everyone is a fan of neighbourhood houses. Last week I was out at the Jika Jika neighbourhood house in Northcote, where we celebrated Neighbourhood House Week. Again, this has been a good record by the government in terms of the increase in support to neighbourhood houses over successive years. Most if not all our neighbourhood houses are receiving a staffing subsidy. There is still a small handful — —

Dr SYKES — There were 30 unfunded; how many are there now?

Mr WYNNE — I will give you the answer to that when I have finished my presentation. It is not 30 unfunded. We funded another 10 in the last round for a small staffing component, but significant capital works and disability access to many of our neighbourhood houses. Going to the point by Cr Barber on councillors' allowances, we have had an independent panel process.

Mr BARBER — Former Cr Barber.

Mr WYNNE — Former Cr Barber.

Mr BARBER — What has led you to councillor?

The CHAIR — I think you have used your 5 minutes up, Minister.

Mr WYNNE — I said former councillor — former Cr Barber, on councillors allowances and the independent panel process we have come up with a good, I think a reasonable set of remuneration packages and supports to councillors, and a better local governance discussion paper, that you are well aware of. That went out for broad community consultation. That goes to dealing with some key questions around clarifying for councillors conflicts of interest, trying to deal with those issues, certainly dealing with issues around disputes between councillors, trying to deal with those at a local level wherever possible, recognising and respecting the autonomy of local government, and where they cannot be dealt with there they will be potentially go to VCAT.

We will have two tranches of legislation going into the Parliament this year. The first will be in the next couple of months, around some electoral reform matters, and the second will be around the good governance aspects. So we will need to put two tranches into the Parliament, and the Parliament will deal with that accordingly. The Best Value Commission has completed its work. That has been now integrated very much into the day-to-day operations of local government. We thank the Best Value Commission for its work there.

We have $4.7 million for a councils reforming business package, which I spoke about and which I am happy to speak about in detail if we get some time today; and, finally, community planning, which has got to be in my view an integral part of the way that local government conducts its business going forward.

The CHAIR — Thank you, minister.

Mr NOONAN — Minister, it will be worth for the councils' benefit your elaborating on the councils reforming business, the 4.7 million over 2 years — I think you are projecting year 1 this year — and talking about what outcomes are expected through that particular allocation?

Mr WYNNE — This is, I think, a great initiative. It is one we are doing in partnership with the MAV. The first kick-off of it was in relation to affordable housing. We got together $250 000 from housing and $250 000 from local government to put together a package of $500 000 to go out to local councils, to say, 'Let's move past the rhetoric about affordable housing and let's look for opportunities for some practical outcomes in terms of getting land rezoned and getting it back into the marketplace, offering it up to government as affordable housing opportunities'.

We got a terrific number of expressions of interest right across local government. It was quite a tough process. We got six councils involved: Darebin, Manningham, Maribyrnong, Surf Coast, Swan Hill and Wodonga — a broad sweep across metropolitan and regional Victoria. Already many of these councils have identified land that they own themselves, land that they may own in partnership with the state government, or indeed it might be private sector land that they want to see redeveloped to get better outcomes in terms of housing affordability going forward.

The key to this has been getting land rezoned. Once you have got the land rezoned you have moved into really a marketable proposition, whether it is with me as the Minister for Housing, whether it is more broadly with VicUrban, whether it is a joint venture project with the housing association — let us see how they come forward. But I think this is a terrific initiative and one that we will do more of if it is as successful as I think it will be.

The other area that I think is really very important is procurement. I think there are enormous opportunities in terms of unlocking the bulk-buying capacities of local government not only in Victoria but right up the east coast of Australia. If you think about the buying power of local government up the east coast, it is an enormous opportunity to garner the collective buying capacity and to offer real savings back to local governments where they can reinvest those savings back into social or physical infrastructure on behalf of their councils.

We are very keen to pursue that much further with the MAV. Local laws — inconsistency of local laws is a huge bugbear for business. So we are going to do a lot more work in this area, again with local government, to try to straighten out inconsistencies in local laws. This will be, I think, of significant benefit — and also the greater use of shared services. I think they are an important opportunity for us, particularly where you have small, rural

municipalities and a larger council close by. What are the opportunities for shared service outcomes to the benefit of both organisations and indeed the communities they serve? So there is a good agenda going forward, a good amount of money in there, with I think potentially some very good practical outcomes.

The CHAIR — Thank you, Minister.

Mr DALLA-RIVA — Minister, in your presentation to the Public Accounts and Estimates Committee you outline your 2007–08 achievements in that you mention ensuring local government partnerships with the Victorian state-local government agreement signed. You then go on to some of the other achievements — 'Empowered local residents and communities' — and that is about community planning.

Mr WYNNE — Yes.

Mr DALLA-RIVA — You then move on to the forward estimates period, for which you have listed seven priorities. I will not read them all out, but two of them bring note to my question. They are: 'Joined up government' — that is obviously the continuation of the agreement that I outlined earlier, and the implementation. The other one is, 'Empowered local residents and communities', again along the same lines of community planning.

Given that you are an advocate for those particular issues and they are your priorities moving forward, how do you see that local government, now having had its powers stripped in local planning decisions, links up to your priorities into the next period? With that in mind, are there any financial implications in the budget moving forward in relation to the changing of heart, as it were, today from the Premier in relation to stripping the planning powers from local government?

The CHAIR — Insofar as it relates to your portfolio, Minister. It might be directed to the Minister for Planning who is to appear on Friday.

Mr WYNNE — I am very aware of the decision that the government has made in relation to activity centres. I support the decision. I think it is a good decision, because it is one that is about having a partnership between the state and local government.

Mr BARBER — Like when the mafia comes to your restaurant and says, 'We are your new business partners'?

Ms MUNT — No, not like that at all.

The CHAIR — Minister, you can answer insofar as it relates to your portfolio in terms of the question on community planning and council-state government agreement.

Mr WYNNE — If you look carefully at the decision-making process, councils will be responsible for the development overlays in their principal activity centres. It will be their business; it will be their business to put in place the structure plans. It will be their business to decide what are the community aspirations for those 26 principal activity centres. I want to reiterate, as the Minister for Planning has done, that there will be no diminution of third-party appeal rights.

Once the structure plan is put in place — and there is the whole process around how all that occurs — then, as the applications come through the system for developments to occur within those principal activity centres, you will have a development approval committee (DAC), which is made up of two state government, two local authority representatives and an independent chair to deal with those matters. It strikes me that this is quite a sensible and streamlined way to deal with applications within the broad structure plan that has been resolved by the council.

I have to say, Mr Dalla-Riva, that I do not accept the assumption that you make that it is stripping away rights of communities to have a say. Communities will have absolutely a say in the structure planning process. It is a long and involved structure planning process, as you know very well. The councils will decide on the basis within the structure plan of where third-party appeal rights will be. Through that process it will be the council, and there will be no diminution in the capacity of third-party rights.

Mr DALLA-RIVA — Just as a follow-up — —

The CHAIR — Insofar as it relates to the minister's portfolio.

Mr DALLA-RIVA — It does. Part of these new committees, will they have the responsibility for planning — —

The CHAIR — I think it is actually outside the minister's portfolio.

Mr DALLA-RIVA — I just want to know — —

The CHAIR — Insofar as it relates to his portfolio, I am happy for that.

Mr DALLA-RIVA — He just mentioned it. I want to know if there is any financial impost in terms of the establishment of those committees. If they are not within his portfolio, that is fine.

Mr WYNNE — They are not within my portfolio.

Mr DALLA-RIVA — Thank you very much.

Mr WYNNE — It is a matter for the Minister for Planning. But in broad terms — —

Mr DALLA-RIVA — There is a financial impact, but thank you. We are here for the forward estimates apparently.

The CHAIR — I do not think the minister commented on the financial impact one way or another.

Mr WYNNE — Let us be clear, Mr Dalla-Riva, you have asked me the question. I said it is not within my portfolio responsibility.

Mr DALLA-RIVA — No, I understand that. The Chair is sort of holding me up when I am asking about the cost that is going to be to the government. I do not need to be stepped on, I just want to know whether it was.

The CHAIR — We will ask the planning minister on Friday.

Mr DALLA-RIVA — If we cannot ask about the forward estimates, why are we here?

The CHAIR — We can, but we ask the ministers in respect of their portfolios.

Mr PAKULA — Minister, there has already been some commentary during the hearing about councillors' remuneration. I want to ask about councillors' conduct, particularly bearing in mind page 21 of budget paper 3, the output measures on local government. What is the government doing over the budget period to include local councillor conduct?

Mr WYNNE — As you go around local government and talk to people, the vast majority of local government councillors are professional, conduct themselves in a proper and appropriate fashion — the vast majority. From time to time, you will get circumstances of conflict and inappropriate behaviours. There is a big difference between, in my view, robust debate as we ought to have in a democracy and behaviours that are unacceptable — behaviours of bullying, standing over, that sort of behaviour that is particularly unacceptable. I know in talking to a range of women councillors, they have said this sort of behaviour is not a space that they want to be in and something needs to be done about it.

All of the councils have got in place principles of good governance and behaviours, but it is a difficult situation for a council to govern itself around some of these conflicts. Certainly in developing the good governance paper, we were very cognisant of trying to put together a proposition that would be helpful to local government when you get into these conflictual situations.

Our first priority was to say, 'Right, when you get into a conflict that you cannot actually resolve between yourselves, we will bring in some outside support for you' — that is, some outside mediation, some experienced people who have been involved in the local government sector, drawn from a list agreed by the MAV and the VLGA of people who are good at this sort of work, who can come in and assist the council in trying to resolve these matters and offer suggested outcomes for them, whether it be mediation, some counselling, whatever is required to try to resolve it at the local level.

I hope this is in a very rare number of cases. If that cannot be resolved at the local level, then of course the potential will be there in the legislation which the house will debate an opportunity for this to be elevated to the next level, which will be VCAT. What potentially attends to that is penalties that would be engaged in that, including suspension. People have the right to natural justice and the capacity to be represented and heard through the whole process, but at the end of the day, it is trying to put in place something that is broadly supported by the local government sector.

I would indicate to the committee that thus far, the advice I have received across the sector is people welcome this intervention, they think it is a useful tool to be used and one that hopefully will get passage through the Parliament obviously prior to the elections, which will set in place a framework going forward for local government.

Mr BARBER — I think it will be a lot stronger than the framework that applies to MPs, for example.

On the general subject, then, and it is to do with another matter that you are legislating or hoping to move forward on, that is, the Winky Pop case — I had to be the first guy to say that in *Hansard* !— in terms of this coming budget year, are there any particular activities that your department needs to undertake to clarify matters there; is it a case of providing information out to councils; and will you be able to achieve that, I suppose, before the elections come around, which is quite a crucial period?

Mr WYNNE — For those who are unaware of the Winky Pop decision, this was a decision of Justice Kaye in the Supreme Court on 16 November regarding an application pertaining to an applicant at Hobsons Bay council which reflected on the conflict of interest and natural justice obligations of councillors. It was an interesting decision. In effect Justice Kaye's decision, in lay language, was that the council denied the applicant natural justice in that the councillors were implacably opposed to a particular development proposal and therefore were not even prepared to really hear that there might be an alternative proposition — that, in effect, their minds were closed to any alternative proposition — and that that — —

Dr SYKES — That is like the decommissioning of Lake Mokoan — I got it in!

Mr WYNNE — The decision noted that the appropriate test was whether the councillors' views were so demonstrably fixed that they were not open to being dislodged by reason or argument. That is at the core of the decision, and in fact the council's decision was overturned, which is famously now called the Winky Pop decision.

The potential implication of this was that if somebody seeks to stand for local government and they are standing on a particular ticket, hypothetically in opposition to a major development, and subsequently that development comes along and it is dealt with by the council, is that councillor then Winky Popped by that decision, because they are implacably opposed to this development? We have taken advice from the Victorian Government Solicitor in relation to this matter. He is obviously considering the implications of the Winky Pop decision, and if there is any further advice we need to provide to local government about that, we will do so in due course. But it is a most interesting decision.

The CHAIR — So do you provide a lot of assistance, or just a Wee Willie Winkie bit?

Mr PAKULA — Why is it called Winky Pop?

Mr WYNNE — Winky Pop was the applicant. It is Winky Pop Pty Ltd.

The CHAIR — Minister, I have just a couple of quick questions before we wind up. You mentioned neighbourhood houses. Most of us have some in our areas. I know a lot has been done, and you mentioned this in your presentation material. What are you going to do next year and the out years?

Mr WYNNE — I have always looked forward to your support on these matters, Chair. The current funding for 2008–09 is $19.3 million. That is a huge increase; that is a threefold increase since we came to government. In January, as I indicated, 11 neighbourhood houses were added to the neighbourhood house coordination program to receive growth recurrent funding. That was a good start for them. In 2007, 29 houses received the one-off capacity grants — small amounts of about $3000 to $3500 — to continue to provide community based activities. Through our recently released *A Fairer Victoria*, $17.4 million is available for the improvements to the infrastructure as part of our modernising neighbourhood house program.

These are good initiatives, and we think going forward the neighbourhood house sector is in very good shape. They want more funds to get their staffing levels up from pretty much the base funding received by some of those initial 11 that we brought on. We will continue to advocate, of course, for neighbourhood houses within the broader state budget policy settings, and I look forward to your continued support for neighbourhood houses.

The CHAIR — I am sure you have my continued support and Dr Sykes's continued support.

Dr SYKES — This was a toss-up: whether I ask a question about Lake Mokoan, the Food Bowl Alliance or the impoverished state of a number of country councils. I will go with the country councils one.

Mr WYNNE — Yes, do, that is a good one.

Dr SYKES — Within the context of the budget, there was a recent Auditor-General's report that identified a number of councils of questionable sustainability.

The CHAIR — Three.

Dr SYKES — But there were 21 all up that were at risk. I know that in addition to the Auditor-General identifying that, both the MAV and the VFF have expressed concerns, as have we politically. Locally, for example, at Benalla our rates are going up 8 or 9 per cent each year, and they will go up for five years. That means a 50 or 60 per cent increase in rates, and in our case it is in a community where one-third of the people have household incomes of less than 25 000 and are having difficulty in funding it; and that applies also to Strathbogie, Mansfield et cetera. What have you got in mind to address that untenable situation that confronts a number of councils out there?

Mr WYNNE — It is an excellent question, Dr Sykes. I talked about this in some detail at our local government forum last week, and I hope you got some positive feedback from your councils about that.

The Auditor-General identified three councils — Colac Otway, Central Goldfields and Moorabool. In fact the cabinet was at Central Goldfields yesterday, and we talked with the mayor and councillors and the senior administration there. The total rate budget of Central Goldfields is 5 million. The council in my area, the City of Yarra, would probably get that, and more, in parking fines, I suspect. This is a huge problem.

As you rightly identified, there are 21 councils that have been identified in Victoria that are in some financial strain. The answer to this is we have to change the conversation with the commonwealth government. They are the key funders of local government through financial assistance grants, both tied and untied. As you know, there has been a gradual erosion of financial assistance grants over the last decade or so, from 1 per cent of commonwealth taxable down to 0.6. That means for Victoria alone, $200 million a year. That is a big amount of money that you could start to be redirecting into the sheer sustainability of those small local councils. If you think about them — the Moorabools, the Colac Otways and some of those small councils up in further north, through the Wimmera and so forth — —

Dr SYKES — You have got Strathbogie, Benalla, Mansfield and Alpine.

Mr WYNNE — Many of them have declining populations. Some of them are going through very harsh economic times with limited capacity to raise rates. You have got to have a different conversation, and that conversation has got to be changing the way that financial assistance grants are allocated to local government. We have got to change, in my view, both the quantum and the formula, because the formula is not picking up the systemic problem of those small local councils.

You cannot be in a situation where you have got a council that is reliant, long term, for survival on more than 50 per cent, sometimes 55 per cent, of its income coming in from commonwealth and states grants, because their capacity to raise funds is just not there from the rates.

Dr SYKES — You would be aware that The Nationals have a policy of using a percentage of the GST to go direct to councils, á la the federal Roads to Recovery funds?

Mr WYNNE — Yes. Of course that is not even going to the question of road funding; that is a whole separate issue of its own.

Dr SYKES — But that would actually be within the state control by some agreement between the state and the commonwealth. Again we get back to the agreement of targeting the 21 most in need. Whatever system you come up with, they need more money otherwise there are going to be serious problems.

Mr WYNNE — Indeed, as you know it is not a Victorian problem alone; it is a national problem. Every state is confronting this sustainability question. You would be aware, I am sure, the announcement that Ken Henry is going to be undertaking significant work in this area around the whole financial assistance arrangements. Of the two areas that they have annexed off, one is the GST. I think there was one other area; I have just forgotten it. Certainly the GST is annexed off from any — —

The CHAIR — There is superannuation for people over 65 or 60 as well.

Mr WYNNE — Superannuation for people over 60, so they are the two areas that are annexed off, so hold no hope for GST.

Dr SYKES — Just send us the money, send us the cheque and we will — —

The CHAIR — You will find that Victoria passes on more than other states do in terms of grants.

Mr WYNNE — I have already raised this in a ministerial council meeting with Anthony Albanese, the federal minister. I said, 'In this debate we want to be right with you in terms of finding another way of dealing with the sustainability of small councils, because they cannot go on like this'.

Dr SYKES — But you have also got to stop the ongoing cost shifting á la the weed control, where 20 million is coming to DPI and DSE and councils, but the cost of weed control for councils is going to be more than that, so you have got to avoid that continuation of cost shifting as well.

The CHAIR — Are you suggesting amalgamation?

Dr SYKES — I would leave that to this courageous and politically astute government to address those sorts of issues.

The CHAIR — I thought Pat might have given you a bit of advice!

Dr SYKES — No; I will just ask the cashed-up government to look favourably.

The CHAIR — That concludes the consideration of the budget estimates for the portfolios of housing and Aboriginal Affairs and local government. I thank the minister and departmental officers for attending today. The committee has a couple of issues to follow up with you, and maybe some other questions will be forwarded to you in writing at a later date. The committee requests that responses to these matters be done within 30 days. Thank you, Minister.

Mr WYNNE — Thank you very much.

Committee adjourned.

Transcript of evidence

8.4 Planning portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 23 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. Madden, Minister for Planning,

Mr Y. Blacher, Secretary,

Ms G. Overell, Executive Director, Planning, Heritage and Urban design,

Ms P. Digby, Acting Deputy Secretary, Planning and Local Government,

Mr S. Gregory, Chief Finance Officer, Corporate Finance, and

Ms M. Ferrie, Director, Corporate Strategy, Department of Planning and Community Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008-09 budget estimates for the portfolio of planning. On behalf of the committee I welcome Mr Justin Madden, Minister for Planning; Yehudi Blacher, Secretary of the Department of Planning and Community Development; Genevieve Overell, executive director, planning, heritage and urban design; Prue Digby, acting deputy secretary, planning and local government; Stephen Gregory, chief financial officer; and Monica Ferrie, director, corporate strategy. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in 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, 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 give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of planning.

Mr MADDEN — Thank you, Chair. I appreciate being here and being able to present today. First of all we might start with the overheads.

Overheads shown.

Mr MADDEN — The Department of Planning and Community Development was established in August 2007 to lead and support the development of livable 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 that livability is a key priority. It will be achieved through implementing planning reforms, delivering investments, helping support population and economic growth, and addressing the issues of disadvantage across different parts of the state. There is strong evidence to indicate that livable communities can be achieved by what works in a local context, working with local governments and communities to ensure that investments and social infrastructure are delivered in a coordinated and timely manner.

Growing Victoria remains a 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, the Victorian indigenous affairs framework, Melbourne 2030, Sport and Recreation Victoria 2005–2010, and Future Directions: An Action Agenda for Young Victorians.

The DPCD 08–09 budget is particularly focused on meeting the budget priorities of improving urban development planning, housing affordability, with a strong continued focus on progressing A Fairer Victoria, through driving service delivery reforms, building human capital and expanding economic opportunities for those who continue to miss out.

I would like to now turn to planning. This year a number of significant initiatives have been announced in the budget. These clearly demonstrate the Brumby government's actions to address the challenges of a booming population in Victoria as well as preserving and enhancing Victoria's livability. In total, $151.6 million has been allocated in this year's budget to the planning portfolio, which is up $37.4 million from the 2007–08 budget, of $14.2 million. The 2007–08 budget has been restated following the recent machinery-of-government changes, and

140.8 million has been allocated to implement government strategies for sustainable metropolitan regional development, including transit cities, and 10.8 has been allocated to heritage protection.

Melbourne 2030 was released in 2002 but Melbourne 2030 included a commitment to audit it after five years. The Melbourne 2030 audit has been successfully completed. On Wednesday I released the audit expert group's report called *Planning for all of Melbourne*, which is the government's response to the Melbourne 2030 audit.

The audit expert group found the fundamental principles underpinning Melbourne 2030 are more relevant than ever. An implementation of strategies and principles are now more urgent due to the increased population growth, transport congestion, housing affordability, climate change and peak oil. *Planning for all of Melbourne* addresses these challenges and sets the framework for action over the next five years and beyond. New funding of 24.2 is provided in the 08–09 budget for the implementation of 2030 initiatives.

As well as new funding announced under this year's state budget, two significant programs are continuing to provide direction for local government for structure planning in activity centres. The $3 million expert assistance program continues for its second year, and this is the fourth year of the $13.5 million Creating Better Places program. The 2008–09 state budget announced another 52 million for the successful transit cities and urban revitalisation program for three projects: $24 million for the key revitalisation in central Geelong, 8.36 for improvements to the main street in Broadmeadows town centre, and 14.9 towards a new government services building in central Dandenong to help kick-start development and provide better services in the region.

VicUrban has an increasing focus on urban renewal in support of Melbourne 2030 and improving sustainability standards, and the major projects include Docklands, revitalising central Dandenong and Aurora — and Aurora is Australia's largest 6-star development in Melbourne's north that will be transformed over 20 to 25 years into a community of 8000 homes and 25 000 people.

The government has maintained its agenda to continuously improve the planning system. The latest of these is cutting red tape in planning. Key projects to be implemented this year include the introduction of code assist, the removal of minor matters from the need for planning approval; revised planning provisions for heritage, car parking and advertising; and the simplification of local policy. As well as that, the e-planning roadmap is an innovative five-year strategy and 1.2 million has been targeted to develop a pilot system with six councils and associated applicants and authorities.

On making local policy stronger, I have taken the immediate action to make local policy stronger by having work started on developing new residential zones for Victoria — there has been a discussion paper out — and that will include at some stage revising the state planning policy framework to make it easier to apply and simplify the local planning policy framework of all planning schemes.

New residential zones are being developed to directly align with objectives of state and local planning policies and to provide better tools for councils to, in particular, manage their communities' housing needs. I released a discussion paper in February this year and that will inform the development of the draft new zones, particularly with further extensive consultation.

The current Planning and Environment (Fees) Regulations 2000 sunset in mid-2010 and work has commenced to determine the best model for prescribing fees, and I look forward to more work in that space in the time to come.

I refer to the urban development program. There is a commitment to maintain and monitor the extent of zoned and unzoned land in Melbourne's growth areas and particularly, as well as Melbourne, in the Geelong region. That will assist in supporting the Growth Areas Authority undertaking the work they need to do and speed up the delivery of new land in these growth areas in order to accommodate the strong demand of population growth, with 1200 people moving to Melbourne each week. There is significant work taking place in that area.

In terms of regional Victoria, 500 000 was allocated in last year's budget to assist five regional cities with planning for growth and, in addition, we have committed further funding this year to initiatives right across Victoria, and no doubt that will have a significant impact on regional Victoria.

On the rural land use program there is $500 000 to assist the transition arrangements for many councils to sort out the arrangements in relation to farming zones and rural land use, and also under coastal planning we have provided

$200 000 in implementation, particularly to the Gippsland coastal councils and the Glenelg shire to undertake work that needs to be done strategically.

In terms of future farming, building on land and land use efforts in farming areas, DPCD will establish an expert group to identify and plan future scenarios for farming and farming communities, particularly in the context of climate change and other land use change processes. Funding of 3.79 million over four years will be provided to establish an expert group and support the strategic work that needs to be done, and the group will help identify barriers that need adjustment.

In terms of building activity, very quickly as we get into the last stages of my presentation, we have had a record year; 2007 was a record year for building with an increase of about 9.6 per cent on the 2006 year, with building activity reaching $18.26 billion. Heritage Victoria is instrumental in maintaining and protecting the things we love and will continue to maintain and support local communities and councils in managing the heritage places, objects and collections through our $2.2 million allocation in terms of grants in the 08–09 year.

Priorities for the forthcoming year, as I get to the last little bit here, Chair, briefly are: undertake a review of the Planning and Environment Act as outlined in the annual statement of government intentions; implementing the initiatives and actions identified and the government response to the Melbourne 2030 audit; continue to work with local government in the planning for activity centres; and implementing projects in priority centres through both the expert planning assistance and creating a better places program; continued investment with local government, the development industry and state agencies in the development of transit cities.

It also includes: continued support of Victoria's regions including by working together with local councils through the rural land use planning program; and ongoing implementation of the regional town development program in partnership with regional centres, as well as providing planning capacity, delivering on regional plans and other initiatives including future farms, where DPCD will establish a regional strategic planning expert group to provide advice about identifying and strategic planning for the future of farming in rural communities; continued work through the growth area authorities to streamline land rezoning and cut red tape including implementing the urban growth zone and precinct structure planning; continued implementation of the Victorian Coastal Strategy and Coastal Spaces Landscape Assistance Study; continuation of cutting red tape in planning implementation; implementation of the Victorian Housing Strategy and legislative review of the Building Regulations and Building Act to enhance consumer protection, affordable housing and equity and address sustainability and climate change.

Also: the development of improved energy efficiency and sustainability measures beyond those currently incorporated in the 5-star residential building standard, and it will be a key priority from my department in meeting the huge challenge of climate change going into the future. Thank you, Chair.

Ms MUNT — It is going to be a busy year.

The CHAIR — Thank you very much, Minister. There is certainly a lot on your plate. So, just to start off, you mentioned the audit of Melbourne 2030 and the government's response and, of course, funding in the budget, I think from memory, was 24 million. Can you just elaborate a bit more for us on the initiatives under the budget to implement the government's metropolitan strategy?

Mr MADDEN — There is no doubt a lot of discussion this week about the response to the Melbourne 2030 audit. I know that a number of members in this forum are particularly interested in our response to that. The 2030 audit was concluded with the release of the government response that I mentioned earlier, *Planning for All of Melbourne*, on 21 May 2008. The audit consisted of an analysis of recent trends, the 2006 census information and the report of the independent audit expert group chaired by Professor Rob Moodie. The expert group found that the fundamental principles underpinning Melbourne 2030 to be more relevant than ever due to the pressures of increased population growth, transport congestion, housing affordability and climate change, and *Planning for All of Melbourne* addresses these challenges and sets up the framework and the action required over the next five years. *Planning for All of Melbourne* includes the following initiatives totalling $24.2 million over four years. They are as follows: streamlined growth area planning and approvals, 1.644 million; Growth Areas Authority leadership and growth areas structure planning, 5.568 million; simpler residential zones and housing supply, 3.242 million; targeted investment in urban renewal projects, 3.031 million; and targeted investment in urban renewal, $10 million. Sustainable green wedges staffing and operation costs are in the order of 0.362 million, and sustainable green wedges management grants, 0.350 million.

We are introducing reforms to streamline our planning decision-making process, including a new partnership with local government, a shared partnership approach and new development assessment committees. As mentioned this week, we will make planning decisions in principal activity centres and key metropolitan areas. We will support local councils to engage communities early in the planning process about the rules of development in their local areas, and we are simplifying planning and development in activity centres through a new activity centre zone and tailored development frameworks to give communities more certainty about future development. *Planning for All of Melbourne*, no doubt, is a landmark step in the ongoing work to manage growth and ensure that Melbourne remains one of the world's most livable capital cities.

The CHAIR — Thank you, Minister. There are quite a few things there, and I am sure as we go along there will be further questions on the various elements.

Mr WELLS — Minister, I would like to refer you to page 186 of budget paper 3 in regard to transit cities, which you mentioned in your presentation. Why is the government planning for a 20 per cent failure rate — I notice that the projects are marked for 80 per cent — and does that 20 per cent failure rate comply with government policy on quality, timeliness and economic management; can the minister explain why 20 per cent of the projects are falling behind in quality and not running on time; and has there been an audit done to give reasons why there is a 20 per cent failure rate?

The CHAIR — Minister, particularly in regard to the estimates.

Mr DALLA-RIVA — I thought that is what it was.

Mr WELLS — Am I reading from the right page — page 186?

The CHAIR — This is the transit cities project work.

Mr WELLS — Yes, that is what I am referring to.

Mr MADDEN — I think you have misinterpreted those figures, Mr Wells. This is not about a failure rate at all. It is critical in relation to the way in which these projects are managed, rolled out and delivered, particularly issues about the delivery of the project, land acquisition, cash-flow arrangements, that those measures and those targets, because they are ongoing projects over a long period of time, deliver as much of the project as we can in any specific year, but those variables will change from time to time. To give you some examples of those, in any one precinct there will be significant infrastructure investment; there might be funding for government buildings into those projects, or as well as that there might be land acquisition in some of those locations as well. There is no doubt that land acquisition is one of those issues that is critical in terms of delivering the project, but it also has to be managed in a very sensitive way and delivered in a way in which everyone can have full confidence about the transparency of that process and confidence in the support of the local communities.

In the arrangements for the progress of the transit cities we have made inroads in a number of areas. In Dandenong in particular we have committed 290 million to revitalise central Dandenong. Of course that saw the release of the urban master plan for central Dandenong in November 2007. Land acquisitions also commenced to create a new city walk linking the station to the retail heart of Dandenong. There are some more details of the plans being finalised in relation to street works and physical works, and they are scheduled to commence early in 2009.

In Footscray, a one-stop planning shop has been opened in Nicholson Street. There have been significant mall works undertaken. Likewise in Ringwood, a precinct plan has been approved by council for the expansion of the Eastland Shopping Centre, and there has been investment in terms of the design work, particularly around the transport interchange. In Broadmeadows, again, design works and business planning around the civic plaza and public realm improvements are part of the program there. In Box Hill there is the redevelopment of the main street, the Market Street mall and public realm improvements to Bruce Street. As well is that in Frankston there are new planning controls to implement the transit cities structure plan, options for the design of the Kananook Creek boardwalk and associated works. They are on public exhibition — they were in 2007. I understand that the council delivered the final concept plan in April.

Across all of those projects there is a lot of work being undertaken. They will continue to roll out. Elements of those are not in any way a failure at all, Mr Wells. They are actually staged in a way in which we can continue to make significant progress in all of those projects.

Mr WELLS — Just to make sure that we are interpreting the figures correctly, if you are saying that there is an 80 per cent target, are you saying that there is an 80 per cent target that they will be completed by a certain date? Why is that figure not 100 per cent if you are so confident things are working properly?

Mr MADDEN — No, it is about the progress made in relation to specific nominated items along the program. So the intention is to achieve in the order of 80 per cent progress in that area, which is not to say a project will be completed in that given year. As you would understand, with all these transit cities, these are big programs for the long haul. These things will not happen overnight, and they are not one-year or two-year programs; these are, particularly in the likes of Footscray and Dandenong, significant and major urban renewal projects. The other critical component to that is bringing together investment from the private sector and other partners in order to capitalise on that investment, or leverage that investment. We think they are ambitious projects but fairly realistic in terms of the progress that will be made in any given year in relation to the elements and the attributes of the program.

Mr WELLS — Minister, you mentioned Ringwood. How much money has been allocated to Ringwood? I did not quite catch that.

Mr MADDEN — Significant amounts of money have been contributed. No doubt, they are eager to get even more money in relation — —

Mr WELLS — Into Ringwood?

Mr MADDEN — Into Ringwood, yes. I am very eager to see more money delivered to that project and am working with my colleagues to address that issue. I know some work is being done in relation to looking at some of the design aspects, particularly around not only the retail area but the transport hubs to make sure that the interaction between the transport hub, the station, the road network and the shopping centre work effectively. So I am looking forward to seeing that work finalised, and I am also looking forward to making some future announcements in relation to what funding might be available in relation to Ringwood.

Mr WELLS — Sorry, how much has been allocated?

Mr MADDEN — I am happy to provide you with that detail. I do not have it specifically in front of me, but I am happy to provide you with that detail.

Ms MUNT — Minister, you mentioned, I think, 24.2 million that has been put aside to fund the implementation of a number of Melbourne 2030 initiatives. As a member with a green wedge in my electorate that does have some issues. I was wondering how much of that budget will go towards green wedge policy to help maintain our public open space.

Mr MADDEN — Thank you very much, and I know you are particularly interested in many of the associated issues around green wedges and have been a very strong advocate for maintaining and protecting many of the green wedge elements, but also reflecting the views of your respective electorate in relation to this. So I am very conscious of your interest in the management of green wedges. Can I just make the point, too, Chair, that there is a definitive difference between the government's policy and the government's plan in relation to green wedge management, and the urban growth boundary, and that of the state opposition. We are committed to an urban growth boundary — —

Mr DALLA-RIVA — Hang on, no, he does this in the house.

Mr WELLS — You are committed to the boundary — —

Mr MADDEN — We are committed to the urban growth boundary and managing that and monitoring that. We are also committed — —

Mr RICH-PHILLIPS — No, you are not. You are messing it up.

Mr WELLS — But you are making adjustments to it.

The CHAIR — Can we just have the minister, please?

Mr DALLA-RIVA — Well, if he is going to have a go at us — —

Mr MADDEN — And, Chair, we are also committed to working — —

Mr WELLS — It is an absolute debacle because you are not keeping up the interest rates on the 2030 plan.

The CHAIR — Thank you very much, Deputy Chair.

Mr WELLS — Why would he say something like that? It is so ridiculous.

The CHAIR — Deputy Chair, thank you! Can we just have one at a time. Minister, without provoking — —

Mr WELLS — He is talking about the state opposition's plan. I just want to know what he meant by that. Would he like to expand on that?

The CHAIR — Thank you very much, and please try not to provoke people, Minister.

Mr MADDEN — Thank you very much. I will certainly try to couch my answers, appreciating the sensitivity of the opposition members who are here today.

Mr WELLS — Give us the plan on infrastructure. Chair, if you are going to let him keep going on about that we will need an explanation of the infrastructure plan for his 2030 and those growth boundary areas.

Mr MADDEN — Chair, all up, 23.5 million of the Melbourne 2030 budget is for initiatives that will help bring more housing to market more quickly and in the right areas. This will cater for our boom in population. So the demand for housing will contribute to improved housing affordability. Planning for more housing in our established areas and our dedicated growth areas does not directly impact green wedge policy, but it does support green wedge policy, because they are complementary. That is the point I was trying to make. In managing one you also have to manage the other, and they sit alongside each other. But if you were to not have an urban growth boundary, and we know there are some who would say that, then it is going to have a direct impact on green wedge policy. I know Mr Wells has made that point, and I know he is sensitive to that issue, but — —

Mr WELLS — Sorry, what did Mr Wells claim?

Mr MADDEN — I think in your budget reply speech last year, you said you were committed to dismantling the urban growth boundary, Mr Wells.

Mr WELLS — But you just said I would not have an urban growth boundary.

Mr MADDEN — You were going to dismantle the urban growth boundary.

The CHAIR — Minister, can you answer the question asked by Ms Munt, thank you.

Mr WELLS — You were not listening to what I said.

Mr RICH-PHILLIPS — You are misrepresenting Mr Wells.

Mr WELLS — You are clearly misrepresenting what I have said.

The CHAIR — I think it is not for us to sort out the — —

Mr WELLS — We said dismantle the 2030 boundary line — —

The CHAIR — Deputy Chair, thank you!

Mr WELLS — But you were assuming that I would not have an urban growth boundary line, and that is wrong.

Ms MUNT — Pleased to hear it.

Mr RICH-PHILLIPS — You are being dishonest.

Mr WELLS — No, you are misleading the committee.

Mr MADDEN — No, I am not misleading the committee.

Mr WELLS — And you are being dishonest. So I ask you to retract that, or otherwise it is going to get worse.

Mr MADDEN — I am happy to see, Mr Wells, that you have clarified it, that the state opposition has clarified its position on the urban growth boundary. I am very pleased to hear it.

Mr WELLS — If you had read it properly in the first place.

The CHAIR — Thank you, Mr Wells!

Mr WELLS — Pardon? What a joke! What is the point of having a public hearing if he is going to misrepresent what we are saying?

The CHAIR — We are having a public hearing and I would like you to restrain yourself. And, Minister, can you restrain yourself and confine yourself to answering the question asked by Ms Munt?

Mr WELLS — If he continues to mislead what I am saying or what I have said in the past, what do you expect.

The CHAIR — And if you continue to interrupt, quite frankly, I will close you down.

Mr WELLS — No, you are not closing me down. You are not doing it.

Mr MADDEN — The urban consolidation growth and area planning will reduce pressure to develop beyond the urban growth boundary, and it will reduce pressure on the ad hoc development through our valued green wedges. This is our strong commitment to managing urban sprawl. Certainly we want to manage the green wedges from ad hoc rampant development. We know there are others who have no regard for green wedges. We are committed to the protection — —

Mr WELLS — Who is that?

The CHAIR — I have asked — —

Mr WELLS — He has just said those not committed to the green wedges. I ask him to clarify it.

Mr MADDEN — We are committed to the protection of productive farming land and areas of high biodiversity value.

Mr WELLS — Who has written this for you?

Mr MADDEN — The principal difference is that we are committed to managing Melbourne's growth; we have a plan, and that plan helps protect green wedges and helps contain urban sprawl.

I know that Ms Munt mentioned the issue of resourcing: $700 000 over two years is dedicated to the finalisation and implementation of green wedge management plans. This is a critical aspect of Melbourne 2030 that will ensure the unique qualities of our valued green wedges can continue to be protected.

The government response to the Melbourne 2030 audit, *Planning for all of Melbourne*, reiterates our strong commitment to the urban growth boundary as an effective tool for managing development. It also seeks to ensure that open space is properly planned for our growth areas and that open space is used effectively. *Planning for all of Melbourne* says that we will direct the Growth Areas Authority, working with councils and state agencies, to develop open space plans for each growth area, including the opportunity for multiple uses of undeveloped land. We will use these open space plans for informed precinct structure plans to ensure the provision — —

Mr WELLS — Would it be easier for him to table the document?

The CHAIR — Look, just stop that nonsense.

Mr MADDEN — It will ensure the provision of different types of open space. It also says that we will work with councils and state agencies to establish biodiversity corridors in areas such as along rivers and creeks, thus improving biodiversity outcomes. It is a significant step in the ongoing work to manage growth while reserving areas for open space, but in particular protecting green wedges and the biodiversity values in those green wedges.

These things are important contributors to Melbourne's livability and the 2008 budget delivers the resources to ensure that they are protected and that Melbourne will continue to remain one of the world's most livable cities.

The CHAIR — Thank you, Minister. Can I just remind members to avoid the interjections and, Minister, avoid reacting to any interjections and avoid provocation as well.

Mr MADDEN — Thank you for that direction.

Mr WELLS — You are going to start implementing that as of when?

The CHAIR — I have been implementing it and you have not been following it.

Mr WELLS — So that is as of now.

Mr RICH-PHILLIPS — Minister, you spoke about all the extra resources you are getting in planning this year. What I would like to know is when we are going to see some return on that investment, specifically with respect to the Narrawong DPO 7 issue. You said last December that it was a priority for you to address that issue. It is a matter of great concern to the residents and land-holders who are affected by that. The delay is causing enormous difficulties. When will you address that issue?

Mr MADDEN — I missed some of the details?

Mr RICH-PHILLIPS — The Narrawong DPO 7 call-in is sitting with you and you said last December you would address it.

Mr MADDEN — Thank you very much, Mr Rich-Phillips.

The CHAIR — The minister needs to relate it to the estimates. Can you clarify that?

Mr BARBER — It is a matter of when he will resolve it.

The CHAIR — We are not dealing with the outcome.

Mr RICH-PHILLIPS — The minister has said he has received $37.4 million extra this year. Before the Parliament votes to give it, we might like to know how he is going to use it, given he has this backlog of these issues.

Mr MADDEN — Thank you very much, Mr Rich-Phillips. I am happy to give you the detail on notice, but I will try to do justice to the principle in the basics of the answer in the circumstances in relation to DPO 7. If it is the one that I think you are talking about, that is the one in the Glenelg shire; is that right?

Mr RICH-PHILLIPS — Yes.

Mr MADDEN — This is a particularly significant issue because it has been a long-going issue and we have seen a number of significant issues like this occur in the Glenelg shire. It is worth bearing in mind that councils are the principal planning authority at a local level in relation to these issues. Before they can have their planning scheme implemented, they have to do sufficient strategic work to make sure that it operates properly. In this case with Glenelg, they have made on a number of occasions some decisions which do not reflect good policy practice and this is one of those precincts which has been allowed to be opened up and developed without appreciating or taking into account some of the strategic issues that need to be borne in mind in matters like this.

I will give you some detail in relation to this matter. Whilst I know that there is certainly an issue about the land-holders in this precinct — and we have freed up parts of some of that area by staging what we can — the

critical issue here is that some of the land-holders in this location have been allowed permits by the council and they risk, because of climate change and coastal erosion and, I understand, the potential for sulphur acid soil — —

Mr BARBER — Acid sulphate.

Mr MADDEN — That's it, thank you very much. Thank you for the technical clarification there, Mr Barber.

There is a great risk to some of these residents. They are eager, of course, to get their hands on the land and to develop that, but what would be worse for them is if they built houses or developed those sites and a few months later either they could not get insurance for those homes because of the vulnerability of those areas or they had their houses washed away by coastal or tidal inundation. I know there have been some very strong advocates in relation to this matter, but the poor planning practices of the Glenelg council have brought about a position where these land-holders are caught between a rock and a hard place.

We are eager to resolve this issue. We have asked the council to resolve these matters and do the strategic work and bring that back to us. I understand that the area is currently subject to coastal mapping for sea level rise and the risk associated with that, and I understand also that development is currently being withheld to await the outcomes of that research. Basically it is a low dune system and the area is exposed to the sea. So it might be quite picturesque and it might initially sound like a lovely place to build a home, but it may not be a lovely place to build a home if there is a high risk of acid sulphate soils, as mentioned by Mr Barber, or tidal inundation and having your house basically washed away.

We are very keen to get this resolved, but it is not an easy matter to resolve. When you bear in mind the risks of climate change and what many experts are saying about the potential for sea rise, extreme weather events or coastal inundation because of tidal surge, then we have to be very cautious about what we allow strategically to take place in some of these areas. And this is in many ways a critical and test case for other coastal areas. Hence that is why we have had for some time our coastal management plan and the strategy that we have, because we have seen many people want to settle in coastal areas. The risk is loving our coast to death, and as well as that the great risk to proponents is that what might look like a picturesque location might also put them at enormous risk and also enormous and greater and financial risk than the situation they might currently be in.

Mr RICH-PHILLIPS — When will that matter be resolved, Minister?

Mr MADDEN — We have asked the council to do the work — their homework that they had not done in the first place. We have asked them to put in place the homework that they need to put in place. As I mentioned before, the area is being mapped in relation to sea level rises and the potential risks and threats, and I look forward to getting that resolved at the earliest possible date. It is an issue of great priority, but can I say that the last thing we would want is to have people settle in these locations and find that basically their houses have gotten washed away. Some of those scenes we see from overseas from time to time. Also bearing in mind that we have a number of coastal areas and we do not want to see some of the bad practices of the past replicated. People purchase land because it looked like it was a great location because of the vistas, only to find that they were never able to develop it. That has been the practice in some other locations, and they are matters that are being resolved currently with some of the other coastal councils. But it is very critical we get this right. This will also be representative of issues that need to be managed well into the future.

Mr RICH-PHILLIPS — Once you get the input from the council you are seeking how long will it take your department to resolve this issue? Obviously this cannot go on forever.

Mr MADDEN — Absolutely right.

Mr RICH-PHILLIPS — Once you get the information you need how long is it going to take you to settle it.

Mr MADDEN — Critically the responsibility from council is to get the homework done. It is sufficient to say if the homework they have done is sufficient too, we think we could get it closed very rapidly. But we have got to make sure that the council does the work. It is work that they had not done in the first place because it is quite substantial work. They have not done it in the first place, and now they have got to go back and do it. That has put some of their ratepayers at a great disadvantage.

Mr RICH-PHILLIPS — When you say 'very rapidly' what do you mean — three months, six months?

Mr MADDEN — I would just be presupposing an answer. Let us wait and see what the work is they provide to us. Let us see what the mapping says, and we will make a decision in relation to that as quickly as possible. But can I also point out that no doubt the land-holders would have issues associated with what the council may or may not have done in relation to these matters. It is not a matter of us just making a single decision and saying yea or nay; there are a whole lot of flow-on effects in relation to what it means for some of these stakeholders. We have to be very sensitive to that. I am sensitive to that and look to resolving this at the earliest possible date.

Mr PAKULA — Minister, even in recent days you have repeated publicly that Melbourne 2030 projections in terms of population are now likely to be more Melbourne 2020 in that the extra million people on current projections will be here a decade earlier than the original projections. With that in mind and given the 'Planning for Victoria' line item in budget paper 3 at page 343, what is the government planning to do in regard to Melbourne's growth areas with the extra million people by 2020 in mind?

Mr MADDEN — Thank you very much, Mr Pakula. Certainly we have continued to hear how in a sense Melbourne's livability, its attractiveness, the prosperity and the economic opportunity is attracting large numbers to Victoria but also to Melbourne in particular. We are at a distinct advantage by comparison to the other eastern seaboard capital cities. You have just got to see the prices in Perth as well. In terms of capital cities we are relatively affordable and very competitive in attracting people. That is good for the prosperity of the city. Growth is a good thing, and it also assists us in delivering a skilled workforce at a time of skills shortage. That attractiveness puts us at a great advantage, and the advantages that we already have are being built upon by people coming to Melbourne and Victoria.

But with the growth that is occurring so quickly there is a need to fast-track the planning of new communities, particularly in Melbourne's growth areas. We have a plan to meet our growth challenges through our policy, 2030, and communities are at the forefront and the centre of Melbourne 2030, and indeed our actions respond to this growth. Budget paper 3 shows $37 million is being invested for packages of initiatives to manage Victoria's rising population through better planning for growing communities. Of this 36.6 million, 5.6 million will assist the Growth Areas Authority to focus on the delivery of precinct structure plans, whilst a further $1.6 million has been allocated to the Department of Planning and Community Development to better streamline growth area planning and approvals. The Growth Areas Authority was established in 2006 to better coordinate development in the growth areas. Its role is to streamline planning processes and assist in the delivery of precinct structure plans in those growth areas. The Growth Areas Authority will continue to receive the annual allocation of $4.7 million to continue this process of streamlining the development of growth areas.

As announced earlier this year by the Premier, through the precinct structure planning program the Growth Areas Authority is playing a significant role in reforming the planning process to speed up the release of land to the market for 90 000 new homes. This will maintain Melbourne's competitive advantage, ensuring Melbourne remains the most affordable housing market on the eastern seaboard. The precinct structure plan program will oversee the implementation of the urban growth zone across the growth areas by cutting the time it takes to prepare land for development by more than 12 months. It will deliver housing more effectively in our growth areas by rezoning all remaining development of greenfield land inside the urban growth boundary in growth areas. It will streamline the existing planning process by stripping the system of unnecessary delays and removing overlaps in duplicating referral stages in the approval process and cutting thousands of dollars in development costs and significantly increasing the supply of new homes.

The streamlined precinct structure planning process in the urban growth zone will accelerate and lift the quality of planning in our newest communities, ensuring that we plan by choice and not by chance. The program will build on the work that has already been done over the 40 precinct structure plans, three of which have already been approved. Those three relate to Cranbourne North stage 1, Point Cook Homestead Road and *Merrifield Central, and will provide around 5500 new homes and around 17 000 new jobs. Those precinct structure plans will identify areas for housing, employment and other opportunities, along with community facilities, public transport routes and open space so that the strategic planning is done right the first time.

The new precinct structure plans will replace overly complex planning processes, incorporating native vegetation requirements to streamline the process rather than their being dealt with separately as an appendix to the planning

process. The government will proactively ensure that livability planning is at the front and centre of our plan for growth areas by turning spaces into places. Again, as I have mentioned on many occasions, it is not about subdivisions — it is about livable suburbs, and helping drive the market and ensuring that we continue to see Melbourne as a great place to live, work and raise a family.

Dr SYKES — There is more to be done. Minister, my question relates to consideration of climate change in your assessment of project proposals, and I ask: what resources have you allocated for assessing the Sugarloaf pipeline project advisory committee report, which I understand you received last Friday? By way of background on the Sugarloaf pipeline, or the north–south pipeline, you would be aware it is a very controversial project with many people concerned about the basis of the whole project and also the government's failure to follow due process. In relation to the report — —

The CHAIR — Can we try not to be provocative and get to the question?

Dr SYKES — I am just giving the minister background, because he may not have full background; he may not have notes on it. In relation to the report you are about to consider, are you aware that the committee did not have access to the CSIRO's most recent report on climate projections for the Goulburn–Broken catchment? The worst-case scenario would suggest a 44 per cent reduction in run-off. There are also issues in relation to the information on the impact on the Goulburn River flow in that the measures on the Goulburn River flow in the report were done 25 kilometres downstream, with other streams coming into the river below the take-off point.

The CHAIR — Dr Sykes, what is the question?

Dr SYKES — My question is: given the situation that I have outlined briefly — because I have been truncated — I would expect that there would be an extensive commitment in the assessment of what many people consider to be a fundamentally flawed project, so what resources are you putting into it?

Mr MADDEN — Thank you for that question, Dr Sykes. With your obvious degree of technical interest in relation to this project, I hope that you made a presentation to the panel in relation to those matters, because that is what the panel was for. I know you mentioned process, but we had — —

Dr SYKES — Unfortunately the panel had restricted terms of reference, and a number of the people making presentations were told that their information was not relevant.

The CHAIR — The minister, to answer.

Mr MADDEN — Given your level of commitment in relation to any of these matters, Dr Sykes, I would have encouraged you to have made — —

The CHAIR — Minister, on the question, please.

Dr SYKES — These points have been made to the panel, Minister. I did not need to do it personally, because the people out there are raising these concerns. This is not a political issue — —

The CHAIR — Thank you, Dr Sykes. The minister, to answer the question, please.

Dr SYKES — It is a people issue.

Mr MADDEN — Thanks very much, Chair.

Mr PAKULA — It is clearly not a political issue.

Mr MADDEN — I get a sense that the opposition might have had a late night last night or something. They are all a bit grumpy today, Chair.

Dr SYKES — No, I did not. I will play the ball, Minister, if you will play the ball.

Mr MADDEN — I am happy to answer, Dr Sykes. I am happy to answer on, I suppose — and I am interpreting your question — the two matters — —

Dr SYKES — It is a simple question: what resources are you going to put into it?

The CHAIR — The question was: what resources are you putting into it.

Mr MADDEN — The two matters that Dr Sykes appears to have raised, Chair, is no doubt resourcing, but in terms of process, he mentioned process and I would like to speak to process as well as the way in which that due process will continue. On 21 December last year I decided that an environment effects statement was not required for the Sugarloaf pipeline project, Chair, as the potential adverse effects are not of such magnitude to warrant an environment effects statement. However, though, I did determine that some further investigations and public review of the proposal were needed.

I have therefore required an alternate and proportionate assessment process to address the environmental and related social and economic issues, including the downstream environmental effects of diverting water from the Goulburn River. This has involved the preparation of a project impact assessment (PIA) report on the potential effects of the project by the Sugarloaf alliance, as the proponent, public exhibition of the report and the appointment of the expert advisory committee to review the PIA report and the public submissions and provide advice on the final pipeline alignment. I just wanted to clarify those matters about process.

The CHAIR — Okay. Resources?

Mr MADDEN — The report, I understand, was placed on exhibition from 19 February to 18 March 2008 to enable the public to comment on the proposed pipeline alignment options. I am advised we received 104 submissions, and the four-person advisory committee commenced its public hearings on 2 April to clarify particular matters raised in the submissions. The advisory committee has reported to me and has provided me with the report, and I had an initial briefing from the panel as recently as this week.

I will consider, reflect on and ask for further advice in relation to the report provided to me by the advisory committee. I will make a decision on the final pipeline alignment and resolve the means of authorising this under the Planning and Environment Act 1987.

The project also requires approval, I understand, under the commonwealth's Environment Protection and Biodiversity Conservation Act 1999, and the commonwealth has accredited — this is about process as well — the Victorian PIA advisory committee process as the required assessment process under the act. In view of its statutory time frame for decision-making, it is likely that the commonwealth will make its decision in late June. This will also be considered by the environmental effects assessment unit within the department. They will provide me with advice, and also the planning and policy team in the Department of Planning and Community Development. So it is quite an extensive process; it is not ad hoc. Due process has taken place, and I just wanted to clarify that for Dr Sykes.

What is particularly important in relation to the other component of his question is: what resources have we allocated? I am not the proponent. Let us make that clear: I am not the proponent of this project. I am the planning authority for this project. The proponent is the alliance, and of course that is done in conjunction with the Minister for Water. So I would expect that on making the decisions and any determinations in relation to that project, and any qualifications that I might seek in relation to that project or any other aspects that I request that relate to my decision, if there are resources either necessary or warranted in relation to any matters, then that is a proposition that I might make as part of my determination, but it is not for me as the planning authority to allocate funds to that. If there are any funds required in any manner in relation to any qualification, then that would be at the proponent's expense, and it would fall within the portfolio of the minister who is the proponent of the project.

Chair, it is not appropriate for me to nominate a figure that may or may not be allocated at this stage, because I am waiting for the resolution, and my resolution in relation to this is based on the advice that will come to me. If there is a need for any further resourcing, and should I make that determination based on any information that would come to me through the department or through this due process, then I would make that as a qualification, and that cost would sit with the respective proponent minister. I would expect that when that proponent minister comes to this table, then you should ask that question of that minister.

The CHAIR — Okay. That minister is coming.

Dr SYKES — Can I just get clarification?

The CHAIR — Very, very quickly; it has been quite long.

Dr SYKES — Minister, in view of this very important CSIRO report becoming available after the conclusion of that inquiry, would you accept and look at a copy of that report if I provided it to you?

Mr MADDEN — I am happy to receive that if you make that available to me, and I am happy to refer that back to the department so that they can address that in terms of the advice they provide to me. I expect, Dr Sykes, the department would also have considered that or would look to consider that in light of the sort of advice that I receive when those respective units within government provide advice to me.

Dr SYKES — And will the report that you are looking at be made public?

Mr MADDEN — What is normally the case is that in making my decisions I normally make reports public.

Dr SYKES — So the report will be made public?

The CHAIR — Thank you. I think we will move on.

Mr MADDEN — I would expect that to be the case.

Mr SCOTT — Minister, I refer you to budget paper 3, page 343, and your earlier comments regarding funding in this year's budget for the implementation of planning initiatives in Melbourne and regional Victoria. I would like to know how you will be assisting regional Victoria with its strategic land use plan.

Mr MADDEN — Thank you very much, Mr Scott. I know that this week there has been a large focus on Melbourne, as in Melbourne 2030, but one of the reasons there has been such great discussion is we are seeing extraordinary growth not only in Melbourne but also in regional Victoria. We have seen regional Victoria's population grow by 51 000 people between 2001 and 2006, with growth concentrated primarily in regional centres and peri-urban areas, including coastal areas close to Melbourne and Geelong. Chair, this stands as a stark contrast to the years prior to that when we saw a decline in the population across regional — —

Mr WELLS — Who wrote this for you? Who writes this for you?

The CHAIR — The minister to continue, thank you.

Mr WELLS — Why don't you just table the document?

Mr MADDEN — Can I just say, Mr Wells — —

Mr WELLS — Just table the document. Make it easier for all of us; just table the document. It will save you reading it, so we can put it in. You cannot miss any commas, full stops or anything.

Mr MADDEN — Mr Wells, can I just say that it was not this government that described rural Victoria as the toenails of Victoria.

Mr RICH-PHILLIPS — You just said it was too far away.

Mr WELLS — You said it was too far away.

Mr MADDEN — We did not write that script, Mr Wells.

Mr WELLS — You are part of the government that said they are ugly, ugly people.

Mr MADDEN — I think your former leader wrote that script about the toenails of Victoria, Mr Wells.

The CHAIR — We will call it a draw, thank you.

Mr WELLS — Just table the document and save boring us to tears.

The CHAIR — That is just inappropriate. We will call it a draw. Minister, continue to answer the question, please.

Mr MADDEN — Thanks, Chair.

Mr WELLS — He is going to lose his place.

Mr MADDEN — I appreciate the sensitivity of the opposition, and if they were looking for excitement, I would suggest — —

Mr WELLS — You said they were ugly, ugly people.

The CHAIR — I asked you to desist. Can you both desist, please!

Mr MADDEN — Thank you very much, Chair.

Mr WELLS — He has lost his spot.

Mr MADDEN — I will try to restrain myself from responding to the sensitivities of the opposition, Chair, but they seem to be quite sensitive today.

The CHAIR — Please continue.

Mr MADDEN — President, as I said, the population of regional Victoria grew by 51 000 people between 2001 and 2006.

Mr WELLS — Who is 'President'?

Mr MADDEN — Sorry, Chair. Did I say 'President'? He exerts that sort of authority — as opposed to some other members of this place.

The CHAIR — Thank you, Minister; that is not helping.

Mr WELLS — Obviously they have written 'President' in his briefing and not 'Chair'.

Ms MUNT — You are embarrassing yourselves.

The CHAIR — Minister, get on with it.

Mr MADDEN — Thank you very much. We are committed to assisting councils to respond to these significant emerging issues across regional Victoria, particularly on the back of the success of the Living in Provincial Victoria campaign. We have seen enormous growth, and we are committed to build on these initiatives over the next four years. We are assisting councils to respond to those emerging issues, particularly around land use. We have contributed $500 000 to the rural land use program, which is built on the successful implementation of the rural zones in partnership with rural councils and the Municipal Association of Victoria. These initiatives saw the implementation of 15 rural land use planning projects across the state, which will respond to various regional land use pressures through better strategic land use planning directives.

As I mentioned earlier, in this year's budget we are investing $119 million in planning reforms and urban renewal projects. Of this, $37 million will be spent over four years on planning initiatives; a significant component of that, particularly in relation to strategic advice and information, will be invested in regional initiatives. Whilst those initiatives are still being developed up, it is important to recognise that the work has commenced to develop work around corridor strategies and they will ensure that particularly those fast-growing regions are networked to other cities and regions whilst protecting those rural and natural resources and landscapes, and there will be more focus on strategic planning in particular.

I know Mr Rich-Phillips highlighted an issue of his interest. Some of these issues arise when the strategic work has not been done, so we are committed to making sure that we complement local government's work by investing in partnership with them to ensure that they do the strategic work that has to be done.

As well as that, basically our investment is quite significant. We are very committed to growing all of Victoria, including metropolitan Melbourne and inner Melbourne, and so we will continue to make provincial Victoria a top priority for this government, and I look forward to announcing further policy initiatives and actions that will continue to improve the planning process and the planning result to make sure that provincial Victoria remains and continues to grow as a great place to live, work and raise a family.

Dr SYKES — But what about rural Victoria, Minister?

The CHAIR — I think 'provincial Victoria' means both rural and regional Victoria.

Dr SYKES — Does it? Does 'provincial' mean 'rural' as well?

Mr MADDEN — Yes.

Dr SYKES — It does not just mean Bendigo, Ballarat and Geelong?

The CHAIR — No, it means both.

Mr MADDEN — It means all of Victoria, growing all of Victoria.

Mr BARBER — Minister, if I can take you back to page 186 of budget paper 3. Chair, with your assistance, there are a large number of new measures here so I just want to get — —

The CHAIR — We can also look at the discontinued ones down the back.

Mr BARBER — Yes. I just want to get the measure clear so that I can frame my question properly. In relation to precinct structure plans being completed, can you tell us what proportion — —

Mr MADDEN — Sorry, can you just point out which line you are on there?

Mr BARBER — Third measure from the bottom of page 186. Can you tell us what proportion of principal and major activity centres have their precinct structure plans now?

Mr MADDEN — I do not have that specific information in front of me, but I am happy to provide you with that. What we have seen is a number of councils make significant inroads into these matters. Some councils have invested very widely in those and some have probably almost gone into too much detail in some aspects. So what we are trying to do, in conjunction with local government, is develop a consistent approach to the precinct structure plans, particularly in activity centres, and to assist councils.

The announcements that I made earlier in the week in conjunction with the Premier, in working in partnership with local governments — particularly in and around the announcements for the principal activity zone — is the ambition of a consistent approach whilst recognising the need for a tailored approach to these principal activity centres with regards to local expectations as well as an objective of getting greater levels of housing into them. We look forward to ensuring that we have got the level of detail, but not too much detail to not allow some flexibility. So we are happy to provide you with the detail about how many have been completed in the principal activity centres.

Mr BARBER — Is that what that note says?

The CHAIR — You mean the principal and the major ones, or both?

Mr MADDEN — When you say 'precinct structure plans', are you after — —

Mr BARBER — Principal and major activity centres. Is that what that note says?

Mr MADDEN — No, I do not think it does.

Mr BARBER — So what I want to know is — —

The CHAIR — You have already asked your question. You have got another one, have you?

Mr BARBER — No. So this is not saying they are 100 per cent complete — that is my point. This measure is not saying that they are 100 per cent complete; this is saying that however many are completed — which might be one — they will be in accordance with adopted process?

Mr MADDEN — That is why I wanted to clarify the precinct structure plan. These precinct structure plans relate to a number of areas, whether they are the major activity centres, the principal activity centres or the

growth areas. I think the line that you are looking at, Mr Barber, relates to the growth areas, as opposed to activity centres. But I am happy to provide you with the detail of those that have been completed, whether you want the principal activity centres or the growth areas; I am happy to provide you with both lots of information.

The CHAIR — I think he also wants the major ones.

Mr BARBER — So let me ask this question then — —

The CHAIR — You have already asked a question.

Mr BARBER — No, that was trying to understand what the measure is.

The CHAIR — You only get the chance to ask one question — —

Mr RICH-PHILLIPS — He was clarifying.

Mr BARBER — Unless you are Bill Sykes or you kick up a stink, I guess.

The CHAIR — Well, you can kick up a stink if you like, but — —

Mr BARBER — I do not play that game, but I just want to ask a question which — —

The CHAIR — You are asking a range of successive questions, and the rules are clearly that you ask a question and we move onto the next person.

Mr BARBER — At the rate we are going I will not get another question, so I would just like to ask my question.

The CHAIR — We are about to take a 5-minute break so if you want to ask for a clarification on the previous question, you can.

Mr BARBER — These new panels that you are setting up to make decisions in activity centres — will they only be set up for those activity centres that have completed structure plans?

Mr MADDEN — I will give you a fairly extensive answer if I can, Mr Barber.

The CHAIR — Not for too long.

Mr MADDEN — The announcements we made this week were on the setting up of a number of initiatives. One of those initiatives was to establish a principal activity zone, because when you look at some of these principal activity centres, even though some of the communities have done their precinct structure plans, in some of these areas there is a virtual plethora of different zones. So it does present some difficulty in giving some clarity and some streamlining to the way in which people can either acquire land or develop land, because you might have different-zoned pieces of land sitting next to each other in a principal activity centre. That zoning may not necessarily complement the sort of use that even the precinct structure plan reflects.

What we want to see is the integration of the precinct structure plan. We have also mentioned this week the precinct structure plan will inform the infrastructure investment plan. That is complemented by the principal activity zone, and then the overarching basically decision-making process then on applications made by proponents in those principal activity zones is basically through the development assessment committees. The mechanism there is to give clarity in terms of the zoning. That is informed by the precinct structure plans and the master plan. We know what sort of infrastructure we are after so we can complement the developments that might occur. In terms of the decision-making process, in putting the clarity into that, then the objective decision-making process and the development assessment committee by the five members on that committee will assist in progressing these.

The councils will still be the ones determining what happens in their local area in terms of the policy, in terms of the zoning and in terms of the structure planning. They will also be able to reflect and will work very closely with council, in partnership with them, to reflect the ambitions of those in the community, but bearing in mind the need for greater levels of housing in these activity centres given the high level of growth. What we want to do then is have the development assessment committees established with five members. The five-member development assessment committees will have two representatives nominated by the specific local government in which the

development or the proposition is occurring. There will be two representatives from state government. Those two representatives will be basically planning experts or officers. Local government's representatives can be councillors or officers. They can be any combination of the above, or nominees. Then there will be one more person who will be an independent chair, and that person will be agreed with in conjunction with the MAV or nominated through that mechanism.

We believe this will still reflect the views and allow the community's views to be reflected, but basically the policy development of the precinct structure planning still rests predominantly with the council. We will work very closely with them to ensure that they are completed and that there is clarity around that. But what is particularly important is that the rigour in that will help inform the decision-making process, rather than what has sometimes happened, which is where there are gaps, then the decision making is not clear. There will still be mechanisms for appeal — that will not change — and the local council will be able to determine the sorts of triggers or the mechanisms or controls within those principal activity centres through the principal activity zone.

Mr BARBER — The DACs will proceed while the planning work is still being done in some cases?

Mr MADDEN — What we did nominate today is our intention is to roll out the principal activity zone and the development assessment committees across the 26 councils, but in the initial stages we are focused on five at this particular point in time, because they are ready — we believe — to progress into this space, and we will see how the other councils go in terms of the strategic work before we progress on the other fronts with the other 21.

The CHAIR — I remind members of the committee and the minister that this is not question time. I have made light of throwing out committee members or throwing out ministers, but we do not work that way; it is actually question and answer. If people can be very precise in their questions and definite in their answers without any provocation, that would be very helpful to Hansard staff, I am sure.

Mr MADDEN — I am not sure Mr Wells heard your comments then.

The CHAIR — I spoke to him outside.

Mr NOONAN — Minister, I want to ask you about housing affordability, which everyone seems to be speaking about at the moment. I think you have referred in your earlier answers to how planning reform will play or is playing an important role in this area. In terms of this budget what initiatives have been planned to ensure housing affordability across Victoria?

Mr MADDEN — Thanks very much, Mr Noonan. No doubt planning plays a critical role in maintaining land supply and housing diversity while ensuring that the overall planning system does not obstruct or delay development. It is a very broad debate — affordability. It is not just specifically about planning; there are many other factors that contribute to affordability. Some of those are certainly beyond just the built form or the land use or the land availability.

Recent reports by the development industry bodies acknowledge Melbourne's relative affordability, with vacant lot prices in Melbourne being significantly lower than in Sydney, Brisbane and Perth. These reports relate to Victoria's better performance to its planning for adequate land supply and lower cost of infrastructure provisions. Certainly that is a great compliment to what we all achieve at a local government and state government level about ensuring that there is adequate provision of land supply, and no doubt that certainly allows some degree of affordability here in Victoria.

We have a reputation, certainly, as well as that as being one of the world's most livable cities and being one of the most affordable capital cities. That is a great complement of attributes. To continue to achieve this we have ensured adequate land supply and earlier this year released the 2007 urban development program report. It is a major initiative that has seen us release in the order of 90 000 residential allotments, or the announcement that they will be released, within Melbourne's growth corridors. It is one thing to have a good system, it is one thing to have the land, but also what is critical is that because we do monitor the availability of land and we do have our growth areas, that strategic work and that effort certainly complements livability and affordability.

The reforms announced earlier this year will enable us to work with local government to put up more land and to allow for it to be released more quickly to the market. This will reduce the costs of housing development, particularly because the holding cost to developers is often passed onto the purchaser, so if we can reduce that

holding cost then that can be of great benefit. That is also one of the critical components: if we can streamline the planning process and reduce delays, then we are reducing the holding cost, and that is a critical component in terms of costs in the provision of housing. If we can streamline the process, reduce the holding costs, that is going to be passed onto the consumer at the end of the day. So I am very committed to ensuring that we can reduce the holding cost for those who are seeking to release land and housing to the market.

What is also important is that whilst we get the land or the housing to market we have got to have carefully planned communities, well considered, so that families who move into these areas do not have to spend a lot of time or money or effort getting to where they need to be, either schools or jobs. So the precinct structure plans that we have already talked about today are critical. In the 2008 budget we allocated $119 million for investment in planning reforms and urban renewal projects. That will also assist in the acceleration of those 90 000 blocks of land. It also includes investments of $34 million in our transit cities projects and allocates $37 million for Melbourne 2030, and improves strategic planning for the regions. These initiatives contribute directly or indirectly to not only livability but affordability and improving access to services in those areas where we release land.

Of the $119 million the budget also delivers $15.1 million over four years for the Department of Planning and Community Development to provide more land for housing to reduce costs for purchasers, by working with three tiers of government to release land faster and at less cost. So collaboration and a team effort is critical to making sure that we are getting more housing product to market.

We want to see councils provided with information and policy advice about housing trends and data on housing affordability, because predominantly local government is the planning authority for the vast majority of housing, and if we can assist them then that can also reduce the holding time and the costs that might be passed on.

It is important when we are talking about housing that we have got to bear in mind housing diversity. It is one thing to release a standard housing product, but if there is a diversity of housing types, that certainly contributes to housing affordability. All of us, no doubt, live in an area that we enjoy or we have got connections within and that is very important, but when people are either trying to settle members of their own family, whether they be older members or younger members of their family, or whether they are trying to downsize in their own community, cashing in what might be a house to something more reduced, then it is important with the diversity in any particular area that it allows that affordability.

What we have seen is we have got very good house prices on the urban fringe, but part of the announcements that we have made this week — and I would expect Mr Barber would also be interested in this because of his questions in relation to precinct structure plans — is that if we are going to make big inroads into housing affordability, it is about providing diversity and also that diversity right across Melbourne, not just the standard housing product out in the urban fringe. So the investment will complement what we are doing, complement housing affordability and livability, and we think that will certainly contribute to keeping the lid on housing prices and, as well as that, be critical to all those investments and all those announcements, whether they be policy announcements or commitments in terms of funding. We have got to make sure that people are not, in a sense, using a litre of petrol to buy a litre of milk, that they have to have services close to them and that they are not marooned in whatever community they are and that they are able to access those services and be linked into the communities that they know and love.

Mr DALLA-RIVA — Minister, I refer to budget paper 'Service delivery', page 290, in relation to 'Revitalising central Dandenong'. I understand there is seed funding over the — —

Mr MADDEN — Can I just interrupt there, please, Mr Dalla-Riva. Which budget paper are you on?

Mr DALLA-RIVA — 'Service delivery' budget paper.

Mr MADDEN — Which budget paper number — just remind me?

The CHAIR — No 3.

Mr MADDEN — No 3. What page are you on?

The CHAIR — It is on page 290, and it is —

Mr MADDEN — Just highlight the line.

Mr DALLA-RIVA — 'Revitalising central Dandenong'. Over the forward estimates there is $1.4 million, and I am just seeking some further detail in relation to what the funds are for. My understanding is outlined on page 295, and I am just curious: does not the DPCD already have a service centre in Melbourne's south-east, and with respect to the comments on page 295 regarding that funding what services will the department provide that cannot be obtained by other means?

Mr MADDEN — Just the last line again that you mentioned?

Mr DALLA-RIVA — What services, as outlined in the budget paper, will the department provide that cannot be obtained by other means?

Mr MADDEN — I think your specific reference is — I refer you to page 295 of budget paper 3 as well, the bottom of — —

Mr DALLA-RIVA — That is what I just said.

Mr MADDEN — Yes, that is right, but if I refer you to the bottom of it which explains basically the fit-out of the new 5-star green-star A-grade office building of around 13 000 square metres in central Dandenong to be developed by the private sector to co-locate government services in Melbourne's southeast area. The building is a seed project for the Revitalising central Dandenong transit city project.

Mr DALLA-RIVA — My two questions were — —

Mr MADDEN — So if you turn the page to 296, you will see that the initiative contributes to a range of Department of Human Services' outputs, Department of Justice's Promoting and protecting consumer interests and court matters and dispute resolution outputs, and the Department of Planning and Community Development's Planning, urban design and housing affordability output. Basically what we are doing in that project is bringing together a number of government offices in a new building — in many ways a landmark building because it will be 5-star, green-star — from a number of locations or pre-existing buildings in and around the Dandenong precinct and co-locating them so that we get economies of scale, a better building for all of those workers because some of the buildings they are currently working in, in different locations, even the ones within Dandenong are a bit tired, the services are tired, and they are probably not necessarily consumer friendly.

If you are walking up to get the service that you want, they may not be compatible with people's expectations of good customer service. This provides us with the opportunity to build an environmental building, a benchmark building which is a catalyst for urban renewal in Dandenong. In that sense it is a landmark building which complements the expectations of workers and the expectations of clients or consumers as to what might be the case.

You would also understand, Mr Dalla-Riva, that there is a need for a large degree of varying service provision in that region, so the type of urban renewal project that is being undertaken will do a number of things. It will improve the service delivery, but just the investment and the urban renewal will create job opportunities. It is complemented by the impending opening of EastLink, and along EastLink there are a number of major centres like Ringwood, like Dandenong, like Frankston — and I think there was an article in the *Age* by an expert recently saying that the commuting times to those centres will be reduced significantly — so that extends the catchment to those centres, and whether it is through public transport or through road, particularly EastLink, people will be able to commute to those centres in a more timely manner.

It opens up the catchment within, say, a 30-minute time space. All of those components, all of those attractors will really assist the urban renewal we are seeing in Dandenong, in particular the new service building, part of the urban renewal, located near EastLink, a broad catchment — that has got to be good for everybody in the surrounding area.

The CHAIR — You pinched my question; I was going to ask about Dandenong, too.

Mr WELLS — Do you want to move straight onto me?

The CHAIR — No, I am quite happy to ask about these regional centres like Dandenong, but also Geelong which is another one, and what the budget is providing for those regional centres. You mentioned Dandenong, but in the context of talking about Geelong could you also say what this means in terms of attracting private investment, including private investment in places like Dandenong?

Mr MADDEN — As members here may have noticed today, the strategic investment in a number of these centres and the urban renewal transit city-type projects and also the discussion that is taking place around principal activity centres and the streamlining of the planning process is really about directing the market in many ways to invest in those centres. Whether it be jobs and employment, whether it be retail, whether it be services or whether it be housing, our leadership in this area and our support, particularly our symbolic investment as mentioned in Mr Dalla-Riva's question in relation to serviceability by government, if we are delivering into those centres by investing and actually setting up in those centres as well, that is a great sign that can give the market a lot of confidence that its investment is warranted and build as well as that a critical mass from which other investments can come together.

Of course Geelong is one of those. The TAC offices are located down there; Geelong is a transit city, there is the investment down there, there is the huge demand for housing in the region. The attractiveness of Geelong for many reasons: the regional fast rail, the bay, it is close to the Surf Coast, all that makes it a very attractive proposition for those who want lifestyle as well as living in an urban environment.

Some of the figures that we have seen in terms of population growth, I mentioned earlier that the census indicated that regional Victoria grew by 50 000 people, but of that Greater Geelong grew by more than 11 000 people. Approximately 23 per cent of the growth in regional Victoria is going to Greater Geelong, so you can understand the importance of the planning in that location. If you complement that with, as I mentioned, Dandenong and EastLink, and you think about the bypass and what that will do to take some of the traffic off the streets through the heart of Geelong, you can see it will be an even more attractive proposition to live in the heart of Geelong as well as the surrounding areas, hence the need to make significant strategic investment in the likes of Geelong, given its current growth and the potential and anticipated growth.

Adding to the 5.8 million allocated to Geelong in last year's budget for the revitalisation of the Geelong transit city project, this year the government has allocated an additional $24.5 million to ensure that we invest in that livability. These funds will provide improvements to the railway station precinct in Geelong and the new pedestrian links between the station and the new TAC building. Further to the 08–09 budget 7.9 million has been committed to be spent over four years for the strategic planning of the city through the development of the Geelong future city master plan.

Seeing there is growth, we have to do the strategic work as well in partnership with the City of Greater Geelong, so we are very keen to make sure that happens. This will assist in the development of a number of business cases for the redevelopment of the Geelong library heritage centre, the redevelopment of the Geelong Performing Arts Centre and the redevelopment of the heritage-listed Geelong courthouse into a youth and arts centre.

We are committed to ensuring that the livability of Geelong and the surrounding regions is sustained, to build on the economic prosperity of the 240 000 people who currently live in the area. Recognised as Australia's largest provincial municipality, Geelong is strategically networked in a service and transit-oriented location. It offers a great opportunity, a unique opportunity of varying a range of services to the local community and the wider region for people who want to live there. I would expect that even the extent of take-up of people living in the surrounding region will be great given the Geelong bypass, particularly in locations like the Golden Plains and Surf Coast shires and even the Corangamite shire. Geelong is no doubt one of the most significant hubs. Its city centre is quite vibrant, but this will add even more to that.

Further to the decisions we have made this week about principal activity zones and nominating Geelong as one of those for priority, we see enormous opportunities, particularly around housing and the diversity of housing that I have spoken about already, and the complementing potential growth in the Armstrong Creek area. The Armstrong Creek area is towards the Surf Coast. That is where the sort of suburban settlement will extend, but we have to provide diversity of housing choice by complementing that with not only leading and accentuating investment in central Geelong but for housing provision in central Geelong. We think the strategic investment, the strategic work and the other complementary initiatives that are taking place will see Geelong going from strength to strength and being made an even better place to live, work and raise a family.

Mr WELLS — Minister, I just want to bring you back to the Ringwood transit city project. I am just wondering whether during the break you were able to get that figure we asked for on how much has been actually spent on this project?

Mr MADDEN — No, I had not anticipated getting that for you; I had anticipated giving it to you after taking it on notice.

Mr WELLS — Was that money spent in this current financial year?

Mr MADDEN — We have allocated funds previously to Ringwood for the development work in terms of much of the planning for the work that needs to be undertaken. What we have seen, too, in regard to the Ringwood centre is a fantastic opportunity. I understand there will be commercial investors in that location, particularly in the shopping centre precinct; and redevelopment will continue or is anticipated to occur of much of the shopping precinct by those private investors, so we anticipate that before too long we will be able to complement that with an additional investment, particularly around the transport node.

As I mentioned before, Mr Wells, there is still some work to be done around finetuning the interface between the shopping precinct and the transit hub, where the buses and the trains come together and the way that complements the shopping centre. A lot of work has been done and we have invested money in that, but there are still matters to be resolved with the commercial developer of the shopping centre.

I understand some work has been done with the priority development panel to look at refining that. I would expect and anticipate that when these matters are resolved, the government would be looking to make a significant investment in the delivery of the transport hub in particular to complement the work that will take place in the Ringwood principal activity centre.

Mr WELLS — Is it true then that because of the delay in funding from the government — and I understand there is $50 million pending — QIC, who are the major developer there, has actually scaled back its proposal from $600 million to $400 million — four towers to two towers? Is that your understanding of it?

Mr MADDEN — No, I do not believe that is the case at all, Mr Wells. I have had informal conversations with QIC in relation to these matters at some functions where they have been in attendance, and I have been very enthusiastic about reinforcing our commitment to the Ringwood transit city. They have also reflected their genuine enthusiasm for the project. As I said before, Mr Wells, we look forward to resolving the matters around the transport hub in particular, and look forward on the back of that to making some significant strategic investment in the no-too-distant future.

Mr WELLS — So are you negotiating with QIC, or are you negotiating with the mayor of Maroondah, Tony Dib, on this? What is the role of Tony Dib in this?

Mr MADDEN — Let me put it this way, Mr Wells. I do not negotiate with anybody in relation to these sorts of developments. Basically, as I mentioned before, a number of initiatives are taking place, including the strategic investment with the Maroondah council, to make sure that we support it on the strategic work that is taking place. I would anticipate a strategic investment before too long by this government in and around the transport hub.

There are some complementary designs in relation to the transport hub and the commercial centre and the interface, particularly across the highway there, and how that works and how we make that work. Some of those smaller matters, I understand, are being resolved with the priority development panel, which is really a panel of experts who can make qualification as to how these things should be resolved, such as the interface and the operational aspects of it. I would expect that when these matters are resolved, we would be able to make a complementary commitment to what we would all like to see, which is a significant investment to get a move on in terms of development around the station precinct.

Mr PAKULA — This is still on transit cities, Minister. I am interested in Broadmeadows, which lies just outside my electorate — in fact it is in Mr Barber's, but near enough to mine. Budget paper 3, at page 343, commits $8.4 million over the next three years to revitalisation and regeneration for the Broadmeadows transit city. Could you give the committee some update on what that allocation will mean for the project?

Mr MADDEN — Anybody who has been to Broadmeadows recently would acknowledge in a sense the changes that are occurring in Broadmeadows. For some time Broadmeadows was seen as not necessarily an attractive place to be located, but given people's desire to live close to public transport, to have access to public transport, and the proximity of Broadmeadows to not only the likes of the city, the public transport network and the

regional transport network, but also the fact that it is close to the Metropolitan Ring Road, it gives great access to much of the services and industry located around the Metropolitan Ring Road. That is complemented by the Craigieburn bypass and there is a renewed enthusiasm by everybody in Broadmeadows to make greater inroads into the economic prosperity.

There is a great opportunity to really build on the investment we have already made. If anybody has visited the Global Learning Centre out there in Broadmeadows, they know that it is just a marvellous facility. It is a great testament to a partnership approach and what can be done to a community with a strategic investment — and it has been quite a large investment. That was done in conjunction with lots of people, and I think the people of Broadmeadows are particularly proud of that.

If we get the transit city arrangements happening around there sooner rather than later, what we will also see is better interface between the station precinct, the transport hub, and the road network. It is not dissimilar in many ways to some of the challenges that are faced by Ringwood in relation to resolving those matters. Where you have a triple-lane dual highway, you have to be able to get across that and also give traffic management issues priority but also pedestrians priority through that.

Our investment is a quite significant one. As part of the budget we have allocated $8.36 million to the further development of the transit city over the next three years. In partnership with the council, we have contributed over $800 000 to the Broadmeadows civic plaza. I was out there only last Friday, Mr Pakula, and the mayor was saying what a great space it is. Not only does it reflect well on the Global Learning Centre as a lovely forecourt, but it also provides for events like community events and a location for young people. Rather than hanging out, it is a place for them to do things and also use the cafes. They were complimenting that as well.

Mr BARBER — Did you take public transport out there?

Mr MADDEN — I take up Mr Barber's interjection — —

The CHAIR — Concentrate on the answer, please, Minister.

Mr MADDEN — Thank you, Chair. I do live on the Broadmeadows line, the Craigieburn line, Mr Barber, and I do use the line frequently. It is certainly a great opportunity to improve the public realm around there.

Mr BARBER — Try the bus connections from Broadmeadows station, mate.

Mr MADDEN — That is a good point, because this will help that interface between the bus system and the rail system, particularly at the station precinct. There is already a lot of built form around there, built some years. This gives an opportunity to renew that and the interface between that and the civic plaza, to bring that together with the shopping centre in a more integrated way.

We are also conscious about the other side of that railway line, Mr Barber. If we can get this right it can also open up economic opportunity for the other side of the railway line. There are some brownfield sites where industry has been located. If we bring this together, it will potentially provide an incentive for people to do housing developments on some of those brownfield sites and also add value and worth to some of the housing in that location.

So the investment is strategic, not only to improve the activities centre but also to improve the surrounding community and lift the level of prosperity and economic opportunity in the region. Again, like our other strategic investments, it will bring jobs into the region and it will bring other businesses and a range of business activity. That will provide for people being able to purchase, no doubt, housing with a degree of affordability in the surrounding region close to that activities centre. If people can live closer to where they work, that has to be a good thing because it just saves on the time spent and the energy spent — the wasted hours spent — commuting that people obviously get anxious about, with congestion.

Mr RICH-PHILLIPS — Minister, I would like to ask you about progress or otherwise on the Rossdell Court development at Portland. This was the land that was rezoned residential by the Victorian government in order to maximise the sale price. It was then sold by your government to a private party, with their expectation to develop it. When the subdivision plan was put in, it was subsequently called in by your government and is now

stalled. My question is: what compensation have you set aside for that land-holder, given that land was clearly sold on the basis that it would be developed for residential — that is why it was rezoned by the government, to maximise the proceeds to the government. Now you have blocked that, what compensation will you pay or make available to the land-holder and when will you finally determine this call-in?

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

Mr MADDEN — There are a couple of things there, Mr Rich-Phillips. In relation to Rossdell Court, if you check the records and the detail of the administration in relation to the sale of that, I think you will find that the sale of that land was initiated by the Kennett government as part of the — —

Mr RICH-PHILLIPS — Rezoning was done by Kennett; the sale was done by you.

Mr MADDEN — I think you will find that the sale was initiated by the Kennett government as part of the port privatisation process, so I would ask you to check your details on that, to ensure that you have that right.

In relation to that, again I think you will find that the zoning in this matter had insufficient strategic work done and that was again a reflection of the ability of the Glenelg shire to actually do the strategic work it should have done. There is a recurring theme here, Mr Rich-Phillips. I know that Dr Napthine has been quite vocal on this, but I would suggest that if Dr Napthine had been just as vocal with the council at the time of the lack of investment in the strategic work, whether it be in relation to coastal inundation or buffer zones around industrial areas, then he would no doubt have ensured that this had not taken place. Particularly at a time when he was a minister in the Kennett government, I would have suspected that he would have been quite conscious also that the privatisation of the port and the port of Geelong and the sale or disposal of surplus land around that port at the time by the Kennett government — —

Mr RICH-PHILLIPS — Portland.

Mr MADDEN — Portland, sorry. Certainly it should have been borne in mind by the local member in that part of the world. No doubt this is a matter that needs to be resolved. It will be resolved. The critical issue here again, Mr Rich-Phillips, is that the zoning in relation to this, to my understanding, is not appropriate. It is not appropriate because basically in any industrial land you need to have a buffer. If you are going to build housing right up to some of this industrial land, it is an inappropriate use. In particular there are issues about the air quality around the port, I understand, and the impact on residential amenity, as well as the high level of truck usage that moves in and out of the port and the impact that will have on any proposed housing in relation to those who live in that housing. No doubt this is a matter which is a difficult one for the Glenelg Shire Council. They were very keen to have it zoned residential. It is an inappropriate use, and we will seek to make sure that the appropriate use is determined. No doubt, when that is resolved, the manner in which it is resolved will determine what takes place from there.

Mr RICH-PHILLIPS — Minister, this is not an issue for Glenelg shire; this is an issue for the government. It was the government that was the beneficiary of the sale of that land when it was zoned residential. If you say it was inappropriate to be zoned residential, it should have been rezoned before the government sold and benefited from the sale of it as residential land. I mean, to sell it as residential land and then pull the zoning on the subsequent purchaser is unconscionable.

Mr MADDEN — I think if you check your notes in relation to this, Mr Rich-Phillips, you will find that normally when land is disposed of by a government the rezoning occurs before it is disposed of.

Mr RICH-PHILLIPS — And it was rezoned to residential.

Mr MADDEN — As I said, I think you will find if you check your records, Mr Rich-Phillips — —

Mr RICH-PHILLIPS — It was sold by your government.

Mr MADDEN — The initial disposal of that land and the rezoning, I believe, has taken place under the Kennett government.

Mr RICH-PHILLIPS — The sale took place under your government to screw over the purchaser of that land.

The CHAIR — All right, I think we are just repeating each other in terms of — —

Mr MADDEN — I believe you should your records, Mr Rich-Phillips — —

Mr RICH-PHILLIPS — It does not involve Glenelg shire, it involves you, Minister.

Mr MADDEN — No, I am suggesting to you that you should check your records, Mr Rich-Phillips, because I think this is part of what the Kennett government set in place.

Mr RICH-PHILLIPS — It was unconscionable conduct by your government.

The CHAIR — All right, I think you have both repeated yourselves a couple of times.

Mr SCOTT — I would like to return to the theme of transit cities, which you refer to in budget paper 3, pages 186 and 187. Could you outline the work that will be undertaken over the estimates period in the Footscray transit city?

Mr MADDEN — Thank you very much, Mr Scott. Certainly the Footscray transit city is one of those hallmark projects that in years to come people will look back on and say, 'Wasn't that a fantastic initiative to serve the renewal that has taken place in Footscray?'. This is a very exciting proposition, the renewal of Footscray, because Footscray is located really in a bit of a logistics hub. It is located close to the ports, it is located nicely in relation to ports, airports, the Geelong highway — —

Mr NOONAN — It has a football team!

Mr MADDEN — Yes, it has got a football team. It has all those things. If you bear in mind, too, that Victoria University sits on the doorstep of the Footscray principal activity centre and as well that you have got three regional fast rail that move through there, then it really adds a high degree of attractiveness as a business proposition and investment proposition. The renewal of Footscray will be complemented by our investment. Since my update last year on our $52.1 million Footscray renewal initiative I am pleased to report there has been substantial movement at the station. Basically it is one of a number of transit cities, but I am pleased to report that over the past six months a number of changes have been initiated to streamline the planning process, increase the planning certainty and enable the assembly of the key development sites to facilitate a new commercial development and housing investment as well.

We established a one-stop planning shop. The shop is assisting with the marketing and development of central Footscray as well as acting as a good source of information for developers or land-holders or businesses in the local community. That assists with expert planning and design advice to everybody in that region so they can also understand what will take place and what they need to bear in mind.

I became the responsible authority for the central Footscray precinct, and as a result a revised station precinct planning framework has been undertaken in collaboration with council, and updated planning controls for the wider Footscray transit city are in place. I also recently approved a planning permit for the first new major residential development in central Footscray. The planning permit will allow for a seven-storey development, which will breathe life into the disused site of 51 Hopkins Street, featuring 81 apartments and ground-level shops. The new development of Hopkins Street complements the objectives of the Footscray renewal initiative, and it will unlock — as I have mentioned, like with Dandenong — the economic and social potential of Footscray as well. It will create choice in housing, particularly in areas that are ripe for development, such as Footscray; it is a priority. It will also provide more attractive diverse living options close to shops and public transport right in the heart of Footscray.

We have been working very closely with the Maribyrnong City Council to attract investment in the area. I would also like to compliment the Maribyrnong City Council on its enthusiasm for the project and its enthusiasm for the partnership approach. One of the major initiatives is the Footscray station footbridge.

The CHAIR — I know the former member was very passionate about it.

Mr MADDEN — Yes, I know there are a number of members who are very passionate. They are very enthusiastic, as the locals are, to see the work start on the station footbridge. That will also allow for public rail improvements in and around the station. I know that anybody who has been out there would appreciate the

importance of the Olympic doughnut van. That is also a critical consideration in the mix out there. It is sort of an icon for the locals, and no doubt there is a high degree of sensitivity that that be integrated into whatever takes place in the future.

This is about more shops, more businesses, more jobs, improving the facilities, again, close to the public transport. It will make sure that it works.

Mr BARBER — There is no bus that takes you to the uni.

Mr MADDEN — I would have thought, Mr Barber, if you walk down the street, you could get there. It is good exercise.

Mr BARBER — There is no direct link from the railway station to the uni.

Mr MADDEN — It will provide for a great mix. I know how enthusiastic you are at catching buses, Mr Barber, but it is not that far really. Can I just say that this is well supported by the locals, well supported by local businesses, and well supported by Victoria University. One of the major sensitivities too is that we do not lose the great cultural feel and sense in the Footscray area. We want to make sure that that is a critical component in the consideration of the way in which the urban renewal takes place in Footscray. This is a great investment in what I suppose might be described as a traditional working-class heartland, and we look forward to seeing in years to come the great results that will have been achieved through this investment.

The CHAIR — Thank you, Minister. A final question from Dr Sykes.

Dr SYKES — Minister, my question relates to state government assistance to councils to adjust to the new planning zones. We discussed this today, and we discussed it last year, because there were many planning issues, including in the electorate of Benalla. These issues continue, and they seem to be caused to a large extent by farming land being directly transferred from the old zoning over to the new, with the associated tough restrictions on non-farming use, rather than being rezoned into rural living or rural activity, which gives broader use options. When can we expect your assistance measures to have an impact on the resolution of these planning issues in councils that I am very aware of, such as Benalla, Murrindindi, Strathbogie and Alpine, which in summary need a significant review of their overall planning zones, which would require $100 000 to do it.

Mr MADDEN — Thanks for that, Dr Sykes. I am very conscious of this issue. There are a number of matters I would like to address in relation to your question. Certainly the adjustment from rural zones to farm zones was implemented by a number of councils with a varying degree of success. Some of those councils were very proactive, and some initiated it very quickly and were enthusiastic to address the issues with their local community. Some were reluctant, and highly reluctant, either for political reasons or community reasons, and some of those might have also been resource reasons — and not necessarily money in terms of resources. But I am very conscious, Dr Sykes, that we do have difficulty in the face of all the growth we have seen across the state with planning professionals. There is basically a shortage of planning professionals out there, and that makes it difficult for some rural councils and rural communities, like many skilled professions, to attract those personnel to settle and establish their lives and lifestyle in those rural areas. So I understand that for some of the councils that may have been reluctant or found a degree of difficulty it may have been directly associated with their lack of experienced personnel, basically.

Dr SYKES — There is certainly an issue. I agree with you there is an issue about lack of personnel, but it is also an issue about lack of money.

Mr MADDEN — Yes, certainly.

The CHAIR — I think we might finish up there, Minister.

Mr MADDEN — I will just try to quickly finalise that answer. There is no doubt that you can fix a lot of problems with more money. I am appreciative of that. I look forward to making some announcements in relation to these matters. I know that the Future Farming announcement we made had a significant amount of money attached to it to work with local councils on those fronts to assist them to do some of that strategic work where they need to clarify some of those zones. So the direct translation had an impact on some, but where we need to make some

adjustments to that and make added investment, the Future Farming money we think can help clarify that, and I look forward to seeing more money invested in those areas in the future.

The CHAIR — Thank you, Minister. That concludes consideration of the budget estimates for the portfolio of planning. I thank the minister and departmental officers for their attendance today. The committee has a couple of issues to follow up with you, and there may be some other questions forwarded to you in writing at a later date. The committee requests a written response to those matters be provided within 30 days.

Mr MADDEN — Thank you, Chair, and can I thank the members for their enthusiasm. Can I also thank you for the opportunity to speak to you, and I look forward to coming back again next year.

Witnesses withdrew.

Transcript of evidence

8.5 Multicultural Affairs portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

8.6 Senior Victorians portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 22 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. Neville, Minister for Senior Victorians,

Ms F. Thorn, Secretary,

Mr A. Hall, Executive Director, Financial and Corporate Services, and

Dr C. Brook, Executive Director, Rural and Regional Health and Aged Care Services, Department of Human Services; and

Mr Y. Blacher, Secretary, Department of Planning and Community Development.

The CHAIR — I ask the minister to give a presentation of no more than 5 minutes on the senior Victorians portfolio.

Overheads shown.

Ms NEVILLE — I will just again make some brief comments in relation to achievements in the areas as well as the challenges that we face as a community in relation to an ageing population and the way in which the budget addresses some of these challenges.

Firstly, about 250 000 Victorians currently benefit from HACC services. Total client numbers have increased from about 216 000 people in 03–04 to about 248 000 people in 07–08. We are delivering an additional 400 000 hours of service as a result of growth funds in 07–08. To deliver this we committed $222 million in state funding in 07–08 , which I can advise was $57 million above the matching requirement. This year the amount will increase to about $59 million above the matching requirement. In community support services there was nearly a 50 per cent funding increase to Victorian Eyecare Services over the last six years, with 74 000 people assisted over the past year. We provided $13.5 million for the aged care support for carers initiative program, providing respite services and support to over 21 000 carers, and we have seen more aged-care places, with 212 new public places operational since 2002, and 220 existing public places reactivated.

Over the life of the government we have allocated over 445 million for public sector aged-care facility upgrades, with a particular focus in regional Victoria. Also this year has seen the establishment of Senior Rights Victoria to provide information, advocacy and legal services to Victorian seniors. We have also provided a million dollars to establish the first round of the men's sheds program, to establish 25 new men's sheds. It is the first time in Australia, as I am aware, that any government has specifically funded a men's sheds program, and 19 of these sheds are in rural and regional towns. U3As are a centrepiece for lifelong learning for older Victorians. In 2006 we committed $1.2 million over four years to grow the capacity of the U3A network, and we have seen eight new U3As, over 1800 new U3A members in the first 12 months, and 127 new U3A programs and activities have been created. Last year we celebrated the 25th anniversary of the Seniors Festival, with more than 360 000 seniors participating in hundreds of events right across the state. We are continuing our MAV code of Victoria age-friendly communities project, funding 17 projects which will build the capacity of local government to plan for an ageing population.

As the next slide shows, we have delivered an additional thousand personal alert units in 07–08; and as you can see, since 99 this has increased the number of personal alert units from 8200 to 21 255; and in 08–09 there will be 22 255 units available. Just very quickly, this graph on the next slide illustrates the growth that has occurred in HACC services over that period of time. One of the big challenges we are aware of is that our population continues to age, and this will have significant impacts on many facets of services provided by government. The analysis from the Australian Institute of Health and Welfare shows that while people are living increasingly longer, they are spending the last 10 to 15 years of their life with significant levels of disability or incapacity, increasing demands on government. In order to try to assist in this, we are taking a whole-of-life approach, with a particular focus on things like Go for Your Life to encourage seniors to be active and reduce their risk of serious chronic illness and improve their quality of life; also positive ageing, which is aimed at combating some of the negative images of senior Victorians.

We are developing the community care area by implementing access points, which aim to help people find comprehensive and targeted information about aged-care services that are available to them and their family; implementing the HACC assessment service to allow seniors to have their home assessed to examine what measures may assist them to live safely and comfortably at home; and implementing an active service model, which is designed to refocus community care services to adopt a wellness and restorative approach. We continue our commitment to a land bank designed to encourage not-for-profit providers to locate services in inner-city locations. In last year's budget 28 million was allocated for two aged-care centres for seniors, and the allocation in 08–09 complements the governments pre-election commitment to rebuilding of public sector residential aged-care facilities.

The total seniors budget is $1.1 billion for 08–09, which is an increase of 6.7 per cent from 07–08, representing a 75 per cent increase since 1999–00. This next graph reflects our record in supporting seniors across a continuum of services ranging from early intervention through to specialist residential care services. Budget initiatives in 08–09 include: growth in funding for HACC of $11 million, and as I mentioned before we will increase our additional

unmatched contribution by $1.5 million, making an additional $59 million more than we are required to pay under the commonwealth agreement. We have provided $6 million for the innovative regional kitchen project, and this project will improve the management, efficiency, cost-effectiveness and most importantly the quality of Meals on Wheels.

We have continued our commitment, as I said, to the development of aged-care facilities, with $13.6 million to Bendigo residential aged care, providing for the replacement of current outdated facilities, with a new 60-bed residential aged-care facility; and $8 million for the Hepburn Health Service redevelopment, which will provide amongst other things 15 new high-care beds. We are also continuing our commitment to men's sheds and U3A networks, and we will continue to roll out our positive ageing initiatives. Over the coming year we are also preparing an ageing policy that will guide the Victorian government's response to the ageing population. Broad-ranging consultation will be occurring, being led by the Ministerial Advisory Council of Senior Victorians, which will look at the diversity of older people, health and wellbeing, inclusive and livable communities and economic opportunities presented by an ageing population.

Ms MUNT — I am the member for an electorate where there is an increasing aged population and also one of the biggest community health services in Victoria, the Central Bayside Community Health Services. When I have visited there I have noted one of the programs that has been very successful is its wound management program. Particularly in older Victorians and other members of my electorate, chronic wounds can be very difficult to treat. I am wondering if there is anything in the budget under your portfolio that can assist with that wound management treatment program?

Ms NEVILLE — Thank you for that. It is a very important area. In fact today I announced an additional $5 million to help older Victorians with chronic wounds who are in need of care to further enhance our activity in this area. It is targeted at older people who are living at home and in residential aged care to improve their comfort, care and safety. Skin integrity is actually a very crucial issue for older people. As we age our wounds get harder to heal. It is estimated that about 15 per cent of older people who have reduced mobility get pressure wounds, and these can of course easily worsen the older a person is. Complication from chronic wounds significantly reduce the quality of life as well as lead to increases in hospital admissions. District nursing services spend considerable time providing care to people in the community with chronic wounds, and many residents living in aged-care homes are at high risk of developing pressure ulcers. The $5 million package will benefit older people and staff caring for them by reducing the rate at which people get pressure ulcers in the first place, as well as helping to better manage the pain that is often experienced by people who have pressure wounds.

There is $3 million of that money that has been allocated to a range of projects that are being undertaken in partnership with providers of community care and residential care. There is over $2 million to establish clinical nurse consultants in wound care management in each rural region to support district nurses and nurses in residential aged-care facilities with expert advice on wound diagnosis and management. There is $300 000 to provide training on wound management to rural district nurses and staff in public sector residential aged care to improve the quality of life of people with chronic wounds, and $275 000 is being allocated to RDNS to improve clinical pathways for clients with chronic wounds, including funds to subsidise the wound care dressings for those who cannot afford it.

More than $2 million is also being provided to all public sector residential aged-care homes in Victoria for special equipment, including nearly 300 new electronic beds with pressure-relieving mattresses to improve the comfort and care of higher dependency residents, and nearly 200 specialised pressure care mattress overlays to improve the care of residents with pressure ulcers. This is all part of the Victorian wound care project, which is looking at new technology, for example, that now exists in moist wound dressings, which we know provide better results and require less intervention. These are very important programs that support many older Victorians, either at home or in residential aged care, whose quality of life would otherwise be impacted on by often very painful chronic wounds.

Ms MUNT — That is great news. Thank you.

Mr BARBER — Your government styled this as the baby-boom budget, but you have just told us with this chart here that there is a seniors boom going on. So I suppose I am interested in finding out what the real benefit of this budget is to seniors. In relation to concessions, I was wondering if on notice, like this chart that you have provided for our outcomes report where your department indicates the number of concessions and the dollar

value of those concessions, you would be able to provide a chart on notice that tells us for seniors concessions within each of these categories how much that is expected to increase in this year's budget.

Ms NEVILLE — I will take it on notice, but we provide concessions to people who have a pension card, a healthcare card and a DVA card. Whether we have data that says that person is over 60 — —

Mr BARBER — The age pension.

Ms NEVILLE — It is about whether people are eligible regardless of age for concessions. We will take it on notice and will have a look at what is there.

Mr BARBER — My question overall, though, is: your federal colleagues squibbed it on the pension and income support, rents are up 12 per cent, petrol is up 35 per cent, electricity is up 15 per cent, water is similar, food is up 10 per cent — it is great that you keep your concessions in those categories equal with the rate of growth of those commodities, but overall what is your program to ensure that the incomes as well as the concessions support and the total household budgets of seniors are adequate? In particular, 8 per cent of those aged over 65 are renters — that is about 35 000 people. Are you in this coming year going to examine increasing the amount of any of those concessions, expanding concessions — for example, into public transport or bringing back some support through the car registration support — to make allowances for those people who have been forced out of inner city rental markets and are now out in the burbs dependent on expensive public transport or expensive petrol?

Ms NEVILLE — Firstly, I think it is important that we are clear that income support is the responsibility of the commonwealth government, and state governments in my areas do not — —

Mr BARBER — Cooperative federalism, yes! That was actually the third question I was meant to ask: what was your department able to do by way of making representations to the federal government on income support?

Ms NEVILLE — Firstly, income support is not the responsibility of us. However, what we do play a role in doing is in providing supports to assist people, regardless of age but including seniors, who because of their income obviously struggle, and our concessions program does that. Things like the transport concessions sit within the responsibility of the minister for transport, but some of the concessions that I spoke about under my responsibility as the Minister for Community Services include the improvements particularly in relation to water and sewerage charges, where we have seen an increase in the cap by 14.8 per cent to try to assist all low-income households, including those of seniors, to actually make people more able to afford the price rises that will be a result of climate change and the water infrastructure that is being developed.

We have also, in that category, extended our energy concession for those who have a particular medical issue, which means they have an inability to regulate their body temperature. We have extended that energy concession from three months to six months. We have also improved our capital replacement grant program. Previously you could only ever get a grant for a washing machine or fridge that had broken down once in your lifetime; it now enables you to have the opportunity about every five years to apply to that grant program as well as have access to things like ceiling installation, if you are in a large household, which is also a new initiative. At the moment we spend, in concessions, over $1 billion in Victoria, and this budget has increased that concession program.

In addition to that, the commonwealth government, you may have seen in the budget, has also put on the table over $50 million to enable us to have the national reciprocal transport initiative rolled out, which will enable Seniors Card holders to access concessions on public transport right across the country. That is a great initiative which will assist seniors right across Australia. In addition to that, we continue to work with the commonwealth around HACC, which is a very important program, especially for low-income older Victorians. It provides opportunities for them to remain living at home or living in the communities that they have relationships with. We continue to put growth funding in, as does the commonwealth. As I indicated, we put in more growth funding than we are required to under the HACC agreement. We are currently awaiting the announcement by the commonwealth about their contribution for 08–09, but we are expecting that to be around $16.4 million.

The other positive initiative that I think will assist us in being able to address some of these issues that you have raised in a cooperative way is the establishment for the first time of a ministerial council for senior Australians. I am not sure if that is exactly what it is going to be called, but funding was provided in the commonwealth budget to get that ministerial council going. They are very important forums in which commonwealth and state governments

can work together to look at each of our own areas of responsibility, how they can be better streamlined and how they can be further enhanced to improve the quality of life, in this case for senior Victorians. I am certainly looking forward to that opportunity to really have a direct forum to be able to raise a number of these issues.

Finally, in relation to how we address these issues with an ageing population, I said very briefly at the end of my presentation that we are in the process of doing a whole-of-government ageing strategy. That is about, as you say, all those issues, looking at what are the sorts of interventions that the state government can and should be making across somebody's life to improve health and wellbeing outcomes for the individual but also to enable us to take advantage of an ageing population rather than just have challenges. That will also be about decisions around how we better support the more vulnerable members within that group. Older Victorians are diverse in their ages but also diverse in their capacities, financial and otherwise. That will be an important opportunity for everyone in this room and right across Victoria to work with us on where those interventions are and what they should be. That is being led by senior Victorians, and consultations will occur very locally, in local communities, right across Victoria.

Mr SCOTT — Minister, I would like to ask you about men's sheds, which I was lucky enough to see firsthand when I was on the Darebin Community Health board. They are referred to on page 202 of budget paper 3 and also in your handout. There are details within the budget papers of a number of grants to men's sheds in the forward estimates. Could you update the committee on how this program is being rolled out?

Ms NEVILLE — Men's sheds are fantastic and also provide extremely important support services for, often, low-income and disenfranchised older men in our community. They are very much part of our commitment to try and build stronger and more resilient communities right across Victoria. I was pleased, as was written in my slide, that we have been able to allocate to the first part of that program $1 million that has enables funding for the establishment of 25 new men's sheds in areas of high need across the state, and as I said 19 of those will be in rural and regional Victoria.

Some of the funding — for example, $50 000 will go to Bright towards the construction of a new shed, which is being auspiced by Alpine Health with land provided by the Alpine Shire Council. The men's sheds developments are really successful because they are very strong partnerships between different levels of government and different community organisations. There is $50 000 for Benalla to redevelop an existing community facility and increase its accessibility that is auspiced by Central Access Ltd; at Hobsons Bay, $50 000 to refit a building for a working shed to act as a hub for local community groups; and in Whittlesea, $50 000 to build a new shed on the site of the agricultural showgrounds, to be auspiced by Plenty Valley Community Health.

There was a tremendous response to the first round of funding, and I am sure the second round, which will be offered in the next financial year, will continue to receive very strong support right across Victoria. Research shows that the majority of men who participate in the sheds have recently retired or involuntarily withdrawn from the paid work force; about 20 per cent are war veterans and about 75 per cent are on some form of pension or benefit. Many men, particularly older men who have experienced major life-changing events like divorce or death of a spouse or loss of a job or retirement experience barriers to fully participating in the community. Men in some groups in places in Victoria experience greater needs compared to those in other communities, and by improving access to local community-based programs and services that are provided by men's sheds, we provide more opportunities for these Victorians to increase their pathways to further education, to increase their opportunities to contribute back to the community and also to improve their health and wellbeing. Research has also shown that men's sheds strengthen communities through improving health and wellbeing and increase access to new education and employment pathways. Men's sheds make an important contribution to local communities as places where very isolated men can meet and get to know other in their community.

I will just briefly give an example of some of the great contributions that men's sheds are already making. In Mansfield, for example, auspiced by the Mansfield adult Community Education Centre, which is a neighbourhood house and ACE provider, the shed has about 80 to 90 participants. Men act as volunteer leaders and supervisors. The shed has also received support from Rotary, Lions and Apex and gets donations from the community in tools and machinery — so it has been really well embraced by the local community. Young men from Central Access, which is a disability service provider, work on projects while also learning woodworking skills at the shed — so again, transference of information and knowledge and skills is going on between people with a disability and men in the local community. It is a great example of cutting across a number of issues in that local community around

participation. They are often very small grants that go a very long way in changing the way that men can engage in their local communities.

Mr RICH-PHILLIPS — Minister, just a quick question on residential aged care facilities. You mentioned funding for Trentham and the Stella Anderson replacement. The Auditor-General's report last year noted there were 21, I think, facilities that were category-2 assessed, so at risk of failing, that had yet to be upgraded by the government. Are those two, Trentham and Stella Anderson, two of the 21 that the Auditor-General referred to, and if so, when is the government going to provide funding for the remaining 19 on that list?

Ms NEVILLE — Of that, there were 11 facilities that were identified as category 1 facilities; of these, 9 have been rebuilt or redeveloped, 1 is closed and 1 is under construction. All the facilities have met the commonwealth accreditation requirements. There are 33 facilities identified as category 2 facilities. To date 14 have been or are being rebuilt or redeveloped, 2 have closed, 10 have had service and/or capital planning undertaken, and 7 have not had any further detailed planning. All the category 2 facilities, whether they have been rebuilt or not, have achieved certification and have demonstrated that they meet the requirements of the commonwealth accreditation system in terms of fire and safety standards, as well as all the other standards as well. As I said earlier, we have committed $445 million to rebuild, I think it is now, 47 public sector aged care facilities, and we continue to put in significant money, particularly in rural and regional communities, where those facilities are often absolutely crucial to the wellbeing and the cohesion of those local communities, and we will continue to do that.

Mr RICH-PHILLIPS — Were those Trentham and Bendigo allocations off that list of category 2 facilities that have not been upgraded?

Ms NEVILLE — Sorry, can you just ask that one again?

Mr RICH-PHILLIPS — Are the Bendigo and Trentham allocations two projects on that list that had not been completed, the category 2?

Ms NEVILLE — They are not category 1s, either of them; one of them is category 2. We will get back to you on the other one. We are not sure whether that also became a category 2.

Mr RICH-PHILLIPS — Did you say there are now only seven category 2 facilities that have not been upgraded? Is that correct?

Ms NEVILLE — Have no further detailed planning at this stage — so 14 have been or are being rebuilt or redeveloped, 2 have closed — so that is out of the 33 — and 10 have had service and/or capital planning undertaken.

Mr RICH-PHILLIPS — Right, but not actually works undertaken?

Ms NEVILLE — No.

Mr RICH-PHILLIPS — So how many have not had works undertaken in total then?

Ms NEVILLE — Out of the 33?

Mr RICH-PHILLIPS — Out of the 33.

Ms NEVILLE — So 14 have been or are being rebuilt or redeveloped and then there are 2 that have closed. That makes 16.

Mr RICH-PHILLIPS — Seventeen, right. Thank you.

The CHAIR — Thanks very much. That concludes consideration of the budget estimates in the portfolios of community services, mental health and senior Victorians. I thank the minister and departmental officers for their attendance today. The committee has a couple of issues it wishes to follow up with you and one to put notice on well, and requests that you provide written responses to those matters within 30 days.

Witnesses withdrew.

Transcript of evidence

8.7 Sport, Recreation, and Youth Affairs portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 23 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. Merlino, Minister for Sport, Recreation and Youth Affairs,

Mr Y. Blacher, Secretary,

Mr P. Hertan, Executive Director, Sport and Recreation Victoria,

Mr S. Gregory, Chief Financial Officer, and

Mr J. Montgomery, Director, Office for Youth, Department of Planning and Community Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolio of sport, recreation and youth affairs. On behalf of the committee I welcome Mr James Merlino, Minister for Sport, Recreation and Youth Affairs; Yehudi Blacher, Secretary of the Department of Planning and Community Development; Peter Hertan, executive director, Sport and Recreation Victoria; Stephen Gregory, chief financial officer; and James Montgomery, director, Office for Youth; and departmental officers. Members of the public and the media are also welcome.

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

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn. However, any comments made outside the precincts of this 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 give a brief presentation of no more than 10 minutes on the more complex financial and performance information relating to the budget estimates for the portfolio of sport, recreation and youth affairs. I understand you are going to make a quick presentation of sport and recreation, followed by a presentation of youth affairs.

Overheads shown.

Mr MERLINO — Thank you for the opportunity to make a presentation across the two portfolio areas of sport and recreation, and youth affairs. I will talk briefly on sport and then the youth affairs portfolio. In terms of the strategic directions for sport and recreation, the government has set four key strategic directions for the sport and recreation portfolio. Those directions are: active people and active communities, which seeks to establish a culture of inclusiveness and participation; building capacity for tomorrow, which provides access to sustainable activities and facilities across Victoria; collaboration for development, which promotes a cooperative approach to increase service delivery; and state of achievement, which is delivered by a leading sport and recreation sector, providing opportunities for all Victorians to achieve their goals.

In terms of the portfolio overview, community strengthening — sport and recreation is a key part of the way of life of every Victorian community and engages nearly every Victorian family. Research indicates that approximately 1.7 million Victorians participated in an organised sport in some way in 06–07 and annually nearly 350 000 Victorians volunteered their time.

A Fairer Victoria — we have undertaken measures to provide fair access to opportunities to compete, watch and be involved in social opportunities associated with sport and rec. Social and economic development — sport is an

important component of the social and economic fabric of the state. That is why we have invested in building capacity for sporting organisations to enable them to grow the industry in Victoria.

I will quickly run through some key achievements for 07–08.

The CHAIR — Yes, very quickly, because we want to focus on the estimates.

Mr MERLINO — Community facilities — over 200 community facility projects were approved in 07–08. The drought — the government continues to take a positive and practical approach to the impact of the drought, and a large number of drought-related projects have been approved over recent years. Aquatic facility grants — 18 grants covering projects at 34 sites around the state, and that is part of our four-year $46 million aquatic facilities grant program; the country football-netball program, which I know some members of the committee would be well aware of — 55 grants were approved during the year as part of the five-year $10 million commitment; and also the Commonwealth Games dividend.

In terms of key achievements — Go for Your Life; the Premier's active families challenge; the Go for Your Life flagship bike plan and the men's health initiative as well. Major sports events in 07–08 — we are famous for our major events. The events not only provide significant economic benefit to the state but also provide opportunities for Victorians to see the world's best athletes. In 07–08 we had the Rip Curl Pro and Roxy Pro surfing at Bells Beach, Sail Melbourne, the FIFA World Cup qualifier between Australia and Qatar — —

The CHAIR — And the grand prix.

Mr MERLINO — And the grand prix, of course. Looking to the future we also secured for Victoria a number of events that will be held in future years, including the recently announced 2008–2010 Track Cycling World Cup, the 2009 men's hockey Champions Trophy, the 2010 Road Cycling World Championships and the 2011 Presidents Cup. So in terms of securing major events, it has been another great period.

State facilities, completed projects — the state volleyball centre at Dandenong; stage 1 of the National Sports Museum at the MCG; the redevelopment of Waverley Park; works commenced on a number of projects, including the largest current project, the rectangular stadium; and we are in the design stage for all the Melbourne-based AFL clubs in 2007–08, providing additional funding for projects to every club.

In terms of priorities for 08–09 — community facilities funding: the government's record commitment of 76 million over four years to the Better Pools and community sports grants through the community facility funding program, which moves into its second year. The key component of the drought program will be a focus on synthetic surfaces in 08-09. Go for Your Life initiatives will again be important in 08-09, including the second year of the Premier's active families challenge, Active Places grants, Walk Together grants and the flagship bike plan.

Finally, women in sport — after community consultation and consideration of research findings, which I am happy to talk about later, the women's sports package has been refocused, and will be known as the women's sport recreation initiative. The WSRI funding will be directed to the key areas of leadership, demonstration projects and media.

In terms of facilities, major events and elite sporting development in 08-09, the building of the rectangular pitch stadium at Olympic Park will continue to be a major priority, with the completion of structural works and the commencement of seating works expected during 08-09. The redevelopment of former AFL grounds and current training grounds to provide benefits to AFL clubs and the wider community will continue strongly in 08-09.

The government has also committed funding to upgrade VFL grounds around the state to support football and projects, and six grounds are expected to commence in 08-09.

The government has provided increased funding to the Victorian Institute of Sport over the next four years to consolidate and improve elite athlete development; improvements to existing state facilities. The commencement of the Olympic Park-Albert Park upgrade, including a new state athletics centre, will be a defining aspect of 2008-09, with site establishment works to be commenced at Lakeside oval. Similarly work on the extension of the MCG concourse to improve spectator access and pedestrian flows will commence in 08–09, and it is also important that Melbourne Park continues to be one of the very best tennis facilities in the world to maintain and enhance the status of the Australian Open, and a business case for the refurbishment of this precinct will be completed during the coming year. That is the sports portfolio.

The CHAIR — Okay. The youth one?

Overheads shown.

Mr MERLINO — I quickly move on to youth. In terms of a snapshot of young people in Victoria, young people make up 17.7 per cent of the Victorian population, with the majority living in metropolitan Melbourne. Showing our diversity, almost 20 per cent speak a language other than English at home. In the Victorian government we believe that it is vital that the needs of our young people in Victoria are addressed through policy development and program delivery.

The youth affairs portfolio in government leads the way in listening to young people, understanding their views and coordinating policy development which is inclusive of and responsive to the needs of Victoria's young people. It does this in several ways, including but not limited to a whole-of-government interdepartmental committee for youth affairs, the 15 regional affairs networks, funding to peak youth advocacy bodies — YACVic and the Centre for Multicultural Youth — assistance at a local level from DPCD local teams and constant consultation with young people through forums, round tables, the internet and peak bodies.

The Office for Youth administers programs which support and involve young people. These include: Advance, which is a school-based youth leadership and skill development program; the FReeZA program, which you would be well aware of, where young people develop skills through organising music, cultural and entertainment events for young people and attending training workshops across the state; FReeZACentral, which assists young people to gain experience and training in all areas of the light music industry; *youthcentral*, Australia's leading youth information website; Young People Direct, which covers mechanisms for young people to advise me directly on what issues are important to them; the Teenage Go for Your Life Positive Body Image strategy, established to change community attitudes and media messages about body image; and, in terms of policy development, the office also leads whole-of-government policy development processes and chairs the Youth Affairs Interdepartmental Committee to ensure that the Future Directions outcome areas are being progressed.

In terms of Future Directions — that is, our overarching youth policy, 'An action agenda for young Victorians' — it establishes an overall policy framework, which focuses government and community action in the five outcome areas set out in the slide. Young people's voices are central to the implementation of Future Directions. Involvement and participation will be encouraged through existing channels, such as the Young People Direct strategy, which will be itself shaped by further consultation and leadership by young people.

I will very quickly go across key achievements: with *youthcentral*, there is a great story there — redevelopment of that site and increased usage; the Youth Participation and Access program; the Positive Body Image initiative, and we launched the Voluntary Media Code of Conduct on Body Image just last month, Chair, and we have got copies of the media Code, which we will hand out during the course of this presentation; FReeZA Central, Victoria Rocks, which is an extension of the innovative FReeZA Central program; the review of and development of new guidelines for Regional Youth Affairs Networks; and the creation of the Young People Direct strategy.

In terms of 08–09 priorities, over the next 12 months we will be moving to bring this agenda forward, and I would like to mention several initiatives in particular. With Young People Direct, I will continue to implement and build on the Young People Direct strategy. We will be establishing a Ministerial Advisory Committee on Youth, and we will continue to hold forums and youth consultation round tables. In addition young people will continue to provide feedback to the government via the *youthcentral* website in a range of areas impacting on them. The Victoria Rocks initiative will be implemented through the Music Equipment Grants program, and we will continue to implement

the recently announced Voluntary Media Code of Conduct on Body Image, with a focus on public awareness and an education campaign for young people. We have committed 3.9 million over four years to boost mentoring programs for young people across the state — that was a great achievement in this year's budget — and we are currently creating a Vulnerable Youth Framework across government, which will assist us to better plan and coordinate investment for vulnerable young people.

Thanks for opportunity to present on those two portfolio areas. I would be happy to answer any questions.

The CHAIR — Thank you, Minister. We will now have questions on sport and recreation and on youth affairs.

Mr NOONAN — Minister, obviously the development of the state athletics centre at Albert Park and the refurbishment of Olympic Park are significant projects in terms of investment. Can you outline the details and the objectives behind that major investment?

Mr MERLINO — Thank you very much. This is quite an exciting initiative. The state government has been working with Athletics Victoria and Athletics Australia for several years to increase participation and improve the long-term viability of athletics in Victoria. A key early outcome of this work was announced back in 2006. That was the moving athletics forward program. That was a state government-funded package for athletics of $1.2 million over three years. The package was for athletic sports development programs to increase the diversity of participants, reduce participant attrition rates — and this is a big issue in athletics; once you get to 14, 15 and 16 there is just a huge drop-out of young athletes, when they look at the step up to senior athletics — and develop training opportunities for coaches and officials.

Another area that we looked at was the athletics current base at Olympic Park. The infrastructure, as you would all know, at Olympic Park is ageing, inefficient to operate and becoming a financial burden on the sport. Following this review the Premier and I recently announced a $50 million investment for the relocation of athletics and the creation of the state athletics centre at a new international-standard facility at Lakeside oval at Albert Park. That will be shared with the South Melbourne Football Club. The new centre will include an international-standard athletics track with a soccer pitch infield, and it is quite common for a major athletics facility to be cohabited with a professional soccer club; two stands containing 5000 seats and a capacity of around 10 000 patrons; spectator entry gates and amenities; a refurbishment to the existing South Melbourne Football Club facilities; and a new administration building to house athletics governing bodies.

The new facilities are aimed to co-locate athletics administration bodies. That will include Athletics Victoria and Athletics Australia, and hopefully will also include Little Athletics. They will go into new purpose-built facilities. This will allow greater opportunities for the sport to develop in a more economically efficient, multi-use facility in a dedicated Olympic sports precinct in Albert Park. The facilities will be designed to meet athletics-specific needs to ensure that programs from grassroots through to the staging of international events can effectively be delivered at one venue. Sharing the venue with the South Melbourne Football Club will allow for a more effective use of major sporting infrastructure and improve the operating efficiencies for both codes.

The redevelopment of Lakeside oval also provides the opportunity to save the historic 1926 Lakeside oval grandstand, which has remained in poor condition and unusable for many years. This grandstand will be converted into a new administration and elite training centre for the VIS. The relocation of the VIS to Lakeside oval, along with the recent increase of 6.7 million over four years in terms of the government's commitment to the VIS, will

allow Albert Park precinct to become home to the key administration and training bases of the major Olympic sports for Victoria. We are basically bringing all the principal Olympic sports to the one area. So in addition to track and field you will have all the aquatic sports at MSAC but also badminton, table tennis, basketball, squash and a range of state sporting associations housed in Sports House. That whole precinct is going to be quite special. Additional soccer facilities and a new sports pavilion will be developed in Albert Park for use by the South Melbourne Football Club for its community programs. These facilities will enable the South Melbourne Football Club's women's and junior teams to relocate back to Albert Park. So the benefit for the South Melbourne Football Club is not only improving efficiencies in terms of its operations but bringing the whole club back together with its women's, juniors' and men's programs. We have an overhead shot we can show you. You can see at the bottom left new synthetic pitches, and then in the middle of the picture, new turf pitches for South Melbourne Football Club. So there is actually going to be an increase in community sport for the Albert Park community as well, and then the new state athletics centre will be constructed at Lakeside oval. That illustrates the different elements of the project.

The next slide shows the proposed redevelopment of Bob Jane Stadium as a state-of-the art athletics facility, the new home for Victorian Institute of Sport and athletics bodies and the ongoing base and home ground for the South Melbourne Football Club. There you can see where each of the bodies will be located. Importantly, there is no decrease in open space. That was a key issue for Parks Victoria, the City of Port Phillip and the general community. The new athletics centre will be constructed right next to the existing South Melbourne Football Club facilities. You can see the track and all the other additions there.

Moving on to Olympic Park. This slide shows the Melbourne Olympic Park precinct as it will look following the completion of the rectangular pitch stadium. As you can see from that slide, at either side of the new rectangular stadium there will be training facilities for the four tenants. That is one of the challenges we have at Melbourne and Olympic Park. With the creation of the new rectangular stadium, Melbourne Storm, Melbourne Victory and Melbourne Football Club will be based at the rectangular stadium, and Collingwood Football Club, the existing tenant, at Lexus Centre. Into the future possibly another super 14s team and the FFA — Ben Buckley, the CEO of the FFA — —

The CHAIR — There is a second team for Melbourne.

Mr MERLINO — Exactly. He has indicated that a second A league team will be likely around the 2010–11 period. That would be a welcome addition to Victoria's sporting landscape. It just shows the imperative of getting available training space as well as the playing surfaces for those tenants at Melbourne and Olympic Parks Trust.

Mr DALLA-RIVA — Just to go back to the previous slide, I did not see any light towers for the grand prix for night racing. That was a big issue a year ago, if you remember.

Mr MERLINO — That is right.

The CHAIR — We are dealing with athletics.

Mr DALLA-RIVA — I am just curious.

The CHAIR — Question, please, Mr Dalla-Riva.

Mr DALLA-RIVA — There was a lead-in link, Chair.

The CHAIR — Is this your question?

Mr DALLA-RIVA — Thanks very much. Major events are facilitated on page 198 of the 'Service delivery' budget paper.

In respect of the major events facilitated, I note that in the 04–05 budget there was 15 and the actual in 06–07 is 14, the expected outcome is 10, and moving forward you have got 8 to 10. I am just curious, is there some view in the government in terms of your moving forward that we are going to have a decrease in major projects given the slides you had, and what are some of those major projects that you think will be lost to Victoria if there is an actual reduction?

Mr MERLINO — Thanks, Richard. It varies from year to year in terms of major events facilitated, and as I outlined in my presentation it has actually been quite significant, the major events that have been facilitated. So the target in 07–08 was 8 to 10, the expected outcome in 07–08 is 10 — similar numbers. The budget performance measurement target of 10 major events to be facilitated by Sport and Rec Victoria within 07–08 is expected to be achieved. This number includes all major events and contracts managed by Sport and Recreation Victoria in this period and includes one-off events such as the FIFA World Cup qualifier match and annually funded events such as the 2008 Formula One Grand Prix and the 2007 National DanceSport Championships. Other major events supported by government, such as the Australian Open tennis and *Spamalot*, are funded across other agencies within government, in particular Tourism Victoria and Arts Victoria.

So in terms of 08–09, we have got Days in the Dioceses, which is the single largest event in terms of international visitation since the 2000 Olympics — that is July this year — the 2008 *Herald Sun* tour in October; Rugby League, Australia versus England in November; the 2008 Track Cycling World Cup, which we recently announced; the Homeless World Cup in December; the National DanceSport Championships in December but also the World Latin DanceSport Championships which is going to be a wonderful event and that will take place around the same time.

Mr DALLA-RIVA — I might be busy that night. When is it?

Mr WELLS — I am at the same meeting.

Mr DALLA-RIVA — It might not be to everyone's cup of tea, that is all.

Mr MERLINO — It is a fantastic event, I can tell you. It is a bit dangerous being on the front tables though.

There is the Skandia Geelong Week sailing, which is a fantastic event in January 2009; the 2009 Australian Masters Games in February; a FFA match on a date to be determined; world superbikes in March; the grand prix in March; Rugby Union, Australia versus another team. So there are a number of events. We are continuing to be the major events capital. We had the swimming world championships last year, the world gymnastics, the Volvo around the world race, so I think our record in terms of major events will continue to be a world leader.

Mr DALLA-RIVA — So when is the night grand prix going to happen?

Mr MERLINO — We have already ruled out a night grand prix, and I am very happy to reiterate that.

The CHAIR — Okay, just to clarify, I assume that these major events are sort of new major events and they do not necessarily reflect on ongoing ones, do they?

Mr MERLINO — It is a mix, but Days in the Diocese is one of a number of one-off events.

Ms MUNT — Minister, same page — 198 — there is a line item for Community Sporting Facility Grants. I notice that the 2007–08 target was up to 120 but the expected outcome is 230. Could you expand on what those grants were for and the nature of those grants? I know that there is great interest from a lot of my sporting associations in my electorate, so if you could just flesh that out for me.

Mr MERLINO — Thank you very much, Janice, and a major reason for that spike in terms of community facilities is around the drought, and over the last two summers the state government announced almost

$20 million in additional funding, additional to the Community Facilities Funding program, for drought projects, and I am very happy to go through those and also the community facilities program in general.

Since 2000 the Bracks and Brumby government has invested over $170 million towards 1860 community sport and recreation projects across the state through the SRV Community Facilities Funding program. During this current term, $76 million will go towards facilities over four years. This allocation is made up of $46 million under the Better Pools-Aquatic Access program, and $30 million towards community sports facilities. Facility funding is distributed across all areas of the state and this will continue to be the case over the current four-year program.

This can be illustrated by a map showing the location of funded Better Pools-Aquatic Access projects since 2000, including the new seasonal pool renewal projects announced this year, and this is all about ensuring that those seasonal outdoor pools also get upgrades. The $46 million in funding for the Better Pools category is the most significant contribution towards this type of facility ever made by state government. Investment in aquatic facilities can have far-reaching benefits. Increasing participation in sport and rec in Victoria relative to other states is believed to be in part due to the government's ongoing commitment to aquatic facilities. The question was about community facilities.

Mr WELLS — We are amazed at how you knew it was coming and had the slide up.

Mr DALLA-RIVA — And yet you have not got the list for what I asked.

The CHAIR — We do not really wish you to enumerate the whole 230, but thank you for handing out the notes.

Mr MERLINO — I will contain myself.

Mr DALLA-RIVA — You are a good minister.

Mr WELLS — The expectation of the question is amazing.

Mr MERLINO — Facility funding can also support community building in local communities around the state and enhances the partnership between state government and local governments. Facility development brings people together not only by providing for multiple sports but also for general community use such as meeting and function rooms. There have been some great recent examples of our facilities funding program: $500 000 to assist the Borough of Queenscliffe for 08–09 to enhance the Queenscliff sports club building; $2.5 million to Wodonga Rural City Council for stage 1 of the Wodonga aquatics and leisure facilities; and I have recently announced successful projects under the 08–09 round of the minor facilities and planning categories involving 92 projects and "under the Minor Facilitation Category and 38 pages under the Planning category."

In addition to community facilities, I draw your attention to the government's country footy netball program and the drought relief program that are all targeted at addressing specific facilities needs. The country footy netball program was developed in response to the Rural and Regional Services and Development Committee's inquiry into country footy. The sheer volume and spread of projects to every local council in every part of Victoria through the Community Facilities Funding program, the country footy netball program and drought relief programs can be seen in these maps of projects funded in 07–08.

That gives you an indication as to the spread right across the state. The next slide shows 'metropolitan Melbourne' — a great snapshot of what we have achieved.

There has also been investment through the Commonwealth Games dividend in multi-use sport services, infrastructure, primary and secondary schools, five multi-sports stadiums and our AFL and Victorian footy club projects as well, but I will not go into that, given the time.

Mr WELLS —I refer you also to page 198 in regard to athletes and Victorian Institute of Sport scholarships where the actual in 06–07 was 421 and then it drops down to 350. I also refer you to the fact that there were 464 scholarships in 04–05, 467 in 05–06, 421 in 06–07, 370 expected and now we are down to 350. There seems to be a progressive reduction in the number of scholarships. Can you explain why there has been this decrease, and has the money that was originally allocated to these scholarships been diverted to some other program?

Mr MERLINO — I outlined in one of my earlier answers and in the presentation, the increase in funding to the VIS, which I am happy to expand on. In 2007–08 there is an expected outcome of 370 athletes holding scholarships at the VIS. That exceeds the target set of 350 athletes, and within that target more than 6 per cent of athletes with a disability were to be included. The target for the number of VIS scholarship holders on national teams for 07–08 was set at more than 55 per cent, and there is an expected outcome of 56 per cent of VIS athletes to be on national squads or teams. Many of these athletes will represent Australia at the 2008 Beijing Olympics.

In terms of your question about the numbers, there are also changes in scholarship holders and changes in sports that are focused on by the VIS. For example, you could have a decrease in the number of team sports that are part of the VIS scholarship program and an increase in the number of individual sports that are targeted by the VIS. It varies from year to year, and it varies in terms of post or lead-up to major international meets such as the Olympic Games.

Mr WELLS — Can I just clarify, minister, that there is a clear downturn from 464 in 04–05 to 350 — that is, more than 100 less scholarships. I am wondering if you can explain that. You are saying that it does change from time to time; it might be changing from a team event to an individual, but that is a significant downturn of more than 100 less scholarships.

Mr MERLINO — The priority in terms of outcomes of results at national and international events has been part of the focus of the VIS. For example, the support for its junior cricket program was removed with a focus on particular sports that are likely to get an outcome at commonwealth, Olympic and other international events. So it is a focus on outcomes in terms of asking, 'What is the VIS there to do but to provide the step up for the elite athletes to national and international competitions for success?'. We are supporting that through our $6.7 million in additional funding.

We punch above our weight. In terms of our return on medals at international competitions as opposed to our percentage of the population, we consistently punch above our weight with the VIS, and what this funding boost does is really acknowledge the increase in costs in terms of coaching, training, travel. We are going to continue to have our focus on those results.

Mr PAKULA — At page 343 of budget paper 3 you allocate $10 million for improving community access to VFL grounds.

The CHAIR — A very good program.

Mr PAKULA — As you know, Mr Noonan and I were both intensely interested in it the outcome for Williamstown and very happy with the result, but I am wondering if you could give the committee more information about the intended outcomes of the program and some more specifics about the projects that the funding is allocated to?

Mr MERLINO — I am really happy with this program. This is quite an exciting initiative and builds on our investment in AFL facilities and opening up those AFL facilities to the community. This is the 150th year of Australian Rules football in this country, and what we wanted to do was to support the top grassroots competition which is the Victorian Football League.

Footy is a way of life in Victoria, and this program is a reinvestment in Victoria's state-level football facilities to ensure the ongoing viability of the state's VFL clubs, increased community access to the VFL clubs' facilities and ensure that Victoria remains the premier football state in Australia. This will support the AFL's new plan to place VFL teams and grounds as a hub for local AFL development, and nurture and provide pathways for up-and-coming talent.

The key outcome from the AFL's perspective is that each of these facilities, whether it is Box Hill, Williamstown or Craigieburn, will be the central point for elite young footballers to train and get access to elite coaching and support. This has significant consequences for community and junior football in Victoria in terms of providing opportunities to young players, increasing involvement and participation at all levels and ensuring the capacity of the state-level competition to support community football clubs.

The initiative involves works at eight separate grounds. The work to be undertaken varies from site to site, similar to the AFL. It reflects the needs at each ground, which have been identified by AFL Victoria and the relevant clubs. They include the development of the greenfield site in Craigieburn into a regional football hub for the northern suburb, similar to Casey Fields in Cranbourne. It will include a main oval, 175 metres x 149 metres, fence to fence, with a 3000-spectator capacity, a secondary oval, sports pavilion, a secondary pavilion, cricket practice nets, playgrounds and a possible future multipurpose playing field.

It will also include a new pavilion, coaches boxes, canteen, first-aid, spectator shelter, video box; refurbishment of the existing pavilion at Box Hill City Oval, home of the Box Hill Hawks; redevelopment of the historic grandstand at Williamstown cricket ground, with more public seating, social rooms and new changing rooms; and refurbishment of the social club at the Trevor Barker Beach Road oval in Sandringham, which is currently in a poor state of repair.

The initiative will also provide increased opportunities for community use of VFL facilities. These require negotiation on a case-by-case basis with local clubs and communities. They include increased opportunities for school and regional association football/cricket games to be played on high-quality playing environments; increased access to social areas, meeting rooms and club gymnasiums by local community organisations and individuals; opportunities for VFL clubs to link with other local community initiatives and infrastructure; an improved capacity of clubs to deliver sport and recreation activities to the community; and an increased opportunity to quality community sport and recreation infrastructure, particularly for people from traditionally disadvantaged groups.

A total of $10 million will be provided over three years, commencing in late-2007–08, and I want to take this opportunity to thank Peter Schwab and AFL Victoria and the individual clubs and councils for their cooperation. This is quite an exciting initiative.

Mr RICH-PHILLIPS — Minister, I have just a straightforward question. Page 199 of budget paper 3 lists state-level facilities under design or construction, with a target of six; and state-level facilities under investigation, with a target of four. Could you tell the committee what are those specific projects in each of those categories; and in relation to those under design or construction, what are the time frames for their completion?

Mr MERLINO — Thank you very much. I am happy to answer that question.

Mr DALLA-RIVA — Just put the slide up!

Mr MERLINO — I couldn't anticipate every question!

A target of three state-level facilities under investigation was set for 07–08 and that target, as you say, has been exceeded, as investigations are currently under way in relation to five state-level facilities. The five investigative studies currently in progress are for: a multidiscipline target shooting centre; the state athletics centre, which I referred to earlier; a state drag racing centre; the state rugby centre; and the combined master plan for the Melbourne Sports and Aquatic Centre and the State Netball and Hockey Centre.

That is evidence of the government's long-term planning to investigate opportunities to ensure Victoria remains Australia's leading sports destination. Committee members will be aware of the fact that the investigation into the state athletics centre has reached the conclusion that I referred to in terms of the Albert Park redevelopment.

Mr RICH-PHILLIPS — In terms of the target for 08–09, where it is four, will they be continuing, four of those five, for the new year?

Mr MERLINO — It is a mixture: continuing those programs, for example, the target shooting, drag racing, state rugby centre, and we will continue to work with MSAC as well in terms of those developments.

In terms of the second part of your question, the state-level facilities under design or construction, a target of six state-level facilities under design or construction was set for 07–08, and that target has been exceeded, as there are currently eight state-level facilities which are in either the design or the construction phase of development.

The eight projects which were under design or construction in 07–08 comprised the state volleyball centre, which I referred to earlier; the national sports museum at the MCG, which is a wonderful facility that I encourage people to go to; the Melbourne rectangular pitch stadium; the Whitten Oval redevelopment; the redevelopment of the Jack Ryder stand at Victoria Park; the redevelopment of Waverley Park, which is now complete; the Arden Street oval redevelopment; and the Princes Park redevelopment.

I am pleased to report that four of those projects have been successfully completed: as I said, the state volleyball centre, stage 1 of the national sports museum, the refurbishment in the internal areas of the Jack Ryder stand at Victoria Park, and the redevelopment of Hawthorn Football Club's home base at Waverley Park is also complete. I am particularly pleased to be able to advise that each of those projects was completed on budget. During the reporting period works also commenced on the Whitten Oval redevelopment; and, as you know, the Melbourne rectangular pitch stadium. Progress to date has been impressive on both projects. Work has also started on stage 2 of the national sports museum.

Mr RICH-PHILLIPS — That would leave one other in the six for this year?

Mr MERLINO — In terms of the future, there is the continuation of the rectangular pitch and also the remainder or the next round of those AFL facilities that have also received funding through the government's programs.

Mr RICH-PHILLIPS — So that will be the rectangular pitch, Whitten Oval, Arden Street, Princes Park — that is four.

Mr MERLINO — Richmond, St Kilda, with developments at Frankston, Essendon and Hawthorn.

The CHAIR — And Albert Park presumably, not for Aussie Rules, but for other things?

Mr MERLINO — Yes, Melbourne Park.

The CHAIR — It might exceed the objectives.

Mr RICH-PHILLIPS —Thank you, Minister.

Mr SCOTT — I would like to change tack and look to the youth portfolio. I note your presentation and the handout for the media of the voluntary Code on body image. It is an issue that has come up in my constituency work, and I am well aware of the devastating impact negative body image can have on mental health and the families of those who are suffering from mental health problems in this area. What steps have been taken in relation to the positive body image strategy in 2008–09?

Mr MERLINO — This is a significant issue. The 2007 Mission Australia's youth survey identified that body image is the issue of most concern to young people. The Victorian government allocated funding of $2.1 million for the 2006–10 period to address the complex issue of body image for young people.

The Positive Body Image strategy involves prevention and intervention strategies to address negative body image for young people. Last year over 5000 young people across Victoria participated in positive body image prevention programs, including the Victorian Body Think program, the Springvale Girls on the Go program, the schools digital technology forum and International No Diet Day activities.

In addition, in 2007, a further 3800 young people participated in the Positive Body Image Grants program aimed at encouraging community-based partnerships with young people to promote healthy eating, physical activity and positive body image. Some examples from the outcomes from these grants include the Healthy Mind, Healthy Body project with the Australian Lebanese Welfare, working with girls from the Antonine Sisters Trinity Maronite Catholic College, Brunswick, which drafted an advertising code of conduct; the Shire of Yarra Ranges Young Ambassadors for Positive Body Image program, which trained local girls in schools across the area to help support others in their schools; and the Fit for Life program for indigenous girls in Warrnambool who undertook healthy eating and physical activities, including surf rider classes for the girls to then enter the indigenous surf carnival, the first time there have been any indigenous girls in the event. This year, the Positive Body Image Grants program will be allocating $250 000 for local projects to address the issue of body image for young people.

In terms of intervention activities and the Positive Body Image strategy, I recently launched the Victorian Voluntary Media Code of Conduct on Body Image. It is a partnership with the media, advertising and fashion industries and was one of the key recommendations to government in the report of the parliamentary inquiry into the impact of negative body image on young people. The code emerged from work of very committed stakeholders from the media, advertising and fashion industries, who shared the government's belief that each has an important role to play in encouraging young people to feel good about themselves.

There is an impressive list of individual supporters for the code, including Dr Rick Kausman, Professor Susan Paxton, Professor Susan Sawyer, Kerry Wells, Claire Vickery, Erica Cervini and Karen Webster, the director of the L'Oréal Melbourne Fashion Festival. In addition, lending their support are major media outlets, including the *Age* and *Girlfriend* magazine; retailers, including Sportsgirl and the Dove group; and influential organisations such as the Media, Entertainment and Arts Alliance, Victorian branch, the Australian Association of National Advertisers, and Mushroom Marketing.

A youth-focused education campaign to encourage better understanding of the impact of the media on body image will also be funded this year. The ministerial Community Advisory Committee on Body Image, chaired by Nicole Livingstone, OAM, will be monitoring the implementation of the new media Code, as well as advising me of further ways to address the issue of body image for young people.

The Victorian government remains the first to have conducted a parliamentary inquiry on this issue, the first to develop a comprehensive strategy that involves prevention and intervention initiatives to address negative body image for young people, the first to commit over $2 million to implementing solutions, and the first to introduce a media Code with media, advertising and fashion industries and to back it up with a youth-focused education program, stakeholders engagement, an education program and a public awareness campaign. So this is a quite significant program that will continue to receive a high priority by the Brumby government.

The CHAIR — Thank you very much.

Dr SYKES — Minister, my question relates to youth, and if you go to budget paper 3, page 198. It is the challenge of retaining young people in country Victoria and/or encouraging young families to come to country Victoria. Football and netball clubs, the grassroots ones, are an integral part of our country communities and good facilities and good cash flow are critical components of successful football-netball clubs. On page 198 it looks like the grants have been decreasing. If you go back to 06–07, there were 77 grants, then in 07–08 there were 55, and now the target for 08–09 is 25 to 35. I am wondering what underpins the scaling back and what is the commitment of the government to continue this funding into the future? I just make the point that the budget papers were done on the assumption that the drought is breaking. That is not true. Even if it was, the ongoing impact would be felt for a number of years to come. For example, we have clubs like Moyhu and Thornton-Eildon that have been hit with significant additional expenses to access water to pump to water their grounds and they are struggling to meet those costs.

The CHAIR — Minister, I refer you also to note (d) on page 203.

Mr MERLINO — I am really pleased to answer this question and put it on the table in terms of the country footy-netball program and our support of it. Can I say that I agree wholeheartedly with your comments in terms of the importance of sporting facilities and the importance of this program. We are in the middle of the worst drought in our history. We are not through it. I do not accept that the budget papers are predicated on that.

Dr SYKES — They are, because on page 34 it says that we are assuming a return to average rainfall — full stop.

Mr MERLINO — In terms of our program, we are going to continue to monitor the impact of the drought. For example, we are in the middle of the second stage of our drought assistance program and I approved just a couple of weeks ago some urgent funding to allow for some water carting. Now water carting is the last thing you want to do, but in some instances it needs to happen, so last year it was some water carting around the Geelong region and this year I approved some funding for some water carting around the Wimmera region and elsewhere. So we are keeping a watching brief, working very closely with the Victorian country footy league in terms of the impact of the drought.

What we want to promote through our facilities funding program, our drought assistance program and also our country footy-netball program are projects that deal with not just the drought we are in at the moment but also the drought that may come in 5 or 10 years down the track — so, synthetics, drought-resistant turf, all that sort of stuff. If I can talk to the substance of your question, which is about the country footy-netball program. I will answer that question in terms of — —

The CHAIR — Minister, just to clarify for Hansard, the reference to page 34 is budget paper 2.

Mr MERLINO — Thanks, Chair. The country footy and netball program is contributing $10 million over five years to 09–10 through an injection of $8 million from the state government and a further $2 million from the Australian Football League. Originally, as you know, it was 2 million from the government and 2 million from the AFL. It was such a successful program that the government provided an additional $6 million. The country football and netball program was developed in response to the parliamentary inquiry, as we all know, and it provides grants to assist country football and netball clubs to develop facilities in particular areas of need, including football, netball and umpire facilities; shared community, club and social facilities; multi-use facilities; and lighting.

The program also includes a number of larger grants under the premier facility category targeted at developing key regional centres to a standard that allows VFL/AFL matches, and I will come back to that point, because that is the key component.

Dr SYKES — At Shepparton, that was great, yes.

Mr MERLINO — Since 2005 the government has been pleased to announce funding of more than $7 million for over 200 individual projects across the state under this program, and funding is available to country football-netball clubs through the eligible 57 rural, regional and outer metropolitan councils. Councils are able to submit up to three applications in any given year.

The program aims for consistent expenditure, about $2 million per year over the five years. To achieve this, projects are assessed and approvals are regularly announced early in the previous year. In 2008–09 — which is your question, Bill — more high-cost, premier facility projects to bring country footy grounds up to an appropriate standard to host AFL pre-season matches will be funded. As a result, in 08–09 it is envisaged that there will be fewer approvals than in previous years, and this is reflected in the budget paper performance measure that you referred to.

The 08–09 target, 25 to 35, is less than the 07–08 expected outcome of 55, due to a high number of projects approved earlier in the program and an increase in the number of high-cost, premier facility projects. I therefore envisage that the country football-netball program will allocate funding in 08–09 to approximately 25 to 35 new projects, but I emphasise this is not a cut in the program funding. It will continue to be around that $2 million per year. The graph that you can see, hopefully, on the screen represents the types of projects that are being funded under the country football-netball program.

Pavilion upgrades, netball court developments and lighting upgrades account for 78 per cent of the total projects funded under the country football-netball programs. Examples of projects that have been funded under the country football-netball program include the Dalyston football and netball club, which received $50 000 to redevelop their netball court and install sports club lighting, which you can see on the overhead. This project has increased safety for players of all clubs who utilise that facility as well as maximising use of the court after dark.

A second footy oval was constructed at the Inverleigh Recreation Reserve with the assistance of a $50 000 grant from the country football-netball program. You can see the ‘before’ and ‘after’ of that project. That project is providing a safe, drought-resistant playing surface. This is one of the examples, Bill, where a focus of our country football-netball program, the facilities funding program — we are putting a high priority in terms of drought projects. Projects have been funded in all areas of country Victoria, as illustrated in the next slide. That is an indication of the country football-netball program.

The new lighting at Deakin Reserve, Shepparton, was officially switched on for the AFL pre-season game between Collingwood and Hawthorn in March of this year. That project was one of those examples. This is a $200 000 project from the country football-netball program premier facility category. The report being handed out now is the half-time report in the country football-netball program. That Deakin Reserve upgrade — $200 000 from the country football-netball program. There was something like 10 000 spectators, so it was a huge economic boost for the region. That is the program. There has not been a reduction in the funding; we are just focusing on more projects, such as Deakin Reserve, Shepparton, in the 08–09 period.

Dr SYKES — And are you going to continue on? Given the success of it and given the ongoing demand, have you got a commitment to continuing on after the five years?

Mr MERLINO — Bill, I can assure you that this government will continue funding community facilities, whether it is through the facilities funding program, the country football-netball program, the drought assistance, the refurbishment of VFL/AFL facilities — record investment in community facilities, whether it is the country footy/netball program or any of the others that I have mentioned.

The CHAIR — Can I refer you to your original presentation. You talked about funding for women’s sport. With three daughters and four granddaughters and umpteen nieces, it would be remiss of me not to talk about women’s sport. They make up more than half the world, so we have got to know where our bread is buttered! What initiatives are being undertaken in women’s participation in sport and recreation, Minister?

Mr MERLINO — Thanks very much for that question, Chair. As the father of an 11-month-old girl, this is a high priority for me as well. It is very important to this government that women and girls can share in all the benefits of sport and active recreation and that we increase the representation of women in all aspects of sport across Victoria.

In the period 2000–07 the government has provided funding of nearly $17 million for women in sport, and this has been from the community level right through to support for our high-performance athletes. Under this government women's participation is the second-highest of all states of Australia and has shown a growth well above men's participation.

In 2001 the exercise, recreation and sport survey recorded that 75 per cent of women were active in sport and recreation, below the national average of 75.9 per cent. The latest released figures show that 83 per cent of Victorian women participated in sport and recreation in 06 compared to 78 per cent across the rest of Australia.

This growth in participation has been across all age groups, as you can see from the graph on this screen, which can also be handed out. This is in part due to the government's participation programs and intervention, such as a focus on walking, our Go for Your Life initiatives, the Living Longer, Living Stronger program with the Council On the Ageing and the country football-netball program. The majority of those projects are going to benefit the netball clubs and those facilities and our women's sports package.

The women's sports package has provided support to key sports over a number of years. The 2006 state budget allocated additional funding for the women's sports package of $1.2 million over three years commencing in 07–08. After community consultation and consideration of the research findings, this package has been refocused and will be known as the women's sport and recreation initiative. In 08–09 the women's sport and recreation initiative funding will be directed to the key areas of leadership, demonstration projects and a communications approach.

The leadership component will be led by VicSport and will increase the focus on women in sport issues, networking and professional development. Demonstration projects are already under development in key interface areas, including Casey and Wyndham, and with disadvantaged communities including regional girls and women, and newly arrived migrants. Traditionally women's sport receives little coverage in the media, and the communications component will explore opportunities to profile women's achievements in sport and promote increased participation. In 08–09 the government will continue to fund the development of new facilities which support women's sport, in particular the country footy netball program

I am also pleased that the government has recently entered into a three-year sponsorship of the new Melbourne Vixens netball team under the Go for Your Life initiative, and this will provide positive role models and strong promotional opportunities for the Go for Your Life message. We think we do everything well in Australia compared to overseas, but when you look at the coverage of women's sport in New Zealand, for example, it leaves us for dead, frankly. The coverage of the Silver Ferns, their national netball team, and the coverage of the trans-Tasman competition in New Zealand is quite extraordinary. So there is a real opportunity as part of this sponsorship and part of the new trans-Tasman competition to have a high-profile team in Victoria in a high-profile competition — this trans-Tasman competition — not only for the benefit of the Melbourne Vixens but for the benefit of girls and women across the state.

We will continue to promote recognition for women in sport through the government's publications such as *Revolutions for Women Count Us In*, *Ways Women Lead in Sport* and *Active Women* fact sheets. These are the results of government research funding into women's participation. The research continues with young women's participation at important transitions in their lives, such as from primary to secondary school and from school to

uni, or work being examined by the Active Girls Inc. and Fit Girls projects covering metropolitan and regional Victoria. One of the issues we really need to tackle is girls aged 13, 14 and 15 just dropping out of organised sport, and that is going to be a real focus of this government. I think I will leave it there.

Ms MUNT — Can I just clarify on that graph that that is the percentage of those age groups that participate in sport and recreation? You have got 15 to 24 years old, nearly 90 per cent of that population participating in sport; and 65 plus, 70 per cent of that age group still participating in sport and rec. Is that the correct reading of that graph?

Mr MERLINO — Yes, it is, but the key thing is that that graph represents not just organised sport, but it is also recreation such as walking and — —

The CHAIR — Playing bridge.

Mr NOONAN — I want to switch back to youth affairs, Minister, if I could. Page 190 really talks about your role in terms of needing to seek advice on issues of youth policy and then details extensively all of the various programs which you also included in your presentation. My question really goes to the 08–09 period and how you will seek input from young people in terms of the program agenda and the policy development more broadly.

Mr MERLINO — Thanks, Wade. This is one of the real priority areas for me in terms of how we can improve direct communication from young people in our community to me as minister, and there are a number of ways that we are going to be doing that over the next 12 months or so. As you are all aware, young people can and do make a significant contribution to their communities each year, and we in government are pleased to be able to support them to do that in a number of ways.

Under our youth policy, Future Directions, the government promised to develop a way for young people to have a chance to tell me, as Minister for Youth, what they really thought about issues and events that they are interested in. We initially thought of it as an advisory committee, but as we went on we realised that if we were really going to get a range of different opinions we had to have a bigger range of ways that young people can have a say. So we have developed Young People Direct as a package to give young people a chance to get involved directly and think about issues in ways that are relevant for them, fun and actually what young people want to do, rather than what government or schools or other people tell them they should do.

The initiative will include two forums for young people each year. In 07–08 the Office for Youth implemented the first Young People Direct forum, which involved around 100 young people across the state in identifying important issues for young Victorians. A really exciting opportunity is the Young People Direct Ministerial Advisory committee, which will be made up of a group of 16 young people who will meet with me quarterly to discuss a range of issues they see as important.

Another important part of Young People Direct is the Multifaith Multicultural Youth Network, a real opportunity with me being the Minister Assisting the Premier on Multicultural Affairs. That will help me provide the perspective of young people from diverse backgrounds. Because we know that to get to young people these days we have to be online, we are running an e-participation project through our youth website, YouthCentral. In 07–08 Young People Direct, through the YouthCentral website, asked young people what they thought about the proposed changes in legislation around body piercing and tattooing. There were over a hundred responses, which fed into the public consultation process being run by the Department of Justice.

Young People Direct will also work to reach young people through the Office for Youth's programs and through schools, and will of course make sure local government and other existing youth advisory groups, such as the regional youth affairs networks, community cabinet youth forums and YACVic, which is the peak youth advisory body, and the Centre for Multicultural Youth reference groups continue to have their views heard. Together those initiatives combine to create a way of reaching out to capture a wide range of opinions and experiences, and in this way we can cater for a diverse range of opportunities for young people, because we know that one mechanism will not suit all young people. It is quite an exciting initiative.

Mr DALLA-RIVA — Minister, I refer to the 'Service delivery' budget paper at page 190. I want to get to the issue about the Advance youth development program. I note that as you go down there are effectively three lines dealing with that. For the number of schools participating the target was 400 to 410; the expected outcome this year, 405; and future targets along the same lines. We see that the number of young people participating in that

program is substantially higher than the target, although the target has been set again at the same level, with a footnote referencing that there has been a higher than expected outcome of students enrolling, yet when it goes to the quality of the young people completing that particular program, on the bottom line you had 95 per cent 'actual'.

You have set your target at 75; the expected outcome is 85. Even with the increase, why would you not then expect into the future in the forward target, given that it obviously has been successful to a degree, an increase in the percentage achieving completion of that program? As a subset to that, I am just questioning or asking the minister what is the percentage of the total output cost of the $15.4 million that is attributed to that program moving forward?

Mr MERLINO — In 2007 PAEC suggested that youth affairs targets be reviewed, and we did that. In the 2007 calendar year the Advance program was delivered in 403 school campuses. The revised 07–08 budget targets for Advance reflect this increased uptake of the program. Due to the success of the program, participation rates have generally been higher than the targets specified in contracts; therefore the program has achieved performance above the level funded.

This year the target number of schools participating in Advance has been increased from 400 to 410, and the number of young people participating has been increased from 10 000 to 10 250. This high level of performance has been achieved as some schools are able to enrol more students in the program than the funded level of up to 21 students, so that is the key point there, and this high level of performance has been achieved within the existing program budget. Last year Advance was extended for four years to 2011 as a commitment for providing more young Victorians with opportunities to get involved in volunteering. The key part of the answer to your question is that the funding level is up to 21 students. Schools choosing to enrol more young people in that program is a great thing, but in terms of the criteria that we have set, which is funding for up to 21 students, we have not moved that target. In terms of the percentage of the budget, Advance is $4.5 million annually.

Mr SCOTT — Minister, I would like to ask you about the FReeZA program, which is referred to in budget paper 3 at page 190, and I cannot help but note the very large number of young people participating in the program — over 150 000 in fact in the actual figures for 2006–07 and 130 000 in the target. The attendance figures for FReeZA have been set quite high. What benefits will Victoria's young people get from FReeZA in the budget period 2008–09?

Mr MERLINO — The FReeZA program is a program that we would all be well aware of, and it is quite successful. It provides opportunities for young people aged from 12 to 25 across Victoria to actively participate in their local communities. It is an innovative youth development program that engages young people through all stages of developing local drug, alcohol and smoke-free music and cultural events. The program provides grants to local governments and community organisations to work in partnership with young people to stage five music and cultural events each year.

Due to the increasing success of this program, 78 community organisations across Victoria have received grants in 07–08, with 45 of these located in rural and regional areas. Local FReeZA events, which are organised by young people, aim to strengthen the relationship with the local community and cater to a broad spectrum of young people's interests and skills. When they participate in a local FReeZA committee young people have the chance to decide what types of events and cultural activities they want in the community; help create music events and cultural events in their community; make decisions and lead projects; participate in their community as volunteers; and form close networks with local businesses, schools and other community organisations. Part of FReeZACentral's role is to provide them with the opportunity to continue their involvement in the music industry if they want to.

FReeZA events include, for example, Battle of the Bands competitions, youth stages and performances at community festivals, skate and BMX competitions, performance at art and film exhibitions, music, songwriting, dance, hip-hop workshops and the like. It runs in over 90 per cent of Victoria's local government areas, ensuring that the vast majority of young people in Victoria have a chance to participate in, attend or perform at a FReeZA event in their local community.

I am pleased to report that FReeZA is on target for 07–08 both for the number of grants approved and for attendance. In the first half of 07–08, 68 463 young people enjoyed and participated in over 250 youth music and cultural events across Victoria. Young people will continue to participate in, lead and organise local FReeZA events in 08–09 and showcase their talents in the local community. Young people participate in the FReeZA program by forming a local FReeZA committee to actively plan and run cultural and music events, attending and enjoying the alcohol and drug-free events organised by FReeZA committees, performing as artists, and providing additional volunteer support and the like. Due to the success of the program, participation rates for 07–08 are expected to be higher than the targets specified in contracts; therefore the program has achieved performance above the level funded. I will probably not go into any specific examples, given the time.

Dr SYKES — My question relates to the Voluntary Media Code of Conduct on Body Image. You again encourage adoption primarily by an educative approach, as I understand it — an awareness and educative approach. I have got some background in codes of practice — voluntary codes — in relation to animal welfare, and one of the challenges in the formulation of the codes is to get industry agreement to the words. The words that you have chosen here, if they were being used in an animal husbandry context, would be considered mealy-mouthed.

The CHAIR — Which disease is that?

Dr SYKES — That is like foot and mouth! Like 'The use of … digitally manipulated images of people in the media is discouraged', 'Consideration should be given to' and 'effort should be made'. Now I realise the challenge, but I am making the comment that they are reasonably soft. I should also say that in relation to animal husbandry codes the way that there is encouragement to adopt voluntary codes is that adoption of that code can be used as evidence in your defence in the event that you get charged in an animal welfare case. So in that context, given the reality of how you influence the media, what is your response to that challenge?

Mr MERLINO — It is a challenge; I accept that. The key message that we got out of the work of the Media Code of Conduct Working Group, which included representatives from the fashion industry, from media and from advertising, is that this will only work if it is a voluntary code. That was the absolute key message. You are not going to get industry or media outlets coming on board unless there is agreement around the table.

Dr SYKES — I agree — voluntary, no problems there. The next issue is the strength of your code and the choice of words like 'consideration', because they can respond, 'I considered, but I chose to do my own thing anyway'.

Mr MERLINO — Media is a worldwide phenomena, so if it was mandatory it would be next to useless.

Dr SYKES — No, I have accepted voluntary.

Mr MERLINO — In terms of the wording and how we can make it change, my responsibility as Youth Minister is positive body image — so being positive about the changes that companies such as Sportsgirl, such as

Dove, make, the changes that media outlets such as *Girlfriend* magazine make, and encouraging that and celebrating that. We are trying to make change by highlighting the positive change that occurs in our community. It is a difficult task, and that is why I think no government other than the Victorian government is actually tackling the issue of positive body image and the disastrous consequences of negative body image in terms of eating disorders, depression and the like.

Dr SYKES — You will certainly get strong support from the Nationals. I guess the test will be in — no doubt you will be — monitoring change. If this wording is achieving change, then you can say, 'Fine, we're addressing the issue'. Conversely, if it is not, then you are going to need to look at greater industry support.

Mr MERLINO — Yes, that is absolutely right, and as I said earlier, my Community Advisory Committee, headed by Nicole Livingstone, will be doing that monitoring and reviewing of the code, but we are also going to go into the next stage of this program, which is about direct engagement with industry, and also an education campaign with young people.

The CHAIR — Thank you, Minister. That concludes consideration of budget estimates for the portfolios of sport and recreation, and youth affairs. I thank the minister and departmental officers for their attendance. The committee has a couple of issues to follow up with the minister and some questions on notice, and the committee requests that written response on those matters be provided within 30 days.

Witnesses withdrew.

Transcript of evidence

8.8 Veterans' Affairs portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

8.9 Women's Affairs portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

CHAPTER 9: DEPARTMENT OF PREMIER AND CABINET

Transcript of evidence

9.1 Arts portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

9.2 Premier's portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

CHAPTER 10: DEPARTMENT OF PRIMARY INDUSTRIES

Transcript of evidence

10.1 Agriculture portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

Transcript of evidence

10.2 Energy and Resources portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 22 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 P. Batchelor, Minister for Energy and Resources,

Mr R. Bolt, Secretary,

Ms M. Lourey, Executive Director, Energy and Earth Resources,

Dr P. Redlich, Director, Energy Technology Innovation, and

Mr C. O'Farrell, Chief Financial Officer, Department of Primary Industries.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of energy and resources and community development. On behalf of the committee I welcome Peter Batchelor, Minister for Community Development and Minister for Energy and Resources; Richard Bolt, secretary; Marianne Lourey, executive director, energy and earth resources; and Chris O'Farrell, chief financial officer. 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 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 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. 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, PowerPoint presentations and any 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 follows that relating to questions in the Legislative Assembly — in other words, no supplementaries and responses of around about 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 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of energy and resources.

Mr BATCHELOR — Thank you, Chair. It is a pleasure to be here today. I notice that you are saving energy with the nice cold room.

The CHAIR — I will just go and get my coat. You ought to go out to the chookhouse; it is so cold out there it is not funny.

Ms MUNT — The chookhouse is worse. I cannot stand it!

Mr BATCHELOR — You will be pleased to hear that Parliament House will be driven green power shortly. That will be much warmer.

Overheads shown.

Mr BATCHELOR — I want to make a presentation today and give an overview on the energy and resources portfolio. I will really seek to highlight some of the challenges that are facing the sector and to comment on the government's response. The energy and resources sector really continues to contribute significantly to the Victorian economy, particularly in provincial Victoria. The resources sector alone has had revenues valued at more than $5 billion to the state's economy and employs some 10 000 people, although it is not as significant, of course, to our state economy as the resources sector is to Western Australia or Queensland, but what that means is that we have got to try a little bit harder, and we certainly do that. Some of the projects are listed on the map. I do not propose to go through those, but there is a range of significant ones, both to resources and energy projects.

I will just give an overview quickly on our resources side of the portfolio. Mineral exploration is at record levels. During 06–07 spending in Victoria increased by some 11 per cent to $82.5 million. As a government we are trying to drive this new growth in the resources centres, and we do a number of things as shown in the four key areas on this chart. We try to attract exploration, facilitate projects, improve regulation and encourage innovation. They are the drivers behind the policies that we have put in place. In a number of those areas we have not only contributed new investment through the budget but we have also provided, of course, facilitation to the private sector, largely around our resources capability.

If you go to the next slide, this is a three-dimensional map of the Gippsland Basin. It does not translate well to the two-dimensional overhead scale, but if members were interested they could come down to our 3D visualisation room at the Department of Primary Industries and they could see the full impact of it. What it shows is a beneath

the surface map in three dimensions of our resources, and, of course, in the Gippsland Basin the resources we are talking about here are threefold. They are oil, which is the red; gas resources, which is the yellowy, gold colour; and the other resource, of course, is the potential for carbon capture and storage resources. Essentially, we see here nature being successful in storing both oil and gas beneath the surface for millions of years. We extract it and, of course, CCS or carbon capture and storage or geosequestration seeks to mimic that, and we must now see the Gippsland Basin as not only being a resource for gas and for oil but also as a potential storage site for carbon dioxide.

This 3D visualisation room is the first of a state-run facility of its kind in Australia, and it helps us understand the complex geology that geologists have been dealing with. Part of our system in Victoria is that during the exploration phase — whether you are looking for water or for oil or gas or other base minerals — that information is kept, it goes into the public domain and is now being reconfigured to produce three-dimensional maps. This technology is quite amazing and it is able to produce four dimension maps. In the case of the Gippsland Basin it produces the fourth dimension, that of time; it is able to map the development of resources over time, and that is quite an interesting thing in itself.

If we go to the next slide, talking about our electricity output, brown coal accounts for about 90 per cent of the electricity that is generated in Victoria. We have got vast reserves of brown coal still. We have got about 33 billion tonnes that is accessible. It is about 500 years worth at the current rate, so it is quite a significant resource. That has really provided the backbone of affordable and reliable electricity in Victoria, and we have got a bundle of reserves to go. Of course, the big challenge in the carbon constrained future is how you use that in a more environmentally friendly way, and how you can reduce the carbon dioxide emissions as a result of using it.

That takes us to the next slide — that is the climate change challenge. Our response to this will be a really significant task, and that is because of our existing dependence on brown coal. We do not want to go from having the cheapest electricity source to having the most expensive electricity source overnight, and this is part of a many-pronged challenge that the state faces. We have been getting ready for this. Eight years ago we saw that there was no escaping the fact that Victoria as a community, and all areas of industry within Victoria, the government and the broader community would really need to do their bit to cut greenhouse gas emissions, and the stationary energy and the transport sector are really central for Victoria achieving its share of the greenhouse gas abatement.

As you know, the state and now the nation is committed to reducing greenhouse gas emissions by 60 per cent by the year 2050, and we face a national emissions trading scheme from 2010. This national emissions trading scheme will not only deal with abatement issues but it will have a very significant economic impact on the Victorian economy; an economic impact that will be greater than the bank deregulation, greater than the tariff adjustments, greater than the impact of the GST. We understand that and that is why we have been taking practical steps to reduce greenhouse gas emissions for some time and to get ready for that carbon-constrained future.

How do we propose to do that? This is a diagrammatic way of our portfolio response to dealing with climate change. Here is the business-as-usual case where we see emissions increase over time, and the first such measure will be energy efficiency. It captures the low-hanging fruit but also in bringing about particularly household efficiency you not only reduce greenhouse gas emissions but you also reduce the cost of energy. We are hoping to help households get ready for the introduction of the impacts of the emissions trading scheme.

The next contribution to our response is renewable and sustainable energy. The major driver of renewable energy investment in Victoria will be our Victorian renewable energy target (VRET). We are the only state to have legislated for this type of scheme and it will save around 27 million tonnes of greenhouse gases by its full implementation in 2016. That will be achieved by mandating that 10 per cent of electricity consumption has to come from renewable sources: it can be wind, it can be solar. We are not mandating what it is, but it is already leading to an investment boom where we have seen more than $2 billion worth of investments committed to, and it is providing about 2000 jobs, mostly in Victoria.

The other element of this government response to achieve the target will be through clean coal technologies and low emissions technologies, which include clean coal, coal drying, carbon capture and storage. You will see schematically here that this is the most significant of any of the individual ones, and they all come together under our support for an emissions trading scheme at the national level. The best way of bringing all of these individual initiatives on is through an emissions trading scheme where the abatement requirement will be met at the least-cost pathway, and that is very important for the economy to achieve that least-cost — —

The CHAIR — I am not sure what the horizontal and vertical is.

Mr BARBER — I am just wondering what this date is here?

Mr BATCHELOR — It is over time. It is the time axis. I described that earlier on.

Mr BARBER — Have you got a date here?

Mr BATCHELOR — No, it is a schematic.

Mr BARBER — A schematic!

Mr BATCHELOR — Weren't you listening?

The CHAIR — You know it is a schematic.

Mr BATCHELOR — It is a schematic to help people understand.

This year's budget identified a number of initiatives. They are contained on the report. The other comment I want to make is in relation to the energy industry here in Victoria, where you can see that the system in Victoria since its privatisation has been able to achieve a number of benefits for the whole of the community. It has been able to maintain a secure, efficient and affordable, safe and sustainable supply of energy. That is quite a complex task of objectives to achieve, and one measure of that is measuring its 'minutes off' supply. Since the privatisation the amount of the time of disruption to the network, or the number of minutes that individual consumers have faced without supply, has steadily and systematically reduced over time.

Mr WELLS — Privatisation has actually improved the service?

Mr BATCHELOR — That is correct. You doubt that, do you?

Mr WELLS — Pardon?

Mr BATCHELOR — You doubt that?

Mr WELLS — We supported privatisation and you did not. That is why we are surprised by your comments.

Mr BATCHELOR — I am just telling you what the facts are.

Mr WELLS — That's good.

The CHAIR — Okay. Keep going, Minister.

Mr BATCHELOR — This is from the Essential Services Commission. They track this.

The CHAIR — I have asked the department previously about any concessions subsidies and revenues foregone. If there is anything further to add to that, can you take it on notice in respect of your portfolio, Minister?

I just want to start off by saying I was fascinated by this 3-D which you said can end up being 4-D. It is certainly a bit more sophisticated than what we used to have in the geography and environment department at Monash when I was there. They sort of had map info which is really only 2-D. On this climate change initiative regarding major emissions reduction and carbon capture and storage (CCS), and of course you have the Clinton initiative as well for which we have signed an MOU, can you tell us a bit more about CCS in Victoria and when you are going to go forward with this because I noticed also Tim Flannery said the other day he supports it? But he obviously supports it being done very quickly.

Mr BATCHELOR — Carbon capture and storage, CCS or geosequestration as it is known, has a wide basis of support. I had not seen Tim Flannery's comment, but it is supported by the inter-governmental panel on climate change, it is supported by Garnaut, it is supported by environmental groups and it is supported by scientists. In effect, in its most simple dimension it mimics what nature has successfully been able to achieve in storing carbon underground in the form of hydrocarbons, a form of oil gas. There are even instances of carbon dioxide that

have been successfully stored underground. We are using one of those in the Otways. In our trial of carbon dioxide sequestration in the Otways we are taking the naturally-stored and occurring carbon dioxide that has been stored underground, through a pipeline and re-injecting it into a depleted hydrocarbon field.

This year in the budget we have provided over $100 million for a large-scale demonstration project in the Latrobe Valley, building on the lessons that will have been learnt and understood from this pilot project in the Otways and taking it to a more commercial-scaled operation in the Latrobe Valley, to try to make sure that we understand what technology is required and to demonstrate that the technology risks can be reduced so as to encourage its uptake, in the context of an emissions trading scheme, by the producers of carbon dioxide emissions, largely brown coal generators. We need to do that because we will have a much harder task in Victoria because the amount of carbon dioxide from brown coal in making electricity is much greater in producing greenhouse gas emissions than it is from black coal or other forms of fossil fuels. The impact of an emissions trading scheme in Victoria will be much greater, so we are concerned to try to find those technologies and systems that will provide the biggest abatement possibilities. Clearly that comes from CCS.

The CHAIR — Are federal government funding and commercial funding going into these trials?

Mr BATCHELOR — Part of our ETIS strategy — this will follow a similar pattern we used to roll out ETIS initiatives in the first round; there was the solar power station, for example — is to go out to the market and call for expressions of interest, to do that internationally. We would see what proposals come back to the government through this expressions-of-interest-type project. The success of ETIS in its first stage is that it not only attracted private sector but also was able to attract commonwealth government investment. The commonwealth government currently has funding streams available for large-scale demonstration projects, and we would be hopeful that at the end of this calling for expressions of interest and evaluation process we would have not only private sector contributions but also commonwealth funding.

The CHAIR — There is a discussion of ETIS1 in our latest report of performance outcomes. I am sure you did a bit of bedtime reading on that one, Minister.

Mr BARBER — Chair, what does the Minister refer to as large-scale CCS?

The CHAIR — They are putting $100-and-something million into it.

Mr BARBER — Large scale in terms of carbon stored, though.

Mr PAKULA — Why don't you ask him when it comes around to your question?

Mr BARBER — He's probably bursting to answer!

Mr BATCHELOR — Is that your question?

Mr BARBER — I only get one!

Mr WELLS — Minister, I would like to ask you about smart meters, especially your attempt to introduce a mandatory statewide rollout. Is it correct that the introduction of the smart meters will cost Victorian power consumers about $2 billion, and are the media reports correct in that if or when they are installed they will soon be obsolete? Is it also correct that the government's proposed mandatory rollout for smart meters is actually inconsistent with the national electricity market rules? Lastly, is it correct that the technology being considered will not actually give consumers the ability to automatically manage their appliance, but rather they will assist the power companies in those remote areas to be able to read power meters, so they are not actually there for efficiency; they are there for convenience for the power companies?

The CHAIR — There was a range of questions there, Minister, that relate to your portfolio going forward in the estimates.

Mr PAKULA — He asked Richard's and Gordon's as well.

Mr BATCHELOR — We have a proposal to introduce smart meters by way of a mandated rollout. Under the Victorian proposal we are requiring that to be undertaken by distribution companies, as opposed to electricity retail companies. There is a proposed rule change going through the national processes that would allow

that to occur in Victoria, that being that the rollout occur by distribution companies rather than retail companies. The rationale for that is that under the structure of the privatised system in Victoria there are split incentives at different levels of the industry structure in a smart meter rollout, and the most efficient way of delivering smart meters across the network is for that to be undertaken by the distribution companies. When the national market was first established, this realisation had not occurred and, as I said, we have in place a process to allow the Victorian model to occur here.

We are also working in the national market with the other jurisdictions to get national consistency on the specifications for the technology rollout. What we want in Victoria is to have — to the extent that you can — a nationally consistent set of specifications. They are being worked through with working parties, which of course Victoria is participating on. They have yet to be finalised. I am expecting that they will be finalised at the end of this calendar year, but that is outside our control; that is in the control of that national process.

This issue about meters being obsolete is a furphy that you should not fall for. It is a furphy being spread by some meter companies that are seeking to pursue their own commercial interest. We are not trying to pick a particular brand or type of commercial product, but rather allow the market to determine that by requiring the distribution companies to roll it out. So claims of things being obsolete before they are put in is farcical, because all you need to do is to think about the sort of electricity meters we have now and what is being proposed, and clearly they will be a technologically advanced form of metering. Why do we say that? It is envisaged that with the use of smart meters both the customer and the retailer and the distributor will be able to monitor energy use in a much more frequent time. Particularly from a customer's point of view, what we would like to see happen, as the Victorian government, would be the ability for customers to be able to monitor their energy use as they use it.

As you know, the retail market is set up on a price distribution of every 5 minutes. We probably do not need that level of information, but we are envisaging that you would be able to monitor what you are using and the cost every half hour. So if you wanted to take steps to reduce your energy use, to increase your energy efficiency or to reduce your impact on the environment, you would be able to do that. That would require you getting an in-house display that would be plugged into the smart meter, and that would enable you to take those sorts of actions yourself. It would also provide advantages for the distributors and also for the retailers — for example, there would be able to be remote readings so you would not have to send out people who go house to house to read meters, as you do now, or rely on the system of estimates backed up by visual readings if there is a dispute, so you would be able to make savings along those lines. We would expect in a competitive market such as we have got in Victoria that you would be able to have some retail companies being able to offer varying forms of retail products that could only be introduced with the use of smart metering. So you might choose to reduce your energy consumption during peak periods by deferring the use of appliances — you could wash your clothes at night if you chose to — and we expect under a range of scenarios similar to that you would get a better pricing outcome.

But the government is not undertaking this investment themselves; it is being undertaken by the distribution companies. So on the cost of it and the implementation detail we are awaiting on an industry response. It is being worked through at the moment. That has not been concluded, so many of the details which you are seeking have yet to be concluded in the negotiations between the distribution companies and the government.

Mr WELLS — So the $2 billion cost we are unsure of at this stage until that response has taken place?

Mr BATCHELOR — Until that is concluded, and that will be assessed by the Essential Services Commission.

Mr WELLS — Finally, just to follow up, have you received written advice that the rollout timetable is no longer achievable?

Mr BATCHELOR — As I said, we are awaiting a final industry response to the government's requirements. The industry response will include issues of cost, it will include issues of functionality, it will include issues of delivery times, starting and completion times. There are five distribution companies, so there is likely to be a variety of different enterprise responses to it. That is why we have asked to see if it is possible for the individual distribution companies to come back with an industry plan. But at the end of the day this is not a government rollout; it is a rollout by private companies whose costs would be recouped through the normal way and who would be in control of their investment.

Ms MUNT — Minister, the Australian Energy Market Commission has been conducting a review of Victoria's effectiveness of competition in the electricity and gas markets. Could you tell the committee what the findings have been.

Mr BATCHELOR — The AEMC has finalised its review into the effectiveness of competition in Victoria. This is the first of the reviews that are being undertaken by the AEMC to test competition in various states and jurisdictions. In Victoria they have undertaken two reports, and it has concluded — I guess what probably most people who understand the nature of the electricity market already knew — that in Victoria energy retailing is very, very competitive. They have concluded that around 60 per cent of households and small businesses have already moved from the standing offers to competitive market contracts for their gas and electricity and that, according to the AEMC, the majority who have made that change have said that the change has met their expectations. The AEMC has found that Victorian households are also benefiting from the competitive nature by being able to get lower prices. Those lower prices range from about 5 to 10 per cent below the standing offer.

The reason this review was undertaken was that in setting up the national electricity market it was envisaged that government oversight or control of retail prices would diminish over time but that process would be determined by the competitive nature of the market. We see that we have a very competitive market. According to the AEMC, it has also been confirmed by other independent analysis. There is a report that is carried out by the First Data Corporation, and in the third edition of its World Energy Retail Market Ranking it put Victoria at the top of the league table in having the most competitive market, measured by the number of customers who change from one retailer to another. We have got about 13 retailers in the market in Victoria. The most recent of those entries into the Victorian market was Energy Australia, and that is owned by the New South Wales government.

Mr RICH-PHILLIPS — I would like to go back to the CCS. You mentioned the fund and that $100 million has been allocated this year for demonstration projects. Have you at this point identified specifically which projects in the Valley will be funded through that fund; and in relation to the use of CCS, in the budget last year there was a note that Victoria will need new baseload generation capacity — 2010 to 2015 was the estimate. Are you confident that the CCS technology will be available for that baseload capacity when it is required in 2010 to 2015? What will the government do to fast-track the development of that baseload technology? What contingency plans exist if the CCS technology does not stack up by the time that baseload technology is required?

Mr BATCHELOR — The additional baseload component to our electricity capacity is likely to come from a number of different sources over time. At the moment we are waiting on Origin Energy, which has been permitted to build a 1000 megawatt power station in Mortlake to conclude an internal assessment of market conditions and how its proposal might fit into the total demand of the Victorian system. But in the annual statement of opportunities, in which NEMMCO does an assessment of the current and ongoing needs of the market — the total demand — it is not envisaging additional baseload for some years beyond the time frame that you outlined. I do not know where that figure comes from.

Mr RICH-PHILLIPS — It was in budget paper 2 last year.

Mr BATCHELOR — It is a bit hard to ask 12 months after the event when we do not have those budget papers here.

Mr RICH-PHILLIPS — I can give you a copy, if you want to see it.

Mr BATCHELOR — In any event, the demand for additional generating capacity is signalled in the statement of opportunities. That is a statement that is put out by the market operator, NEMMCO. It envisages that Victoria will have sufficient capacity in that period of time. In parallel to that, however, as I indicated to you, Origin Energy is developing a commercial proposal to build a 1000 megawatt station in Mortlake, which will be gas powered and will take advantage of the transmission lines that currently exist between Melbourne and Portland. When it brings that on-stream is a function of its commercial decisions.

However, I would say that at this moment in time, in the 3 minutes before the detailed design of the emissions trading scheme are known, it is unlikely that we would see big, expensive investment opportunities being finalised in that climate. The uncertainty of not knowing the design details of the national emissions trading scheme is having an impact on investment decisions in the coal, gas and renewable energy sector. People are waiting to know what the price of carbon is likely to be.

Mr RICH-PHILLIPS — And on the first part of the question, the $100 million fund?

Mr BATCHELOR — The $100 million fund has not been allocated to a particular project. It is a fund that will call for expressions of interest, for people to put forward proposals, and we envisage that there may be a range of different proposals that would come forward. We would then evaluate those against a set of government objectives to make sure that the proposal that is chosen meets a range of objectives.

Mr RICH-PHILLIPS — What is the time line to do that — to actually put in that process?

Mr BATCHELOR — We envisage that we should be able to conclude that — during 2010, I think. Is that right?

The CHAIR — You will need to identify yourself, come up to the table and give us the answer.

Dr SYKES — We like to see the whites of your eyes.

The CHAIR — We are trying to help Hansard.

Mr BATCHELOR — This is Dr Peter Redlich from the Department of Primary Industries. I want to know when the evaluation and expressions of interest process is likely to be concluded.

Dr REDLICH — It is likely to be concluded by the very beginning of 2010. We will be targeting commonwealth and industry funding.

Mr BATCHELOR — Thank you.

Mr PAKULA — Page 350 of budget paper 3, under the heading 'Clean Coal Authority' it says, 'The authority, to be known as Clean Coal Victoria will be situated in the Latrobe Valley '. My query is whether you could for the benefit of the committee expand on what the location of that authority in the Valley will mean for the future of the Valley.

Mr BATCHELOR — We have decided, as announced in this year's budget, to provide funding for Clean Coal Victoria as part of the Department of Primary Industries. It is a division that will be located in the Latrobe Valley. It will be dedicated to try to maximise the value of Victoria's brown coal assets. As I indicated to you before, we have got about 500 years worth of brown coal. We are entering a period where undoubtedly we will have a carbon-constrained future, and we need to work out what ways there might be of using that coal in a clean way into the future.

We want to have people who understand the vision, how they might use coal into the future to produce electricity or perhaps other products, and how they could only do that in the context of a more environmentally sustainable way. Clearly at the centre of that will be carbon capture and storage. For its task to be fully understood Clean Coal Victoria will need to analyse what the resource is, where it is, what the strategic value of it is, what are the land use and planning issues associated with its location and its use not only now but in the long run and where you might site the various facilities that will use it, and those facilities that will make clean and responsible environmental use of that resource.

In undertaking that process we also want to talk to the local community in the Latrobe Valley, because I know there are people around who would like to see the closure of electricity generation in the Latrobe Valley. We do not see that as being an appropriate response, but we do need to take the Latrobe Valley through the various environmental and economic issues to make sure that they have got a sustainable economic future going forward. It will be the task of Clean Coal Victoria to do that.

We foreshadowed this as an election commitment. We are calling it the clean coal authority. It has gone through a bit of a name change, but essentially it is the same body that was envisaged being set up in our election commitment. It will do things like develop detailed information of the breadth and extent of the resource, the quality of the brown coal, what order it should be used in to maximise its use. Already we know that, with the use of carbon capture and storage, there are other industrial purposes you that you could use the brown coal for in addition to the clean production of electricity — things such as turning it into diesel for transport fuel, turning it into fertiliser in a world where the price of fertiliser and food prices are going up quite substantially, and there are a

number of other industrial uses. We believe that it is important to explore these opportunities and not let them go by and be passed up through the introduction of an emissions trading scheme.

Dr SYKES — My question relates to the solar power feed-in tariff. There are two parts: one relates to the benefits to those who install solar panels; and the second part relates to the cost to other energy users. It is my understanding that you have announced that households that install solar panels will be paid a feed-in tariff of 60 cents per kilowatt hour per net energy fed into the grid. You further claim, as I understand it, that the average Victorian household taking up the federal government grant of the $8000 solar panel rebate along with the feed-in tariff could pay off the installation costs within less than 10 years. I have two constituents who strongly disagree with that. One is Piers Hartley from Mount Beauty. He states that amounts paid to domestic generators under the scheme will be paltry. Royden James is a bit more forthright and says he has evidence to prove that the claim is patently false. The issue is that these people, like Royden James, are saying that, based on their experience with their solar panels, it would most likely take 17 years to recoup the costs. Can you justify why you have arrived at 10 years, whereas the personal experience of Mr James is that it is more likely to be 17?

Mr BARBER — It is quicker than you will get your clean coal money back.

Mr BATCHELOR — I have also received letters from people who have said that this is a terrific announcement. They have currently got solar panels installed and the introduction of the feed-in tariff, because of the excess power that they feed back into the grid, paid at a premium rate, will help them pay off their investment quicker than it would otherwise.

Dr SYKES — Yes, but within 10 years or just quicker than otherwise?

Mr BATCHELOR — I can provide a series of individual testimonials supporting this, just as you can apparently provide a couple of testimonials where people are querying it. But as with all things, the exceptions do not prove or disprove the rule. We have undertaken an examination of feed-in tariffs. We think feed-in tariffs should be paid at a fair rate to people who produce excess electricity from their solar panels and feed it back into the grid. We do not think it is fair that people should be paid to use their electricity, certainly not at a premium rate. It is a pretty strange system that your letter writers are talking about where people are paid to actually use electricity. Most people would think that you pay to use electricity rather than the other way around.

Dr SYKES — I think in Germany they do it that way and I think there is a very good uptake of solar panels in Germany.

Mr BATCHELOR — If you just let me answer.

The CHAIR — I ask the minister to continue.

Mr BATCHELOR — We gave an election commitment to introduce a fair feed-in tariff and we have delivered on that election commitment in two stages. We have extended the sources of renewable energy that are eligible to receive a fair feed-in tariff. The legislation was passed, and if I remember rightly you actually spoke on that bill in the house. That extended it to go from what it was previously — just at solar — into a range of other defined renewable sources of energy. I said then that it was the first stage.

We have now announced what the second stage will be, and the second stage will be to provide a premium feed-in tariff of 60 cents for people who have solar panels up to a maximum of 2 kilowatts. It only relates to households. The work that we undertook showed that if they got the $8000 installation subsidy from the commonwealth government and they were an average user of electricity, they would be able to have it paid off within 10 years — less than 10 years. But these are average calculations and clearly there will be people who will be able to get it paid off more quickly, and there will be some people who will take a little longer to pay it off. That is the nature of an average.

You mentioned Germany. Germany has relied on a different form of feed-in tariffs from what we are proposing here in Victoria. It has done that because it does not have a renewable energy target like that we have already established. We have the Victorian renewable energy target, which is a much more efficient way of delivering renewable energy into the grid. It is more efficient, it is at a lower cost, it delivers a much higher level of greenhouse gas abatement than the sorts of solar feed-in tariffs that you were suggesting, and it is a much more effective way of delivering a better outcome.

Dr SYKES — Just closing off the difference of opinion about less than 10 years versus more, I will pass on to you the two emails that have been sent to me and ask if you can pass it on to your departments to address the very detailed arguments put to me. The second part relates to the cost to other consumers. Is it going to be in the order of $10 per household for those not using solar power for payment of the net feed-in, or is it compared with what may have been $100 per household if you had done a payment on gross feed-in; and how is this cost, whatever it is, going to be distributed to other consumers?

Mr BATCHELOR — Our proposal for a net feed-in tariff of 60 cents, once the 100 000 maximum installations are taken up, in current prices will cost about $10 per household across the system. If you were to provide, as Environment Victoria was proposing — I think the Greens were proposing it as well — a 60 cent gross system it would cost on average the reminder of the consumers who did not have panels on their roof about $100 a year. People cannot believe that you would put forward a system where a few people would be paid to use electricity under a gross metering system and that everybody else who was not participating in that system would have to pay $100 a year on average to allow that to happen. We rejected that proposal. It would be like trying to sell a half-eaten apple; you would not be successful at it.

Dr SYKES — You are trying to sell a north–south pipeline and you are not very successful on that.

The CHAIR — Okay. Mr Scott, your question.

Dr SYKES — Sorry, I just did not finish the last part of the question. How is that — —

The CHAIR — I think you have had a fair go.

Mr SCOTT — Minister, I would like to ask about the energy technologies innovation strategy, which is referred to on page 28 of budget paper 3, where new funding has been provided for large-scale sustainable energy technologies. Can you explain the purpose of this initiative and the overall objectives of the government's energy technology innovation strategy?

Mr BATCHELOR — Certainly. The ETIS, as we call it, or the energy technology innovation strategy, in its second round not only provided the funding for carbon capture and storage, as the opposition has questioned, but it also provided some $72 million for a large-scale sustainable energy project. It will provide, if you like, a breath of fresh air into the renewable energy sector in a way that the first round of ETIS provided funding for a large-scale solar powered station. Under ETIS1 we provided some $50 million to solar systems, and that has encouraged TRUenergy to become a partner in it and to begin the process of, firstly, developing a pilot program up near Bridgewater, with the longer strategy of developing a large-scale power station up in the north-west.

What we want to try to do is to continue that technological development. We are trying to have the projects developed at the large-scale deployment level rather than the base research and development. There has been a lot of research and development. The area where assistance is needed at this stage of our developmental cycle is in the deployment stage. This project is to try to call on the suitable additional large-scale projects. They could be in solar energy, they could be in geothermal or wave power. We are not prescribing it, but again we will go through a similar process as I described before, where we will call for expressions of interest, and they will be placed before the government and then we will choose which of those is likely to be the most efficient to deliver the best outcomes, attract the largest amount of private sector funding and provide the largest amount of commonwealth assistance.

It is interesting to note that our ETIS funding has leveraged so far $250 million from the commonwealth and $1.2 billion worth of co-investment, largely from private industry. We want to be able to try to build upon that sort of leveraged program to help renewable energy activity here in Victoria, but at the large scale in developing large amounts of renewable energy. It is a very timely intervention because of the new commonwealth government's increasing of its mandatory renewable energy target, which will require 20 per cent of energy used in Australia to come from renewable sources by the year 2020. So for the commonwealth to achieve that type of scaling up of renewable generation, it is going to need some scaling up of large-scale projects.

Mr BARBER — Minister, with the HRL project, which your presentation describes as a $750 million project — I think the CEO is now calling it a $800 million project, and I do not believe it has actually started yet — can you just tell us how much of the $150 million state and federal money that is going into this has already been transferred? Can you also tell me the specific trigger points — the outcomes, the deliverables, whatever it is — that

this funding is tied to as each amount of money might be transferred over to that project? The last bit is: does the government as a result of that funding retain any ongoing rights over any of the outcomes, any of the intellectual property or anything associated with the project?

The CHAIR — I also might note that in our report on the outcomes on pages 552 to 553 there is an extended discussion on the framework, which covers this particular program as well.

Mr BATCHELOR — I can only talk in terms of the state government's contribution.

The CHAIR — That is what this question was about. He wanted to know how much of the 150 of state and federal money has been transferred.

Mr BATCHELOR — I can only talk about our state government contribution.

Mr BARBER — I am sure you are au fait with the federal contribution.

Mr BATCHELOR — On the federal contribution, you can get your colleagues — it is a similar process at the national level — to ask the complementary question. No money has gone from the state at the moment because a number of milestones, as you described, have yet to be achieved. We have set in place a process of making an offer of a grant, and the commonwealth made an offer of a grant as well. So in the terms of what we own at the end of that, it is a grant; it is not an equity investment in this, and the intellectual property for this remains owned by those who currently own it, HRL.

We will progress the project, but the next major milestone that needs to be met is for HRL to convince this government that they have got the rest of the scheme adequately funded. They have indicated to us that they have, through their Chinese partner, Harbin Power Equipment, the likelihood of being able to attract Chinese investment in this. So it is now, in terms of the process, up to HRL to deliver on that component of the agreement. From the Chinese point of view, the company that they are in partnership with, with HRL, supplies power equipment, and they are a very large supplier of power equipment to the Chinese market. Harbin tells me that it supplies on average about 30 000 megawatts into the Chinese market annually. That is almost the entire output of the Australian energy system.

The advantage from the state government's point of view is that it is not only trying to assist this development with Victorian developed technology, the HRL technology which was developed here in the Latrobe Valley, and getting it up to a commercial-scale project — the 400-megawatt power station that we are proposing here in the Latrobe Valley — but it also offers the opportunity of being able to take that technology into the Chinese and other markets through the partnership with Harbin Power.

Of course the technology that is used makes a significant reduction in the greenhouse gas emissions using brown coal. It reduces greenhouse gas emissions by some 30 per cent, and it is 50 per cent more water efficient. We understand that these sorts of savings, both in abatement and in terms of water, are very appealing in the Chinese market, and we would be quite pleased to think that this Victorian-based technology, in collaboration with the Chinese, would be helpful in not only exporting IP but also helping to tackle the much larger task of getting the PRC to address its responsibilities for abatement. This is one small way — likely to be a very significant step — in getting China to do that.

Mr BARBER — So what are the remaining trigger points, apart from their getting funding?

Mr BATCHELOR — The next major one is the establishment that they will be able to provide the capital that they have said they would be able to. We are not handing over money until they have reached that phase. Then they would need to go through approvals processes in the local environment, and they would need to meet those.

Mr BARBER — So when do they get the money?

Mr BATCHELOR — When they meet the requirements.

Mr BARBER — What are their requirements?

Mr BATCHELOR — I think I have said.

The CHAIR — The minister has probably answered the question. If you wish to seek more, you can seek it — —

Mr BARBER — No, I do not think he did, Chair. You could actually press him and help me out a bit, if you like.

The CHAIR — Normally there are 4 or 5 minutes allocated to each question, Mr Barber, so I think you have had enough.

Mr BARBER — What are the key trigger points for this 150 million of taxpayers funds handed over? Apart from increasing our emissions by 2 per cent in Victoria, what are the trigger points?

The CHAIR — I think you have had your question. You can follow it up with a question on notice, if you wish.

Mr BARBER — It is a secret what this money is being spent on.

The CHAIR — The minister answered that one pretty straightforwardly, I think. We should not be making those sorts of statements here as members of the committee.

Mr NOONAN — Minister, returning to the carbon capture and storage issue again and positioning Victoria as a leader in this area in terms of technology development, you referenced earlier the Otway Basin trial, and my question goes to whether you can tell us what the Victorian government is doing to ensure that carbon capture and storage is developed in a safe and secure manner.

Mr BATCHELOR — Certainly. The trial in the Otways is really a significant event because it has a number of objectives, one of which is to demonstrate to the public that geosequestration is technically possible, that it achieves large-scale abatement through storing carbon dioxide underground rather than in the air, as we currently store it, and that it will play a significant role in achieving our greenhouse gas reduction target.

We have invested over $6 million in the CO_2 CRC, the Cooperative Research Centre. They are running this project, and we have invested directly into the project along with the federal government and industry. We are doing that so not only the public can be assured but the scientific and academic community can learn lessons from it. Essentially, as I think I mentioned before, there is a naturally occurring reservoir of carbon dioxide in the Otways. There is only so much you can put into Coca-Cola and other carbonated drinks, so this provides us with a source of carbon dioxide for this trial.

It is going to be taken from the storage basin, transmitted via a pipeline to be compressed, and it will also be tagged with an identifier and then injected into a depleted hydrocarbon basin. The purpose of putting an identifier in there is to improve the monitoring and evaluation process so we can establish whose carbon dioxide it is above the ground. They are proposing to put 100 000 tonnes of carbon dioxide underground as part of this proposal. It will take place over a two-year time frame, and it will be evaluated and monitored. They are injecting at the moment, and they are up to a considerable amount. I have not got the latest figures, but many thousands of tonnes of carbon dioxide have been reinjected, and the monitoring process is under way. So, if you like, it is to explain to those who are somewhat sceptical, to demonstrate that it can be done and that it is safe. It is also to allow the scientific community to monitor and evaluate; to learn what the monitoring technologies are and to learn what the evaluation processes might be. As I said it will lay the foundation.

Carbon sequestration has occurred previously. It is currently undertaken as part of an enhanced oil recovery process in places where they are drilling for oil. Often the last little bit of oil is hard to get out of a hydrocarbon basin, and they use the injection of carbon dioxide into an oilfield to raise the oil and make it easier to extract. So it is occurring under those circumstances and it is occurring in one or two places around the world as a disposal for carbon dioxide through industrial processes that are currently under way. The advantage of the Otway project is that this is the first scientifically monitored trial in the world, and it has attracted an enormous amount of international scientific and academic interest because of that unique characteristic.

Mr DALLA-RIVA — Minister, I refer you to the 'Service delivery' budget paper, pages 217 and 218. The significant challenges you have also outlined during your presentation and some of the questions. You say here the significant challenges facing the department over the next three to five years in the energy industries include

climate change and water scarcity. It then says the DPI's strategies for 2008–11 reflect these challenges and opportunities. Turning over, it talks about managing emergencies promptly and effectively and says:

> DPI will advise and implement government's response to a wide range of … energy supply shortfalls.

This is a longwinded way of getting to the issue about ensuring the ongoing level of energy supplies, given that you do see it as one of your key challenges and one of your key decisions and directions moving forward. I understand that there were recommendations in the reports from the ESC following some blackouts in 2005 and 2006. I just want to know, from your perspective, Minister, in terms of the funding outputs summary that is on that same page, 218, how you are applying the funds in terms of ensuring there is a maintenance of energy supplies, given climate change — even the Premier mentioned climate change is one of the impacts — and how you are going to provide some of those funds towards ensuring there is continuity of energy to Victoria into the future?

Mr BATCHELOR — In terms of the output summary there, I suspect that the activity we are undertaking is incorporated in the second line there — 'Regulation and compliance' because these issues are addressed not by direct government ownership or direct government operation but through a series of regulatory measures, of which the Essential Services Commission is but one. I would doubt the Essential Services Commission's costs were contained within that budget line item but they would be contained elsewhere in the budget papers.

Essentially what that reference above about energy shortfalls, which was your segue into that table, relates to is the occurrence of shortfalls of energy supplies through emergency situations. We have had a couple of those of very different natures in recent years. We have had the bushfires interfere with the transmission lines from the Snowy hydro scheme, back in January 2007; we have had more recently the severe wind damage caused to the local network; we have also had some reviews undertaken of a wind event in 2006; we have also seen the loss of power — it did not cause outages but it had the potential to — when the Latrobe River entered the open-cut mine.

What we are keen to do where there is the potential for naturally occurring events, natural disasters, to impact on the reliability and security of supply is learn lessons from those impacts. We have asked the emergency services commissioner, Bruce Esplin, to undertake a review of the circumstances of the more recent interruptions to power because of the wind event. We recognise that there is an obligation or a requirement on government not only to deal with the day-to-day components of security of supply but also to respond to special one-off events that occur — they do not occur every weekend but they occur when a natural set of circumstances arises. It is interesting to note that they have all been different types of events, but nevertheless we need to learn the lessons from those, and that is what that refers to.

Mr DALLA-RIVA — Previous ministers have given evidence of a significant population growth and the impact that it is having on their respective portfolios in terms of service delivery. That is something that is not going to be unexpected, and obviously with a greater population there is going to be a greater dependency in terms of electricity usage. As part of that, I guess, review and some of those things, have you actually modelled in the forward period how you are going to deal with the population growth, given that all of the evidence has been quite substantial on the growth?

Mr BATCHELOR — Yes. That is not what that is referring to, but what you are referring to is just as important as sudden and unexpected threats to security of supply. It goes to the question that was asked earlier. That was: how does our system here in Victoria deal with growing demand and how does the system, under a privatised model, ensure that there is sufficient capacity to meet not only growing population but also in the energy industry that we have got increasing consumption per head of population as well. People are buying bigger and better television sets, and air conditioning is much more common these days. We do that under a privatised system, through NEMMCO predicting future demand and then making that available to the investment community in order to identify the investment opportunities so that those who are interested can make the right investment decisions. That is how we provide for meeting future capacity, and we have done that successfully since privatisation occurred. There has been a whole series of additional power stations built because of the observation of growing demand and the need to meet that capacity.

In more recent times they have related to gas-fired power stations. There have been gas-fired power stations built in the Latrobe Valley and out at Laverton. There has also been the contribution made to the grid of renewable sources — the currently and increasingly significant contribution from, typically wind, but there is a range of renewable resources also that will add to it. We are also looking forward to the contribution that will be made from the HRL new combined cycle and gasification project in the Latrobe Valley.

The CHAIR — I have two quick questions: firstly on VRET — there is 14.4 million for it. How is that going to drive renewable energy investment and emission reductions in Victoria?

Mr BATCHELOR — Sorry, what were your references for the $14 million?

The CHAIR — VRET. You will find it on page 350 — Victorian renewable energy target scheme — 3.1 in 2007–08; 4.6 in 2008–09 and 4.5 in 2009–10.

Mr BATCHELOR — The cheapest and cleanest power station available to us is the one you do not have to build. VRET you are talking about; sorry, I heard VEET.

The CHAIR — VRET. Yes, renewable energy investment.

Dr SYKES — Crank up that random access memory, minister. Got some briefing notes? It is page 145.

Mr BATCHELOR — I thought you said VEET but it is VRET. Anyway, the answer is still the same, because the budget amount that you refer to is to build the information technology required to administer both the VRET scheme and the VEET scheme. These are market-based certificate schemes dealing with, one, renewable energy — VRET — and VEET, dealing with energy efficiency. They are developing a new internet-based management program that will enable both these schemes to be operated in an efficient way over the internet. That funding that you referred to, the $14 million, is to provide for exactly that, but it will be a common tool for both VRET and for VEET.

The CHAIR — And also meld in with the commonwealth one. We have got time for another quick question. You have got 45 seconds.

Mr WELLS — Minister, do you and your department support Professor Garnaut's recommendation in his interim report, which he handed down in February, that Australia should make a firm commitment this year to the 2020 emissions target that embodies similar adjustment costs that are accepted by other developed countries, and Australia would need to go significantly further in reduction of emissions than the government's target of 60 per cent by 2050 as part of an effective global agreement in order to reduce risks of dangerous climate change to acceptable levels?

Mr BATCHELOR — To comply with the Chair's ruling, we have made a commitment to a 60 per cent reduction by 2050. That is our position.

Mr WELLS — Do you agree with it?

The CHAIR — Okay, if you wish to pursue an issue further, you can take it on notice or ask him in the house. Thank you.

Witnesses withdrew.

CHAPTER 11: DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT

Transcript of evidence

11.1 Environment and Climate Change portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 23 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 G. Jennings, Minister for Environment and Climate Change,

Mr P. Harris Secretary, and

Mr D. Hill, Chief Finance Officer, Department of Sustainability and Environment.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008-09 budget estimates for the portfolios of Environment and Climate Change and Innovation. On behalf of the committee I welcome Mr Gavin Jennings, Minister for Environment and Climate Change and Minister for Innovation; Mr Peter Harris, secretary; and Mr Des Hill, chief finance officer. Departmental officers, members of the public and the media are also welcome. In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the parliamentary Committees Act and is protected from judicial review. 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, along with any other documents which are 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 give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of environment and climate change.

Overheads shown.

Mr JENNINGS — Thank you, Chair, for the opportunity to run through an overview of the important priorities within my responsibilities. In this instance I will be dealing with environment and climate change responsibilities, and subsequently will be dealing with innovation in an hour or so. In the first context we are dealing with budget matters that fall within my responsibility and that have been funded through the budget papers and identified in the Department of Sustainability and Environment. We might immediately go to the pie chart which indicates the program output areas that we will be referring to this afternoon.

I will start with what I am not responsible for, but for completeness that chart shows the output summary for the whole department. The area of healthy and productive water systems is part of that pie chart, and obviously part of the responsibility of the department. The ministerial responsibilities are undertaken by my colleague the Minister for Water, so I will not be addressing matters that relate to outputs and programs within that area.

In terms of what I will be talking about, I will be talking about the programs under healthy and productive land; healthy, productive and accessible marine coastal life and estuarine systems; and flourishing biodiversity in healthy ecosystems. For those of you who are well versed in environmental matters and conservation ethic, please be aware many of our programs support land values and environmental values, and the biodiversity of Victoria are covered within that program area.

Another program area of significance is less waste, less pollution and clean air and livable climate. They deal with, as you would expect, some of the major challenges confronting our community in relation to climate change. We are trying to make sure that we use our resources wisely, that we reduce waste and that we adapt to the climatic conditions that prevail within Victoria and, if we can, mitigate the adverse impacts.

In the area of land administration, it is important for the committee to understand that I am charged with responsibility for various matters relating to land titles, mapping and other forms of land information systems. That is a significant part of my responsibilities.

In terms of having a look at what climate change is in the Victorian context, for the committee's benefit I demonstrated the most recent CSIRO and Bureau of Meteorology projections that go forward about what the impacts of climate change may be. The map of Victoria on the left relates to what the CSIRO suggests is the best-case scenario going forward for the next 50 years in terms of what the climatic variation may be in the state of

Victoria. The legend at the bottom indicates the degree of climate change variation that may occur. On the left it indicates that somewhere between 1.5 to 2 degrees Celsius is what is currently projected, given the state of greenhouse gases within the atmosphere. And the worst case scenario on the information that is available — may lead to somewhere between a 3 to 4 degree Celsius change across the state of Victoria.

The CHAIR — Do you have any copies of this, Minister?

Mr JENNINGS — I would be happy to subsequently provide copies to the committee about this. It builds on what has been an historical trend in Victoria. It is important for the committee to understand that since 1950 there has been an increase of somewhere between 0.8 and 1 degree in both the average minimum and average maximum temperature that occurs in the state. That has already been established, and what the projections are going forward is that we may put added pressure on our natural environment.

In terms of what that might mean, some of the pressures that come on that we have to be responsible for to manage — and the next slide relates to one of those key instances, which is the prevalence of fire and the importance for us to mitigate against the threat of fire. This map of Victoria demonstrates that — in fact, the legend is impossible for members of the committee to determine.

What I can tell you is that the red and orange areas on that map of Victoria are where there is significant fuel load across the state that constitutes a threat in terms of a propensity and the intensity of fires. The green areas are in fact where that load has been reduced. I am very sorry to share with the committee that the primary reason that those areas are green is because of the significant fires that actually took place across Victoria within the last few years, which include the 06–07 fires, which burnt more than 1.2 million hectares across Victoria.

The good news in terms of our fire management regime — and the graph on the right side indicates that in this most recent fire season, the number of outbreaks of fires continued to be, right throughout the season to be in excess of what the 30-year average was. So close to 700 fires started in Victoria in the last summer season. But our cumulative effect of our mitigation effort and our first issue response in terms of repelling fires meant that 32 000 hectares of Victoria were burnt last summer. So even though the propensity of fires were more, the climatic conditions remained, acute efforts — —

Dr SYKES — Wait on, there was serious summer rain in December and January, which had a dampening-down effect, didn't it?

Mr JENNINGS — Are you using my 5 minutes, or am I?

The CHAIR — Continue, please. Get onto the estimates, Minister, because it is meant to be for 5 minutes.

Mr JENNINGS — Thanks, Chair, for assisting us both. I will move forward in relation to what is going forward. Well it is significant for us to understand what we have actually been doing in relation to protecting the environment. In relation to fire and floods significant effort has been undertaken by the Victorian government supporting the community in the last reporting period, which is in fact something that you might be interested in.

In the forward estimates in relation to the programs going forward, we will skip forward to those, we wanted to make sure that the committee is aware of climate change initiatives which have been designed to assist households in reducing their greenhouse gas emissions. We see this as a significant program to support the ecological footprint of our communities. Significant investment has gone into regional areas, even those represented by the National Party, to make sure that members of the community are encouraged to install solar hot water rebates. So we have provided a significant stimulus to members in our regional communities. Those of course who do not have a reticulated gas supply will have extreme benefits from this program. We have also rolled out a program to try to make sure that we have plumbers in regional areas to install these hot water systems.

There are other significant programs designed to assist in measuring what the impacts of climate change may be on our coastal management, in terms of the mapping of coastal areas to know what risks there might be in terms of accounting for them going forward, to make sure that we have better coastal management. And, indeed, adaptation is a feature of this budget because we want to make sure that we know, we have the scientific knowledge about how our community can adapt.

In relation to land and biodiversity, that is a very important area in terms of climate change. We have issued a green paper which is currently undergoing extensive consultation, which is designed to lead programmatic changes going forward. We have invested significantly in programs to support land and catchment management activities, and I would be happy to talk to the committee about those during the course of the hearing.

The last issue I draw attention to is the significant support we have provided to our parks and reserves systems to managing our very important natural environment, to make sure that we invest wisely to protect access to those locations and make sure that we can protect them through fire activity and hopefully increase access for the Victorian community into our parks and indeed into our marine environments. There have been significant investments in the budget to allow for that.

The CHAIR — Thank you very much, Minister, for that presentation. We would appreciate a copy, as you have promised. To begin, Minister, as I have done with other ministers, the committee is interested in getting a full picture of revenue forgone, any subsidies, both explicit and implicit, and also any concessions which may be funded through the estimates into the future, and also whether there have been any significant changes in that regard in this budget. I would appreciate it if you would do that in regard to your department.

Mr JENNINGS — As you would be aware, Chair, the substantive part of this question has been addressed in terms of the questionnaire but I guess for the committee's benefit I could — —

The CHAIR — Maybe you will be able to summarise it and then maybe add some stuff, if you have had further reflection.

Mr JENNINGS — Certainly. With what I am responsible for, there are 1600 fees and charges that are administered via the department, and they will be amended in accordance with the Monetary Units Act 2004. In relation to concessions, we offer a range of concessions for licensees and permits, for instance under the wildlife game regulation act, and concession rates are available for game licences. These concessions and the examples that I have provided, of which we say that there are about 500 concessions provided, the revenue foregone we estimate to be in the order of $300 000, and those concessions are proportionate to the fees and charges that apply across the department.

The CHAIR — I assume it is the minister for energy who is responsible for the concessions in regard to solar tariffs and things like that.

Mr WELLS — Minister, just to clarify, that photo you had up at the start of your presentation, was that Crown land? Was that a photo of Crown land?

Mr JENNINGS — We will go back and have a look at it.

The CHAIR — I am not sure this is about the estimates.

Mr WELLS — No, it is just to clarify. Is that of Crown land? It is just like it does not look like it has got any weeds on it. It does not look like Crown land.

The CHAIR — Is this your question?

Mr WELLS — No, I am just clarifying. I think you should just ignore that one, Minister.

Mr JENNINGS — I hope you have a fine eye for detail.

Dr SYKES — It has probably been digitally enhanced.

The CHAIR — Can I remind all members of the committee that it makes Hansard's task very difficult if you keep talking over each other. Can we just go: question and then answer? Thank you.

Mr WELLS — Question and then answer?

The CHAIR — Correct. Get on with the question.

Mr WELLS — Minister, budget paper 3, page 242 is in regards to the Environment Policy and Climate Change output, and I note that Labor's 2002 election policy *A Sustainable State — Labor's Plan for a Greener*

Victoria has a goal of reducing greenhouse gas emissions by up to 8.3 million tonnes of carbon dioxide by 2010. However, between 2002 and 2005, Victoria's greenhouse gas emissions have actually increased by almost 7 million tonnes. So given the government's greenhouse strategy has failed to date, how will the government reduce Victoria's greenhouse gas emissions by over 15 million tonnes between 06–10 in order to achieve the election promise from 2002?

Mr JENNINGS — As a starting point, Mr Wells, I understand you are a member of the Victorian Parliament which has actually passed a number of pieces of legislation which will assist in achieving the outcome, so in part you know the answer is that schemes — —

Mr WELLS — I just would not mind if you could just recap what the answer is and the way in which you will achieve that objective.

The CHAIR — Let the minister answer.

Mr JENNINGS — The way in which we will achieve the objective is the cumulative effect of programs we have in place, the cumulative effect of programs that you have passed in the Victorian Parliament that assist in achieving that. So as a measure of that commitment, there is a range of programs that the government has already embarked upon, some of which I have referred to today, relating to the programs designed to assist our citizens in reducing their environmental load by purchasing programs that are designed to ensure that the Victorian government, and indeed the Victorian Parliament, becomes a leader in the adoption of green power through the cumulative effect of programs such as the VRET scheme, which has been endorsed by the Parliament and which is designed to achieve significant greenhouse gas abatement by driving investment in renewable energy, and significant investment has already been made and has already been earmarked to be delivered within Victoria. Indeed, Victoria is the leading jurisdiction in relation to setting that pace.

In terms of the most recent legislative-based program, that is the Victorian energy efficiency target which in its own right has the potential to make a significant contribution to that outcome, and that is the piece of legislation that has been recently passed by the Parliament, within the last six months, to facilitate that program. We are very confident that the cumulative effect of these programs will be able to make significant inroads to meeting our target, and I am very pleased to say that our efforts are now augmented by a commitment by a federal Labor government to achieve those outcomes, and that we are actually working within an agreed policy framework as distinct from a contested one. So we are confident that, in fact, we will make significant trajectory towards that target.

In terms of your question, in relation to whether the profile of emissions continue to increase or then start to be reduced, this is actually something that confronts this jurisdiction, confronts the nation, and in fact it confronts the world, and it is very important for you to be mindful of the trajectory that we inherited as government. That trajectory saw a significant increase in the emissions coming from Victoria. That trajectory has been slowed and indeed has started to be reversed. If that is something that is achieved by the Victorian government in terms of our jurisdiction, our nation and indeed the world, then we will be in a much better place.

Mr WELLS — Just to clarify — —

The CHAIR — Quickly, please.

Mr WELLS — Minister, do you still stand by your 2002 election promise that you will cut emissions by up to 8.3 million tonne?

Mr JENNINGS — Absolutely.

Mr PAKULA — Minister, on page 353 of budget paper 3, you have got a program called the Natural Resources Investment Program, and it talks about addressing key environmental issues, including — I will not go through it all — species and habit loss, salinity and water quality. I am interested in the program, and particularly in regard to those elements I have referred to I am wondering if you could expand on it for the benefit of the committee.

Mr JENNINGS — This is an area where there has been great collaboration, so I will contrast my answer to this question with my last answer. There had been a high degree of collaboration between the Victorian government and the last commonwealth government in relation to providing certainty for programs under the

natural heritage trust and the national program for action on salinity and water quality. The program you have referred to is the matching element from Victoria in terms of trying to make sure we support the great effort that takes place in catchment management areas across Victoria, the great contribution that catchment management authorities make professionally and by calling on community volunteer activity in relation to shoring up land values for the viability of habitat, actions to make sure that we protect threatened species, that we revegetate and restore the integrity of stream sides not only for their natural values but also to support the productive capacity of those lands. That has been a very successful program in Victoria; in terms of collaboration, it has been far more successful than other jurisdictions across the country, and there has been a higher degree of effect in those programs, delivering results to the Victorian environment.

The reason I draw attention to that is because at this point in time in terms of the matching arrangements for this program we are currently doing a lot of work with the incoming federal government to try to make sure we provide certainty for the program going forward, because it is a significant program, delivering great results for the environment and great benefits to community participation in land catchment management activities and in, as I said, protecting biodiversity. Because of a shift in commonwealth priorities we are going to be in a contested environment for access to some of those funds, and you may have heard me talk about this in Parliament. It is an issue that the state of Victoria is acutely mindful of in making sure that we provide for a smooth transition within the combined state funding-commonwealth money going forward and that we do not lose the effort that has been undertaken because we are very pleased with that effort. I will give you a couple of examples of what that means.

The projects that we have been able to provide through this program and we would like to go forward include providing salinity solutions and protecting biodiversity, as I have indicated; re-establishing native vegetation and saline soils; ensuring the survival of the Snowy River rainforest plantings and indigenous seed collection; recovery programs for a number of endangered and native species, both flora and fauna. One of the measures of that is the protection for sea grasses across Victoria, which has been very important, and generally for us to deal with biodiversity and salinity concerns. We are very confident and congratulate the work being undertaken by catchment management authorities, and we are working very assiduously to protect the ongoing role going forward.

Mr RICH-PHILLIPS — I would like to ask you about the cost of the Statutory Activities and Environment Protection output group on page 243 of budget paper 3. You will see that the total output cost for 2006–07 lists an actual cost of $91.2 million. Last year, when the budget was produced the estimated cost for 06–07 was listed as $102.8 million, some 11.6 million more than is now being reported. I wonder if you could tell the committee why there has been that 11.6 million variation between the estimated and the actual outcome?

The CHAIR — Are you talking about 2006–07 or 2008–09?

Mr RICH-PHILLIPS — 2006–07.

The CHAIR — I think that is more of an outcomes question. Can you rephrase the question so that it deals with expected outcomes and targets in the estimates going forward?

Mr RICH-PHILLIPS — I think the minister is getting some information.

The CHAIR — I think we will take that one on notice.

Mr JENNINGS — I am happy — I can take it on notice.

The CHAIR — It is really not a part of our hearing to deal with 2006–07.

Mr RICH-PHILLIPS — The issue is, Minister, that between publishing the estimates in May there has been a big variation between the estimate and the actual, which only occurs eight weeks later. What I would like to know is why there was that large variation and the impact that has on how reliable the estimates are for this year.

Mr JENNINGS — In terms of the comparison you are after, it is not in the budget paper that you are referring to, is it?

Mr RICH-PHILLIPS — No, it is not — —

Mr JENNINGS — No, it is not.

The CHAIR — Maybe you could comment on the target for 2007–08 and the target for 2006–07 and the expected outcome, which is lower. It is a similar question.

Mr RICH-PHILLIPS — That is not the question. The question is about the variation between the 2006–07 actual and the 2006–07 estimate.

The CHAIR — I am happy to take it on notice, Mr Rich-Phillips. Have you got another question?

Mr RICH-PHILLIPS — Has the minister got any information about it?

Mr JENNINGS — You have just confirmed, Mr Rich-Phillips, that the question you asked me does not relate to the budget papers before us.

Mr RICH-PHILLIPS — Yes, it does; it is in the fourth column on page 243.

Mr JENNINGS — In terms of the comparison, it does not.

The CHAIR — Mr Rich-Phillips, we have taken this one on notice. It does not actually deal with the estimates. I am happy for you to ask another question.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the government's reporting of government environmental performance. What does the government collect and report with respect to whole-of-government environmental outcomes — that is carbon footprint? If the government is setting carbon reduction targets, what information does it collect and report with respect to whole-of-government performance as to carbon footprint; specifically, why is that not reported in the output groups?

Mr JENNINGS — Because, again, Mr Rich-Phillips, you actually sit in the Parliament with me when I give answers about a whole variety of things, you are aware that the commissioner for sustainability actually does provide reports on the whole-of-government performance in relation to environmental outcomes.

Mr RICH-PHILLIPS — That is not something you put in the output groups as a measure.

Mr JENNINGS — Because he is a statutory officer of Parliament and does so.

Mr RICH-PHILLIPS — It is not something you put in?

Mr JENNINGS — He does so; he does that.

Mr RICH-PHILLIPS — But not in the output groups?

Mr JENNINGS — He is a statutory officer of the Parliament and he accounts for those matters to the Parliament. I have an interest in what he reports on, but in fact in relation to my budget that I am responsible for, this is actually something that we do not purport to measure in relation to what I am coming here to the Public Accounts and Estimates Committee to report on. The commissioner publishes a report that is available to all members of Parliament, and that is the place where whole-of-government reporting occurs.

Mr RICH-PHILLIPS — But you as Minister for Environment and Climate Change do not see yourself as having a role in overseeing whole-of-government environmental outcomes and therefore reporting that in your output groups as one of your performance measures?

Mr JENNINGS — The Parliament of Victoria, whether you like it or not, in its wisdom made a determination that a statutory officer who was connected to government, including having a good working relationship with me, was the body that was responsible for reporting on the matter that you are now asking me to report on.

Mr RICH-PHILLIPS — I am asking you to take responsibility for your measure and your output groups.

Mr JENNINGS — The Parliament has taken the responsibility by commissioning a statutory officer to do so.

Mr RICH-PHILLIPS — Which legislation is that?

Mr JENNINGS — It might be my legislation, Mr Rich-Phillips, but it is not my budget output group.

The CHAIR — I think you will find in terms of the budget papers that we do get whole-of-government in terms of Growing Victoria Together; that comes in the early part of the service delivery budget paper. And also you do find some government-wide initiatives.

Mr WELLS — But that is not an output group — —

The CHAIR — But the output groups do relate to the individual departments.

Ms MUNT — Page 352 of budget paper under 'Output initiatives — sustainability and environment' has a line item called 'Bays and maritime initiative'. That is expanded on a little more on page 355 under the heading 'Bays and maritime capital works program', where it states:

> This initiative will upgrade piers, jetties and other assets around Port Phillip Bay to enhance community access and improve environmental outcomes.

As my brother is a lifelong, dedicated, fanatical fisherman, I wonder if you could expand on that a bit. There is not a pier he will not stand on!

Mr JENNINGS — I am sorry in advance if I do not actually account for the issues that are of concern to your brother. But beyond that I know he is in good company, because Victorians have visited about 40 million times our bays and piers every year. It is a very popular part of the Victorian environment. It is very essential for the goodwill and the connection between our citizens and the marine environment. So part of what I outlined in my presentation at the beginning — and I am pleased you have picked up this — is the significant commitment we have made in this year's budget to specifically try to enhance the access to the bays and maritime environment. The $5 million that has been allocated in this budget builds on the $10 million that was allocated in previous years to upgrade piers and jetties in Port Phillip and Western Port bays. This $5 million allocation is designed not only to build some new infrastructure, but to create a case for the way in which we should better plan for development into the future, which will incorporate both public and private investment, and see the development of hubs for making sure that we deal with access to bays in a more considered and more regulated way, rather than in a deregulated, chaotic way, which sometimes is a feature of people trying to get access to our waterways. Specifically there will be some investments, and some of them may end up not being too far from you, Ms Munt, or your brother.

Ms MUNT — Blinds Bight.

Mr JENNINGS — So certainly we are investing at Patterson River. Over a million dollars will be provided, plus additional support from the Marine Safety Victoria boating safety facilities program, to upgrade that facility at Patterson River. At Mordialloc pier there will be a half-million dollar upgrade — —

Mr BARBER — Along with the toxic dump again.

The CHAIR — Just questions and answers.

Mr JENNINGS — To be spent on undertaking repairs and a pier structure upgrade for boat facilities and amenities. At Williamstown — there is a bit of a recurring theme among PAEC members in relation to this — $100 000 will be invested to improve boat mooring facilities, and similarly at Kerferd Road $400 000 will be spent to undertake repairs on that pier. Beyond that, in terms of general assistance to those who are on our bays, there will be additional navigational aids for recreational boating. So significant investment will be undertaken to support an additional 130 navigational aids to hopefully enable people to get safely around Port Phillip Bay.

Dr SYKES — My question relates to the food bowl project and, more importantly, the associated north–south pipeline. What are the expected environmental impacts of the proposed north–south pipeline, in particular the restoration of vegetation damaged or destroyed in the construction of the pipeline through several kilometres of the Toolangi State Forest, noting that one householder in the Murrindindi shire had to plant 900 trees to replace 7 trees removed in order to access electricity; secondly, the environmental impacts of the greenhouse gas emissions produced when the water is pumped over the Great Divide, which one estimate says will be the equivalent of 130 000 tonnes of CO_2 emission equivalents per year; and finally, what are the budgetary implications of the pipeline complying with the cultural heritage act, which is being applied with great vigour on projects as little as a small extension to the Yarck hall?

Mr JENNINGS — I am pleased to know there is a united game plan by those people who represent the opposition, in that they have asked a succession of questions that are not necessarily related to the budget papers before us.

Dr SYKES — It relates to climate change, which does.

Mr JENNINGS — You are on a theme, on a roll.

Dr SYKES — But you spoke about climate change, Minister.

Mr WELLS — Are we going to get him to answer?

The CHAIR — Yes. Answer, please.

Mr JENNINGS — I am answering.

Mr WELLS — We are not sure about it.

Mr JENNINGS — I can give long or short answers.

Dr SYKES — Just a straight answer, Minister.

Mr JENNINGS — I am very happy to give you an answer to the question. The matters that you have raised in terms of the environmental dimensions of this project are currently being reviewed. I am not quite sure whether the report that details those issues is in the hands of the Minister for Planning, but in fact they have been collated to be considered by the Minister for Planning who will then make recommendations to other parts of government about the way in which those issues should be dealt with. It is the intention for us to deal with any environmental matters and environmental considerations appropriately. Certainly within my responsibility I will be particularly mindful of any — any! — responsibility that I actually have in terms of either statutory or programmatic issues that will be drawn to my attention to respond to. There are a lot of other matters that were embedded in your question that may fall outside my responsibility, but I assure you that I will account to the Parliament in full about any matters that fall within my responsibility.

Dr SYKES — On the figure for the estimated greenhouse gas emissions for pumping the water across the Great Divide, in your role as environment minister and with a concern about meeting our greenhouse gas targets, have you any indication of what the estimated emissions will be and how that will impact on our ability to meet the government's targets?

The CHAIR — If you like, you can answer it, but it did not seem to be a clarification of your previous question, that's all. You can take it on notice.

Dr SYKES — It was in the question.

Mr SCOTT — Minister, my question relates to climate change and the low-income home retrofit program, which is referred to on page 297 of budget paper 3. What is the government doing to help low-income households to reduce their energy bills and greenhouse gas emissions?

Mr JENNINGS — Certainly in relation to the estimates, Chair, this is something that is actually covered going forward in relation to a significant part of the 294 million that was allocated in this budget going forward, to deal with these matters. Indeed, Mr Scott's question is about part of the output group. It appears on page 290 and deals with $33 million that has been allocated to a program to encourage members of regional communities to change their hot-water services to solar-powered hot water. That applies to both gas and electric solar hot-water systems. A significant rebate will be available to Victorians in those areas: $2500 rebates will be available for people to replace their systems, which will probably reduce their out-of-pocket expenses to about $500 to $800 to replace a gas system, and for an electric system the replacement cost will be around $1000. We actually think that there will be significant take-up of this opportunity, because people who want to replace their hot-water systems will realise that these will lead to out-of-pocket expenses for their energy consumption being reduced by somewhere in the order of $245 a year, and, in terms of the environmental impact, it will be reduced significantly because over the life of these systems they will save somewhere between 42 to 61 tonnes of CO_2.

A cumulative total of 25 kilotonnes will be achieved through this program by 2010, which is our intention. The equivalent environmental load of each system will be reduced by about 462 tonnes over the life of the system. So there will be benefits to consumers and to the environment. Part of the $33 million has been allocated, as I indicated, to train about 1400 plumbers to be able to undertake this work across Victoria.

Mr BARBER — Minister, this time last year your predecessor reported on the progress towards a native vegetation clearing permit tracking system, which I think was set up by a grant from or under an agreement with the federal government. Can you tell us if that permit tracking system is now in place and give me an idea of whether it is yielding the kind of data that might indicate how much native vegetation clearing has occurred and whether in fact a net gain in the quality and quantity of vegetation has been achieved, and is that the sort of data that Parliament might be interested in accessing?

Mr JENNINGS — My colleague Mr Harris is about to share with me where in the budget papers we have reported on it. I am assuming that a very astute reader of budget papers like you, Mr Barber, knows the answer to the question that you have asked in relation to the result. That answer is on page 401, and it not the story that you or I would like. I volunteer that to you: it is not the answer that you and I want.

In terms of our ability to plot these changes as they go forward, it continues to be an issue that is of concern to many members of the community such as yourself who worry about the net loss of vegetation. We have actually been trying to remedy that decline and we have not achieved the results that we would actually hope for. In terms of our ability to track those, to actually add to our ability to have offsets in place and a variety of ways in which offsets can be achieved, either through additions to the public estate or by placing covenants or by entering into programs like BushBroker and indeed the establishment of ecomarkets, these cumulative programs we actually would hope would reverse what has been a sorry story in relation to this for some time. I would like to be in a position to be able to report on a positive result. It was my intention to do that, but I am not at liberty to do so today.

Mr BARBER — Just in terms of the tracking system, if you could perhaps provide us — —

The CHAIR — This is the new one you are talking about, which will come into operation mid this year?

Mr BARBER — Maybe a little bit more data about the progress of it and how it will operate — that is, how do I access the data from it?

The CHAIR — Minister, on the native vegetation tracking system.

Mr JENNINGS — I am happy to share on a regular basis within the Parliament how we progress in relation to rolling out the system and rolling out the effectiveness of our programs.

Mr NOONAN — Minister, I want to ask you about the bridge replacement program, which is a new investment over the four-year period commencing in 08–09 and ask you to elaborate on the importance of this initiative, particularly in the area of fire protection.

Mr JENNINGS — Thanks for the opportunity to talk about a significant element of our program. In the budget papers there are about $232 million worth of programs going forward designed to try and support our natural environment in terms of building infrastructure, and trying to make sure that we improve access for Victorians to go into our natural environment in a safe and secure way. That is obviously very important in the context of fire, which was in your question. So a significant program has been undertaken to improve the quality of our bridges, the infrastructure of our bridges on public land and stream crossings to try and make sure that we establish a number of priority projects that will make that our firefighting effort is actually undertaken with a degree of safety. In terms of that program going forward, $60 million has been identified to replace the 300 bridges and stream crossings. Priority programs have been established by DSE and Parks Victoria in collaboration with local communities, and I can identify a number of them for the sake of the committee. For instance, the junction of the Timbarra and Tambo rivers in Gippsland, Gunbower Island up in the north-west, at Corryong in the north-east and indeed in the Grampians area, all of which have been — not necessarily all of which, many of those areas have been subjected to threats of fire and instances of fire in the last two years, and our ability to provide for that certainty is very important.

Of course this builds on our efforts in terms of an issue that I raced over in relation to my presentation, which is the commitment that we have actually made to providing additional resources to our firefighting effort; $27 million

was allocated to increase that effort coming up to the last summer. Notwithstanding the fact that it rained once or twice in summer, we actually had a fantastic array of resources that were available for the firefighting effort. We had more aircraft, more bulldozers and more water tanks than we have ever had before. The cumulative effect of our fire mitigation program in terms of fuel reduction burnings has now meant that we have had an effort that has never been seen before in Victoria. We are very pleased to be able to provide that support going forward.

Mr DALLA-RIVA — Minister, in the budget overview on pages 30 and 31 there is quite a substantial amount of literature by the government on tackling climate change. Part of that has a number of commitments by the government on reducing greenhouse gas emissions from households. I reference the service delivery budget paper, pages 352 and 353, and I am just curious because in previous questions that were asked relating to the issue of climate change it seemed to be an issue that was not of your concern. I raise the issue about the *New Residential Zones for Victoria* discussion paper. This paper by the Department of Planning and Community Development makes no reference to greenhouse nor reference made to the implications of massive clearing of existing vegetation and its contribution to the livability of an area nor its environmental or diversity impact. It is actually talking about mass buildings in Melbourne and regional Victoria. With the light of the $3.6 million initiative that is outlined on the pages I referenced, what are the greenhouse implications that you see will happen as a result of the moonscaping of parts of metropolitan Melbourne under this substantially changed zone plan, and is that part of the reason there are no metropolitan or regional city biodiversity measures in the biodiversity output on page 236 of budget paper 3?

The CHAIR — Minister, insofar as it relates to your portfolio and the estimates.

Mr JENNINGS — I think it was an extremely tortuous path that Mr Dalla-Riva went on to get to the question.

Mr DALLA-RIVA — You are the minister for climate change.

Mr JENNINGS — Too right. The program that you actually pinged in relation to what I am directly responsible for is the land and biodiversity green paper-white paper process. That is at the heart of your question that relates to me. That paper does actually consider impacts upon land and biodiversity within the peri-urban areas and indeed other parts of the metropolitan area where those values are maintained and need to be preserved. So in terms of good work, you might have got to an area that in fact we are actually being very mindful of trying to assess and trying to deliver on in terms of making sure that we protect biodiversity, which is the prime driver of this piece of work that you have referred to. In a general context these need to be protected through a variety of mechanisms, which include the appropriate integration with the planning scheme and the way in which planning approvals are made and urban development occurs, particularly at the edges of the urban area.

So in terms of the ability for us to incorporate those considerations within the program that I am responsible for, they are not mutually exclusive propositions; they are able to be considered, and I will be particularly mindful of any analysis or any recommendations that come through a very extensive community collaboration on those matters.

Ms MUNT — I would like to speak about the black balloons campaign. I think most households now are very aware of their carbon emissions and try to do their best to help out and minimise their carbon emissions. I notice on page 290 there is 5 million in 2008–09 for the black balloons campaign, and it is followed up on page 297 with a bit of an explanation on reducing greenhouse gas emissions for households. What is included in that $5 million; what initiatives are planned with that funding?

Mr JENNINGS — The most significant issue will be to maintain the high-profile nature of the black balloons campaign, which has resonated extremely well with not only the Victorian unity but as a model it has been seen around the world as being one of the best applications of an advertising campaign designed to lead to households changing their energy use and being mindful of their environmental obligations and indeed undertaking it in a way which ultimately saves their income as well, because in fact they are reducing their expenditure. The way in which we will build on the pre-existing program through the black balloons campaign You have the Power. Save energy will be continued going forward. The success of that can be measured in a variety of ways. The advertising campaign, in terms of recognition, has one of the highest recognition rates of any campaign that has been undertaken in Australia in relation to environmental outcomes.

Mr BARBER — What about measured behaviour change?

Mr JENNINGS — There is a bit of behaviour change measurement. That can be measured in a variety of ways, which include the fact that Victoria has the highest take-up rate of green power in the country.

Mr BARBER — Is that what the ad tells them to do, though?

Mr JENNINGS — It is consistent with the approach that the government has funded. It is the cumulative effect of a range of programs, going back to Mr Wells's first terrific question, which provided me with the opportunity to outline a range of measures which we are undertaking. The VRET scheme that went through Parliament, which might have been forgotten but not forgotten by the Victorian government, is designed to ensure that there are mechanisms put in place to improve the energy efficiency — the profile of energy consumption — of Victorian households. It has been designed to reduce greenhouse gases by 2.7 million tonnes.

Mr BARBER — It has not started yet.

Dr SYKES — Do not worry about that!

Mr JENNINGS — It is on the way.

The CHAIR — Minister, on the question, please.

Mr JENNINGS — I have not strayed from the question, Chair.

The CHAIR — Ignore the interjections.

Mr JENNINGS — Yes. There are significant programs by the government to do energy audits and to retrofit a range of households in terms of their energy profiles. The cumulative effect of these programs has been designed to support the government's commitment to reduce household consumption by 10 per cent by 2010. The longer we sit in this parliamentary setting, with a bit of luck, I might have an opportunity to come back and report on how well we are travelling in relation to that, if that is an ongoing interest of PAEC. We think Victorians are doing their bit, because they are responding very positively to this campaign and the associated programs that the government has introduced.

Mr BARBER — Chair, maybe since the government has raised this question the minister could take on notice and provide us the evaluation of the black balloons campaign where it has led to behaviour change. I know these ad campaigns are rigorously evaluated.

The CHAIR — We are waiting for a government response to our recommendations in our last report, which said there should be evaluations of all advertising campaigns. So in that context, Minister, you can take that on notice.

Mr RICH-PHILLIPS — Minister, you spoke earlier about the government's emission reduction targets and also your solar hot-water program. What impact is the commonwealth's decision to slash the rebate for solar power going to have on the take-up of the solar hot-water program and on the government's emissions reduction target?

Mr JENNINGS — First of all, the issue about the — that is not the question that you hoped to have asked me, Mr Rich-Phillips, because it will not make any impact at all in relation to the take-up of the solar hot-water system rebate program that I have indicated. The commonwealth actions in the budget may assist, because in fact they are providing 200 000 Australian households with low-interest loans to assist them to improve the environmental performance of their houses — so solar hot-water systems and not the basis of the change to the rebate, which related to the installation of photovoltaic cells on people's roofs.

Mr RICH-PHILLIPS — It is not the government's view that there is less incentive to take up solar hot water given they cannot take up solar power under the existing scheme?

Mr JENNINGS — I think it is a long bow.

Mr RICH-PHILLIPS — And the impact on your emissions targets?

Mr JENNINGS — The impact upon the emissions targets is that both the Victorian government and the commonwealth government are committed to a range of outcomes in terms of changing the renewable energy profile of Australia in going forward. Victoria started off with a 15 per cent reduction or 16 per cent reduction by 2015, and the commonwealth has actually subsequently come in with a commitment to 20 per cent by 2020.

The impacts upon those renewable energy targets are currently being implemented in Victoria's case and are soon to be implemented and reactivated in the commonwealth's case. There will be a need for us to harmonise our approach through these schemes going forward, and not only will the harmonisation be very important but also how they will hopefully augment the mechanisms to transform our generation capacity going forward under a national emissions trading scheme. This is one of the great policy areas that will involve a lot of quality thinking in the next couple of years as we introduce a national emissions trading scheme over that period of time.

Mr RICH-PHILLIPS — Just to clarify: is the removal of that rebate going to impact on your 2015 target or not?

Mr JENNINGS — We have no reason to believe that it would adversely impact upon reaching that target.

The CHAIR — Minister, there are a number of questions on notice we have here which you could address, particularly from Dr Sykes in regard to the north–south pipeline. I will not read them out, but I will hand them to the secretariat to send to you. They are also in regard to bushfire risk management and of course Lake Mokoan. Thank you, Minister.

Witnesses withdrew.

Transcript of evidence

11.2 Water portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 3 June 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 T. Holding, Minister for Water,

Mr P. Harris, Secretary, and

Mr D. Hill, Chief Finance Officer, Department of Sustainability and Environment.

The CHAIR — I welcome Peter Harris, the Secretary of the Department of Sustainability and Environment, and Des Hill, the chief finance officer of the Department of Sustainability and Environment.

I call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information relating to the budget estimates for the water portfolio.

Mr HOLDING — Thanks very much, Chair. I am pleased to be joined by Peter and Des for this morning's presentation. I wanted to just fly through the slides because I know you are all very keen to ask lots and lots of questions.

Overheads shown.

Mr HOLDING — The first slide goes to the output summary for the DSE budget. It is the healthy and productive water systems area which is my responsibility, principally, in relation to DSE's activities, so it is that output group in particular that is important.

Just to provide some context, since this committee last met and interrogated the Water Minister, a lot has happened. We have had the July 2007 release by the Government of *Our Water Our Future*, which, as you would know, contains a number of very major augmentations of Victoria's water supplies. Included in that are our ongoing efforts in terms of water recycling and conservation but, more importantly, our efforts to modernise irrigation infrastructure in the state's north and our efforts to build a statewide water grid and share some of the savings that come from that modernisation of irrigation infrastructure. We have had the announcements around the construction of a desalination plant to supply water for Melbourne, Geelong and communities in South Gippsland and Western Port, and of course a number of other projects that were part of those announcements, including the Hamilton–Grampians interconnector, the Geelong interconnector et cetera. So there are major new initiatives, major new augmentations built around the themes of conservation, recycling, modernising infrastructure, modernising irrigation infrastructure and connecting the state in a statewide water grid.

Just in terms of the desalination plant — 150 gigalitres, 150 billion litres of water each year. This is an important project because it is not rainfall-dependent water. We have said that we propose to deliver it as a public-private partnership in accordance with the Government's Partnerships Victoria framework. We have said it will be carbon neutral through the provision of renewable energy purchased by the consortium that is eventually successful in building this piece of infrastructure, and there is a small amount of money in the 08–09 budget, which will ultimately be recovered as part of the procurement activities connected with that project.

We said that modernising the State's irrigation infrastructure is extremely important. This budget commits the Government's contribution to stage 1 of that project. You would recall it is a $1 billion project to stage 1 — $600 million from the Consolidated Fund, $300 million from Melbourne water users, and $100 million from Goulburn-Murray Water. Stage 1, to capture 225 gigalitres, will be shared one-third, one-third, one-third. Of course we have also now got the Federal Government's announcement of funding, subject to due diligence, of stage 2, which would capture potentially a further 200 gigalitres of water. And there is also funding in the state budget for the Northern Victoria Infrastructure Renewal Project board that will deliver the modernisation infrastructure.

Other initiatives — some of these are part of the July 2007 announcement — include the Hamilton–Grampians pipeline and the Geelong–Melbourne pipeline, but there is also additional funding for the Wimmera–Mallee pipeline project, which is now running many years ahead of schedule and will deliver huge benefits to those communities.

With increased recycling, suffice to say that Melbourne is now recycling more water than we had originally committed ourselves to recycling in terms of our targets by 2010. We have got major upgrades not just to the eastern treatment plant here in Melbourne but also to water recycling facilities — or the construction of new water recycling facilities — in parts of regional Victoria as well.

From a conservation perspective, we have got water restrictions still in place. We have driven down Melbourne's per capita water use; we have driven down our total water use; we have also seen a lot of very innovative projects funded under the Smart Water Fund; we have our industry water savings plans, our Water MAPs, in place for major water users right across Victoria; and we have had a great public response to our rebates for water-efficient products.

Other policy activities that are under way that will roll out over the next 12 months include the unbundling of water rights — you would recall that we unbundled water rights in the state's north as of 1 July, and the southern part of Victoria will be subjected to this new regime; we have provided some funding support for local government to deal with the impact on their rating revenue of the unbundling arrangements; and the Government's drought response, including support for irrigators during this difficult period. I might stop there.

The CHAIR — Thank you, Minister. I remind members of the committee and the minister that we are meant to concentrate strictly on questions and answers and concentrate on the issues on hand. Also I note there are a number of people from the public who have come in. In accordance with the guidelines for public hearings, I remind members of the public they cannot participate in the committee's proceedings.

Ms MUNT — Budget paper 3, page 277, outlines the aim of the government's water plan. I would like to ask how this investment in Tarago has helped achieve the outcomes.

Mr HOLDING — A great question. The Tarago Reservoir is a reservoir that was constructed in the late 1960s. I think it was opened in about 1969. It provided water into the system up until about 1994, when it experienced significant water quality issues. Those water quality issues resulted in the reservoir being disconnected from the supply system. As a consequence of the series of decisions that the State Government has made, we decided that it was appropriate now to consider the reconnection of Tarago to supply water into Melbourne.

Essentially the features of this system are that it has a capacity of about 34 to 35 gigalitres — 34 000 to 35 000 megalitres. The water quality issues that were experienced there are going to be dealt with by the construction of a water treatment plant, which is about 8 or 9 kilometres from the reservoir itself. It is a gravity-fed plant that benefits from the head on the Tarago Reservoir being able to gravity feed the water into the treatment plant. The treatment will use a series of ultraviolet systems as well as a flocculation system to treat the water and enable it to be delivered into the Devilbend Reservoir and supply water into the Mornington Peninsula. The volumes of water that we expect to get from this reconnection are in the order of 15 000 megalitres — 15 gigalitres or 15 billion litres — of water per annum in the dry years, on our dry scenarios of the last 10 to 15 years. In the wet scenarios, the average for the last 90 years, we could potentially get as much as 21 or 22 gigalitres out of that system, or even up to as much as 24, but we are certainly not relying on that. Our expectations are a consistent and reliable supply of high-quality water of a magnitude of about 15 billion litres.

I am pleased to say that I was up looking at this project on Saturday. It is ahead of schedule. In fact we are likely to get the benefit of the water from this project by about mid next year— mid calendar year 2009 — which we are very pleased about. This is a very good and important interim step in the augmentations that are part of Melbourne's water security going forward. We get the benefits of Tarago in 2009; in 2010 we get the benefit of the connection of the Sugarloaf interconnector; in 2011 the desalination plant; in 2012 the eastern treatment plant. These together constitute a massive increase in water availability for the communities that depend on Melbourne's collective water supplies.

Mr BARBER — I would just like to ask about the environmental water savings associated with the food bowl modernisation. I understand there will be savings and water that can be allocated to various environmental programs, but there are also within the food bowl area certain environmental assets that are probably currently being watered informally due to the leaks and so-called inefficiencies. At the moment what understanding do you have of the water needs of those particular environmental assets? How much water do you think will need to be allocated simply to maintain assets which currently are being watered anyway? How will that water be carved off for them, I suppose?

Mr HOLDING — By 'watered informally', which I think were the words that you used, I assume you are referring to the so-called informal water which is the result of leakage or seepage out of irrigation channels that are not working as effectively as possible. Let us be honest, often this seepage or leakage that occurs actually contributes to rising salinity levels in the systems themselves. Far from being an environmental benefit or a dividend that comes from having a leaky, old, antiquated irrigation system, it is actually a further environmental cost that occurs as a consequence of the way the system operates. It is not necessarily the case that just because the water is not finding its way to a productive consumptive use it is therefore being used as effectively as it could be for the environment, and I think you would be aware of that.

The question is: what can we better do with that water? We can use it to restore flows on some of our most stressed systems, particularly the Murray and the Snowy, which will potentially be beneficiaries of environmental water projects that are aimed at returning water to the environment as it is. We have seen the state that some of the most stressed iconic sites on the Murray are under at the moment, and some strategic release of environmental flows to those iconic sites has done a lot to support stressed species in those iconic sites or to preserve wetland-type arrangements that would otherwise have been devastated if it was not for that environmental watering.

Mr BARBER — I was asking about the assets within the food bowl area itself. You are currently modelling their water needs and working out how to maintain those water needs. I am just asking about how that is going, what the quantum of water is likely to be and what arrangements you have put in place, particularly if new infrastructure needs to be created to maintain the water to those assets.

The CHAIR — It is just the environmental assets you are referring to?

Mr BARBER — Yes.

Mr HOLDING — I guess one of the questions that are raised by this is that environmental water is a relatively new feature of our water management in Victoria and indeed nationally. One of the things that we have been exploring with the Commonwealth in recent months as we endeavoured to conclude arrangements around the memorandum of understanding for the Murray–Darling Basin arrangements was what could we do to better coordinate our environmental watering activities. You now have the Commonwealth entering the market as a significant purchaser of water for the environment; you have the state investing in infrastructure upgrades, which deliver water savings, some of which are earmarked for the environment; and other states, indeed, purchasing water to acquit their responsibilities under the Living Murray and other environmental water initiatives.

What can you do to better coordinate all of this activity? One of the explicit conditions that we reached in our memorandum of understanding with the Commonwealth was a recognition that environmental watering efforts by state and federal governments need to be better coordinated and rolled out in a cooperative way. That is one of the things that we are working through with the new IGA — the intergovernmental agreement — which will underpin the Murray–Darling Basin arrangements into the future. I think what we can say is we will see a more coordinated system of environmental watering activities than might have otherwise been the case if we had just let each jurisdiction go their own way. But I would also say that making the irrigation system more efficient is in and of itself a good thing to do, and we should not be dissuaded from making those investments because we are concerned that there is some public benefit or some public good that is served in having a system that does not operate efficiently or effectively.

Mr BARBER — That was not my question, but I will take it there is no figure available for the water needs of existing environmental assets inside the food bowl area; that is something you are still working on.

Mr HOLDING — I am not going to concede the last element of the question. I am not sure exactly what you are asking.

The CHAIR — Why do we not look at the Hansard transcript and, insofar as it can be taken on notice, you will consider it.

Mr BARBER — There are environmental assets inside the food bowl area which currently receive water one way or another.

The CHAIR — Are you talking about wetlands and things like this?

Mr PAKULA — Such as what, for example?

The CHAIR — Just one at a time.

Mr BARBER — Like a wetland in the middle of the food bowl that receives water now formally or informally.

Mr HOLDING — I guess what I would say is that we have said that as stage 1 of the food bowl modernisation there will be 75 gigalitres of water saved that will be returned to the environment, to stressed rivers,

and we have said that that will be stressed river systems in northern Victoria. That is what we have said, and I do not think we can be more explicit about who the beneficiaries of that environmental water will be.

Mr PAKULA — Minister, page 202 of the statement of finances, budget paper 4, makes reference to $115 million towards the goldfields super-pipe. Just given that, I ask you to update us on the progress of that project.

Mr HOLDING — Thanks very much, Martin, for that question. The goldfields super-pipe is a very important project, or two projects really, because it is providing water security not only for communities in Bendigo and the surrounds, but also now, with the most recent connection, communities in Ballarat. This is a project that has been jointly funded by the water authorities in the areas, Coliban Water and Central Highlands Water, but also by the State Government and the Commonwealth Government. We were very pleased that the new Labor government at the commonwealth level committed substantially more to the Ballarat leg of that than the previous government was committed to supporting. That is important because it does put downward pressure on prices at a time when prices are trending upwards.

The project itself has been delivered ahead of schedule — both the Ballarat and the Bendigo legs, on budget, ahead of schedule — and it is providing a significant body of water, with I think 18 to 20 gigalitres of water in the context of Bendigo and at the moment potentially 10 gigalitres, which could rise quite substantially to about 16 to 18 gigalitres from memory, for the Ballarat leg.

In both instances the management of the delivery of this project was extremely effective. The engagement with stakeholders — by whom I mean principally land-holders through the affected corridor where the pipeline was constructed — was outstanding, and in fact what it shows is that with major pipeline projects it is possible to work through the issues around access to land for the construction of the pipe; for the protection of properties from disease transfer from neighbouring properties; for the contractors to be able to work through Aboriginal heritage issues, which arose in a couple of instances; and also for appropriate compensation to be provided within the existing framework to affected land-holders. So this is a really good project.

In the case of the Ballarat stretch of this pipeline project, which is the stretch that has just been completed, there are pumping costs and energy that is required as a consequence of those pumping costs, and some of those energy requirements will be offset by the construction of a mini hydro facility at the White Swan Reservoir. So as well as providing a project which is vitally important for the water security of those towns, which was delivered in a cost-effective way and in a timely way ahead of schedule — in fact the final construction schedule was accelerated by about two years — it has also been delivered in a way which respects the needs and priorities of the local community, particularly affected land-holders, and it also endeavours to address issues of environmental sustainability. It is really an outstanding example of a visionary project that was not supported by everyone. In fact when it was originally proposed there was some opposition to this as a solution to Bendigo's and Ballarat's water needs, but I think now there is very broad support for this augmentation.

Dr SYKES — My question relates to the food bowl modernisation project and claimed water savings, and putting it in context. In recent times your government has promised a total of 520 gigalitres of water savings, and yet in the last year the Goulburn system only lost 450 gigalitres. How do you intend to honour your promise when you are promising more water savings than there are actual losses? I can provide you with a table that shows the promises that you have made.

The CHAIR — Minister, particularly in relation to the estimates, of course.

Mr HOLDING — Yes. I am aware of the savings that have been promised in relation to this system across a series of different initiatives. They include stage 1 of the food bowl modernisation; potentially, subject to due diligence, stage 2 of the food bowl modernisation project; the Shepparton modernisation project; and the Central Goulburn 1 to 4 upgrades, as well as some ancillary projects that hang off those. The Government and in fact most of the significant irrigators in the region and other water experts across the state and nationally concede, firstly, that this system is a system that loses hundreds of billions of litres of water every year, regardless of whether it is a dry year or a wet year.

Dr SYKES — Sorry, Minister. The Goulburn-Murray Water figures have shown that the losses are less in dry years.

The CHAIR — Dr Sykes, the Minister to answer, please.

Mr HOLDING — Can I just say that I said it is a system that loses hundreds of billions of litres of water every year, regardless of whether it is a dry year or whether it is a wet year. Even the figures that you have passed across or the figures that you cite from Goulburn-Murray Water indicate that the losses in the system amount to hundreds of billions of litres. That is undeniable. The question is whether or not the losses in dry years are commensurate with the commitments that the government has made in relation to savings. And I want to say this in relation to this, because this is a very, very important issue: it is possible to reduce the losses in the system to zero. If I wanted to reduce the losses in the system tomorrow to zero, I could do so, and I would do so by shutting the system down. If you shut the system down, then the losses go down. That is undeniable. At the moment the system is not running at full capacity, not just because of drought but as a consequence of drought. Measures have been put in place which are deliberately designed to retard the operation of the system in an effort to reduce the losses that occur. If you then use those loss figures as a basis for claims about what savings can be made, then what you are doing is you are saying that the only basis upon which we can proceed with this investment is if we assume that the system is going to be retarded forever in the way in which it operates on an annual basis.

To give you an example of the sorts of practices that have been put in place over the last 12 months or 2 years to try to manage this system during this period of stress, the watering season — the irrigation season — has been altered in a number of different ways. In some cases farmers or irrigators who are on a channelled system have had to accept channelled water or the water being run through the channel not at the most optimal time for them but during a collective water run that everyone can draw their water supplies off. You know this. You are from the area. What it means for these irrigators is that they are not necessarily watering at the most optimal time for themselves. They are watering when the water can be delivered so that everybody can draw off the system at once, so that you can actually reduce the losses in the system for that period of time.

In other cases water is actually being carted in — trucked in. The channel is not actually being used, so there are no losses in that channel at all, but for stock and domestic purposes they are drawing their water from a carted system instead. If you want to use that as the assumption for saying that is the basis upon which we should then calculate any savings that can be achieved, what you are really saying to these farmers is that for ever and a day the system's operation should be retarded so that we can arrive at a figure as to what the true losses are. No matter who it is, no matter which experts you talk to, everybody concedes that this system is a broken, clapped-out system losing hundreds of billions of litres every year. I love it when conservative politicians come in here, Chair, and say we support — —

The CHAIR — Just answer the question, Minister.

Dr SYKES — I asked a simple question. Chair, can we bring the Minister back to the question?

Mr HOLDING — I am happy to come back to the question.

Dr SYKES — Please do.

Mr HOLDING — Because the question is on the question of savings. How is it possible that people can say, 'The savings are not there, but we support the expenditure of $1 billion or $2 billion on modernisation updates'? Why would you support the expenditure of billions of dollars of public money on upgrading a system when you do not believe the losses are there?

Dr SYKES — Chair, you have given the minister some leniency. I would ask your indulgence. I asked a question — —

The CHAIR — Very quickly, please. You have had nearly 4 minutes on this already.

Dr SYKES — That is because the Minister went off on a political diatribe.

The CHAIR — For 15 seconds.

Dr SYKES — Through the Chair, my question was: you have promised 520 gigalitres of savings; the system only lost 450. My question is: do you stand by your ability to deliver 520 gigalitres of savings and, in particular, 225 gigalitres for stage 1 of the food bowl modernisation? Do you stand by that?

Mr HOLDING — We have said that we can deliver 225 gigalitres of savings in stage 1. We have said that subject to due diligence we can deliver another 200 billion litres of savings as part of stage 2, the commonwealth-funded components. We have said that wherever appropriate and wherever we have identified it, those savings are in addition to the other savings you have mentioned. Central Goulburn 1–4, the Shepparton modernisation project — all of those savings — are capable of being achieved with the investments that we are making. Why would you spend billions of dollars upgrading a system like this unless you believed — —

Dr SYKES — No, that is not the question.

Mr HOLDING — It is exactly the question. You asked me whether I stood — —

Dr SYKES — Would you answer the question?

The CHAIR — Okay. I think we — —

Dr SYKES — Will you resign if you do not deliver the 225 gigalitres?

The CHAIR — Dr Sykes, that is completely inappropriate. I think we have had the answer to this question, so we will move on to the next question.

Mr HOLDING — He has had three questions in a row. Dr Sykes has asked if I stand by the savings, and my answer is unambiguously that the Government stands by its belief that these savings are achievable, and that is why it is supporting this project.

Dr SYKES — Will you subject those savings to an independent audit to confirm them?

The CHAIR — Thank you, Dr Sykes. You have had your answer. You are just grandstanding. You will have an opportunity later to ask further questions. Minister, I just refer to you to page 277 of budget paper 3, and this is in regard to the top 1500 industry program savings. I notice now we are looking at the top 1500 industries in table 4.2 of budget paper 3, page 277. You will notice there that we have funding going out to 2010–11 under this particular program. How is this going to result in further water savings?

Mr HOLDING — We have already seen major savings from industry users in Victoria. This is one of the myths perpetuated by some, Chairman, that industry has not been doing its bit or pulling its weight in relation to water savings. I am very pleased to be able to inform the committee that industry in fact has been a top water saver in Victoria. Industry in the Melbourne area uses around 30 per cent of Melbourne's water, and Melbourne's industrial water users have saved 9 billion litres — or 9 gigalitres — of water in 2006–07. These are quite substantial savings. We have seen that 99 per cent of companies across the state that are required to complete a water map have now done so, with 100 per cent compliance in Melbourne — 1259 of the organisations in Melbourne that were required to complete a water map have now done so, which is 1259 out of 1259, and 564 out of 586 have done so in regional Victoria.

The CHAIR — I think there was one company outstanding. You might recall, Minister, from our outcomes report on this matter there was one company still outstanding.

Mr HOLDING — I think that might have been the 100 top water users. This is the 1500 water users.

The CHAIR — Right. Okay.

Mr HOLDING — The base is much more extensive. We have seen some really innovative water projects, Chair, and I know members will be interested in some of these, including plastics manufacturer Qenos. I was there several months ago now with a member of the committee, Martin Pakula, celebrating its commitment to using some of City West's recycled water from the Altona treatment plant. We are talking about water quantities in the order of 2 billion litres — 2 gigalitres of water — for one user alone.

They will be using class A recycled water where previously they used potable water. They are Australia's sole manufacturer and leading marketer of polyethylene resins, so being able to slash their drinking water use by more than 90 per cent is a major achievement. The purified water — the treated water — will be used on Qenos's cooling towers, boilers and other processors. We are seeing something like another 400 million litres of water being recycled on site by Qenos, with $2.5 million government funding support. We also see the Shell Geelong refinery

which is saving 100 million litres of water a year following the completion of an extensive water management program. That $55 million water master plan, which I celebrated the commencement of with Shell probably close to a year ago now, has cut back on its water use. They have also introduced a number of other water-saving measures at their Geelong site. Things like the recovery and reuse of water through a new water treatment facility, the capture of scheme condensation from large boilers for reuse through the manufacturing process, the collection and treatment of stormwater prior to its discharge into Corio Bay, and the use of Shell employees in a number of water conservation projects.

Industry is doing its bit. The Water MAPs have been a great success in driving down industry water use amongst our water users. It has been a success in regional Victoria, a success in Melbourne, and it is great to see large water users like Qenos and Shell coming to the table with very innovative projects that save substantial amounts of water.

The CHAIR — So industry savings are similar to domestic savings?

Mr HOLDING — More than. At the moment industry savings exceed the percentage of water savings made by households. That is not to criticise industry or households; we just make the point that — —

The CHAIR — Different capacities to save, of course.

Mr HOLDING — Industry is certainly doing its bit. We appreciate the efforts that households have made but also the efforts that industry has gone to.

Dr SYKES — Minister, you have indicated that you expect to achieve 225 gigalitres of savings with the food bowl modernisation project from the first $1 billion invested. Given the cost increase is around 50 per cent of the Wimmera Mallee pipeline, and also similar increases in the recent upgrades to the irrigation systems in Shepparton East, do you intend to allocate further funds to stage 1 of the food bowl modernisation project, or do you intend to reduce the works?

The CHAIR — So far as it relates to the estimates, and Minister, insofar as you feel the need to deal with hypotheticals.

Mr HOLDING — This is a project that we are committed to achieving on time and on budget. If we look at projects around the state, and Dr Sykes mentioned a couple — he mentioned the Wimmera Mallee pipeline project: I would point equally to the goldfields super-pipe project, which has been delivered ahead of schedule and under budget. I would point to the Tarago Reservoir project, which I mentioned earlier, which is tracking well in accordance with the financial estimates expected for it, and again well ahead of schedule. This Government has a good record in terms of water projects that have been delivered ahead of schedule. In fact we have accelerated many, many water projects. This modernisation project is in itself an acceleration of capital works. If we had left it to the funding of Goulburn Murray Water through its ordinary capital works program it would have taken decades to achieve. We will be able to achieve it in a very short period of time.

NVIRP (Northern Victoria Infrastructure Renewal Project) comprises people who I know are deeply committed to making sure that the set of works that will be rolled out will be delivered quickly. I know Barry Steggall is one of those, and I know that Dr Sykes would have a great deal of confidence in Mr Steggall's capacity to ensure these sorts of projects.

Dr SYKES — I do not have such confidence in you, Minister.

Mr HOLDING — I would also say that I was able to mark the commencement of the early works of the food bowl modernisation project last Friday. This is the installation of the first 1000 flume gates and the first 1000 meters as well as some other ancillary work — —

Dr SYKES — Will that actually save water or just enable the charging of that water?

Mr HOLDING — If you have automated flume gates in place — and I am very pleased that Dr Sykes has asked this question — they enable you to do two things: firstly, to regulate the flow which reduces losses from outfalls, basically — —

Dr SYKES — Which often go into other systems downstream and become available for irrigation — —

Mr HOLDING — Why don't you come over here and answer the question.

The CHAIR — Dr Sykes, it is very difficult for Hansard if you keep interrupting. One at a time.

Mr HOLDING — Firstly, to deal with outfalls; secondly, an automated flume gate enables you also to pinpoint where losses are occurring in the system, and the best use of channel linings — limited channel linings — that can occur, are channel linings that occur in the places where the losses actually occur. The answer to Dr Sykes's question about whether it enables you to reduce losses is that it enables you to deal with outfalls, and it enables you to pinpoint exactly where losses occur. I am happy to stand by the early works program that has already commenced, which will support food bowl modernisation.

Dr SYKES — Can I just clarify through you, Chair — —

The CHAIR — Very quickly.

Dr SYKES — I understand that you guarantee this project will be delivered on budget and on time. Is that what you said?

Mr HOLDING — I just said I am very confident — it might be better if I answer the questions rather than you answering your own question.

Dr SYKES — I am putting it back to you, Minister, for you to answer it.

The CHAIR — You need to seek clarification in terms of the question, not in terms of the answer.

Mr HOLDING — I made it very clear that we are very confident that the savings can be achieved, which was your original question, and that the project can be delivered on time, and that the project can be delivered on budget. The government has provided $600 million, Melbourne Water users will be providing $600 million, and for stage 1 Goulburn Murray Water users will also be contributing $100 million. We want that money to be spent as effectively as possible to generate those first 225 gigalitres of savings— —

The CHAIR — Okay.

Dr SYKES — If by chance you are wrong and the savings are not made, or the costs went up — —

The CHAIR — I think that is hypothetical, Dr Sykes.

Dr SYKES — What impact would that have on the business case for the north–south pipeline?

The CHAIR — Quite frankly, I think that is hypothetical.

Mr HOLDING — We have had four questions in a row from Dr Sykes.

Ms MUNT — Page 354 of budget paper 3 details funding for the Wonthaggi desalination project. My question is: why has the government not given serious consideration to the construction of a pipeline from Tasmania to Victoria?

Mr HOLDING — I thank Ms Munt for this question because from time to time I do see reports about the viability of a Tasmanian pipeline as an alternative to desalination. The Government considered carefully the feasibility study that was done at the time that we made the decision to construct a desalination plant, and we have said all along that we can get about 150 gigalitres from desalination — 150 billion litres of water that will be of drinking water quality to provide for, or to supplement, Melbourne's water supply. This is estimated to cost $3.1 billion or thereabouts. It is too early to give the exact cost at this point.

We are obviously going to go through a process with the private sector to determine what the actual cost will be, but it will be something in that order. The alternative of a Tasmanian pipeline really needs to be reflected on carefully. If we were to build a 500-kilometre pipeline from Tasmania, 350 kilometres of it underwater, it would be a very expensive piece of infrastructure. In fact, Melbourne Water estimates that it would cost something between 8 and $12 billion. At the same time, the water that we would be collecting from this pipeline would be dependent on Tasmania guaranteeing in perpetuity that we would be able to access this water supply. Now, Tasmania is itself at the moment drought-declared, and whilst they might be happy to provide us with water for a few years, to justify

the investment of between 8 and $12 billion you would need an extremely long guarantee to be in place that you will be able to access that water. At the same time, commentators have said that this pipe could actually be gravity fed, that it would require no energy to use it, which is one of the criticisms that is made of desalination. In fact, when you build a 500-kilometre pipeline there is a high likelihood, as most engineers will tell you, that there will be friction losses that occur over the course of that pipeline which mean that often then some pumping is required. The pumping connected with a 500-kilometre pipeline could end up being, depending on its design and how it operated, quite significant.

So in order for us to build a pipeline that would generate something like 150 billion litres of water, we would need to make a huge capital investment. There would be a very long lead time to build the pipeline. It would require a guarantee from the Tasmanian government that we could continue to access that water for a very long period of time, a guarantee that with climate change and other factors coming into account they would probably be quite reluctant to give, and then, of course, a series of issues around the gravity losses and the practical way the friction losses from a gravity-fed system would affect the way in which the pipeline actually operated. Despite some of the superficial appeal that a pipeline from Tasmania might have, we actually do not believe that that is a long-term solution to Victoria's water needs.

The CHAIR — Okay. Thank you, Minister. Dr Sykes.

Dr SYKES — Thanks, Chair. Minister, I would like to move to the north-south pipeline. The pipeline has been built to take one-third of the savings from the food bowl modernisation project and you expect that to be 225 gigalitres so that means one-third is 75 gigalitres per year. Have you worked out the unit cost of that water going to Melbourne via the pipeline?

Mr HOLDING — Approximate cost compared to desalination, for example: it is much less. It is a much cheaper option than accessing desalination water over what we anticipated it being.

Dr SYKES — So it is much less, but what is the actual unit cost that you have done your number crunching on?

The CHAIR — It is all right. If we do not have an answer now we can take that on notice.

Mr WELLS — No, surely they would have the cost.

Mr HOLDING — We do have some material in relation to the unit cost of water. In fact, you could cost it on a number of different bases. You could cost it by dividing the 75 billion litres by the cost of traded water in the district at the moment. Of course, the traded water level fluctuates from time to time so it would be — —

Dr SYKES — I know what you could do. My question is have you done it?

The CHAIR — Let the minister answer, please.

Mr HOLDING — Secondly, I am just reluctant to provide the number in the form that you may have asked for it simply because we are about to go through a process with desalinated water, and until we get the final costings in relation to that, I have just made a comparison around desalination water and the unit cost there — —

Mr WELLS — What has that got to do with the pipe?

Mr HOLDING — Well, I mean I am just saying you can cost — —

Mr WELLS — That is ridiculous logic. That is illogical.

Mr HOLDING — Well, do you want to ask a question?

The CHAIR — No, the minister to answer.

Mr HOLDING — Do you want to ask a question?

Mr WELLS — No, that is illogical. What is the unit price?

The CHAIR — Thank you, Deputy Chair. Minister to answer, please.

Mr HOLDING — Well, we know the cost of water traded on the water market — what would you calculate water traded on the water market in northern Victoria?

Dr SYKES — No, no, my question to you is what is the unit cost, the cost of water?

Mr HOLDING — It fluctuated over — —

Mr WELLS — What is the cost of water from the other side to Melbourne?

The CHAIR — Okay, thank you. Minister to answer, please.

Mr HOLDING — Well, okay, Melbourne Water's contribution to the food bowl modernisation is 300 million. the cost of the pipeline is 750 million, and the 75 gigalitres that is provided to Melbourne will become part of Melbourne's bulk entitlement. That is how we have said it will operate.

Dr SYKES — That is back-of-the-envelope calculations, isn't it? Is that how you did your sums?

Mr HOLDING — But there is nothing back-of-the — —

Dr SYKES — What would be the impact — —

The CHAIR — I think the minister has answered the question.

Dr SYKES — No, he has not answered the question. If I can just clarify. Minister, what would be the impact if the savings were less?

Mr WELLS — It is a straightforward question.

The CHAIR — One at a time.

Ms MUNT — I think he could take it on notice.

The CHAIR — I did suggest that.

Mr WELLS — No, you have got to be kidding.

Mr PAKULA — It is amazing how you guys have woken up now that there is publicity.

Dr SYKES — What would be the impact if the savings were less — —

The CHAIR — No, you have asked your question. Minister, you have answered the question. If you have any further details you will take it on notice. Okay, thank you. Mr Scott.

Mr SCOTT — Thank you, Chair. I refer the minister to budget paper 3, pages 352–355 detailing spending on various water projects including initiatives in the 2007 next stage of the water plan. Can the minister explain how alternatives, such as dams, compare in terms of cost and water augmentation?

Mr HOLDING — I am happy to provide some additional information to Mr Scott's question. You would have seen some coverage yesterday in just some material on some research that the government did in 2005 on a number of alternative dam propositions. In fact, we looked at seven dam water diversion or reservoir-type scenarios, including a dam on the Macalister River in the Mount Useful area above Glenmaggie; a dam on the Mitchell River, the expansion of Lake Buffalo and the Buffalo dam, which I know is an enthusiastically supported project by the member for Murray Valley; and some augmentations in the Geelong area particularly on the Gellibrand River. We costed each of those options and we looked at the environmental and social impacts connected with them also, and what they show is that in each instance, either the water yield from them is highly variable and highly problematic, the social impacts of flooding either parts of historic townships are also in some instances removing from use— —

Dr Sykes — Big Buffalo? Big?

Mr HOLDING — No, no, I am talking about Licola particularly, which was one of the townships affected — Dargo and other townships in the Gippsland area — and it would have affected the viability of those townships as well as removing productive land from pastoral or other use at the moment. So we looked at the full impact of those things, and if I could just give some particular information because dams have been an important part of providing water security for Victorians for a long period of time, and the system of storages has served us well over what has been a comparatively wet century. But at the same time we recognise that if you have storages that sit at 20 or 30 per cent full for long periods of time, with the reality of climate change coming, and the possibility of protracted drought, you have to question why you would continue to build more and more storages when there are other augmentation options that are available.

For example, in the case of the dam on the Mitchell, this would get the most reliable water supply, which would result in about 86 gigalitres, but at a capital expenditure of something like $1.347 billion in 2005 prices; so when you compare that to other water augmentations, and take into account the true cost, the environmental cost of damming the Mitchell River, the social cost of damming the Mitchell River, you realise that new dams are not a long-term solution to providing water security for Melbourne; and for many parts of Victoria they are not a long-term solution to providing water security for other townships in Victoria.

It is in that context that our investments in modernising irrigation infrastructure, our investments in building pipelines to transfer water to where it can be most productively used, and our investment in a desalination plant are so important. Our investments in recycling water — $300 million for Melbourne Water to capture something like 100-plus gigalitres or billion litres of water that is currently not treated to an appropriate standard at the eastern treatment plant — it is in that context that these investments become most useful and the case for them is most powerfully made.

The CHAIR — Thank you, Minister. Mr Wells?

Mr WELLS — Minister, I would like to ask you about the environmental contribution levy, but before I do, can I just clarify that as Minister for Water you do not know the cost per litre of water coming down the north-south pipeline?

The CHAIR — I think you get one question, Mr Wells.

Mr WELLS — Yes, I just wanted to clarify that.

The CHAIR — We have dealt with that question. Get onto the next one, please.

Mr WELLS — We still do not have the answer. That is why I am concerned about it.

The CHAIR — Can you get on to your next question, please?

Mr WELLS — Would he like to seek clarification?

The CHAIR — We have dealt with that matter. On to your next question or else I will pass to Mr Noonan.

Mr HOLDING — I am happy to — if Mr Wells has a calculator on him, he can take $1050 million, which will be the cost of Melbourne's 75 gigalitres of water, versus $3.1 billion or $3100 million for 150 gigalitres of water. So you can see from the two alternatives there that it is very easy to work out the unit cost for each. You need a calculator and you could work it out in 30 seconds.

Mr WELLS — So what is it?

Mr HOLDING — Well, it is 1050 divided by — just do it.

Mr RICH-PHILLIPS — Just tell us what it is.

Mr PAKULA — It depends on the source of the water.

Dr SYKES — What price is it, Minister?

Mr WELLS — You said it is very easy.

Mr HOLDING — No, I just said one thousand — —

Mr PAKULA — It's a cute debating trick!

Mr WELLS — You just said — —

Mr HOLDING — One thousand — —

The CHAIR — Can we have one at a time, please?

Mr WELLS — Well, can we get an answer?

The CHAIR — The Minister has given us some figures.

Mr HOLDING — I have just said: the cost of the water, the 75 gigalitres that comes to Melbourne will be $1050 million — the capital expenditure on that will be $1050 million for 75 gigalitres of water. The capital cost of the desalination plant is something in the order of $3100 million, and that will deliver 150 gigalitres of water. They are very clear figures on the cost of — —

Mr BARBER — And what are the economic lives of those assets, Minister?

Mr HOLDING — You can talk about — it is like any question, the first question that is answered — another question comes up. He has asked his question.

The CHAIR — This is your question, I assume?

Mr WELLS — No, no, I was just seeking clarification and we still do not have an answer yet.

Mr BARBER — It is just one more question from me, and that is the economic life of the asset.

The CHAIR — The minister has actually answered that one.

Mr WELLS — He said it was a very easy answer, but he has not given it to us.

The CHAIR — Well, if you cannot divide — —

Mr WELLS — What is the cost of the asset?

Mr PAKULA — Kim, you can do it in your head. Divide 3100 million by 75 billion.

Mr WELLS — I just want to know the cost per litre.

Mr PAKULA — You just failed Finance. Sorry.

The CHAIR — I think we will all take a deep breath, and give us your question, please.

Mr BARBER — It has an economic life and a terminal value.

Mr HOLDING — It is the capital cost of the project.

Mr WELLS — What is the cost per litre? That is all we are after.

Mr HOLDING — The cost per litre or the cost per megalitre or the cost per gigalitre or the cost per kilolitre?

Mr WELLS — Per thousand litre. Give us the answer in per thousand litres then.

Mr HOLDING — The cost for 75 gigalitres is $1050 million.

Mr WELLS — Per?

Mr HOLDING — For 75 gigalitres; for 75 billion litres.

Mr WELLS — Okay. No operating costs?

The CHAIR — We can all get out our calculators later.

Dr SYKES — He hasn't done the sums until today.

The CHAIR — Look. We will get our calculators out later.

Mr WELLS — Are there any operating costs?

Mr HOLDING — Can I just say this: as juvenile as this is, Dr Sykes has just interjected to say the costs have not been done. In fact I have just indicated the costs. What they have not been done is done in the form which I can hand over to him right now, in the form that he insists on.

Dr SYKES — They have been done on the back of a scrap of paper, delivered for the question!

Mr HOLDING — In Mr Wells's case, he says that that is — —

Dr SYKES — You've done it on a scrap of paper.

Mr PAKULA — Grow up!

Mr HOLDING — I have made it very clear that that is the capital cost of that water. The capital cost. I know Mr Wells has had challenges in the past in differentiating between operating cost and capital cost — —

Mr WELLS — No, no, none at all — —

Mr HOLDING — In this case I am making it very clear: $1050 million is the cost, the capital cost, of 75 gigalitres of water.

Mr WELLS — So there are no operating costs, Minister?

Mr HOLDING — I did not say there were no operating costs. I just said they were the capital costs.

Mr WELLS — Well, what are the operating costs?

Mr HOLDING — We can move on.

Mr WELLS — What are the operating costs, then?

Ms MUNT — They are the operating costs. He still doesn't understand.

The CHAIR — I think you have had your question, Mr Wells.

Mr WELLS — He is very keen about the capital costs. What are the operating costs?

Mr HOLDING — He has had about eight questions.

The CHAIR — He has given you the capital costs.

Mr WELLS — What are the operating costs?

The CHAIR — Get onto your question or else we will — —

Mr WELLS — Are you refusing to answer or deal with the operating costs?

Mr PAKULA — I thought he had two questions!

Mr WELLS — Are you refusing the answer the costs of the operating costs?

Ms MUNT — It is a different question.

Mr WELLS — You are refusing to answer.

Mr HOLDING — No, I am not refusing to answer.

The CHAIR — No, he is not. You are putting words into the minister's mouth and that is just totally inappropriate for this committee. If you have a question ask it, or otherwise I will pass to Mr Noonan.

Mr WELLS — I was just going to seek clarification that he does not know the cost of the operating costs.

In regards to the environmental contribution levy, on budget paper 4, page 186 and 187, the government states that $227 million will be raised from 04 to 08, and that every dollar will be spent on initiatives to secure sustainable water supplies for the state, but I also note in June 07 in the DSE (Department of Sustainability and Environment) report $137 million had been expended on projects with $87 million left to be raised and expended in this financial year.

The question I would like to ask is: has the government spent or allocated all of the $227 million that it said it would collect and spend? And with the levy being extended for a further four years and expected to raise an additional $295 million, will it be spent on the existing five categories, and why did you take $14.5 million from this environmental levy fund for the food bowl modernisation program?

The CHAIR — This relates to the estimates and you may want to take some of it on notice.

Mr HOLDING — In addition to the four or five questions Mr Wells has already asked, he has asked another four or five.

What I can say is that over the four-year program for the environmental contribution levy, $225 million was generated. Of this, $11 million will be spent at the end of 2007–2008. Expenditure of this amount has already been determined and will occur in the 2008–2009 financial year, so the question of moneys that are not spent and whether or not they have been allocated, unambiguously it is $11 million, and it has been allocated.

In relation to the second tranche of the environmental contribution, I can say that this expenditure will commence in 2008–2009. The program will continue a number of the successful programs implemented under the first tranche, such as extending the river health programs managed by the catchment management authorities. You asked how this money would be spent, and what I can say is that it is planned that the second tranche will have the same funding categories as the first tranche, with the exception that the original COAG Living Murray initiative category will be consolidated into the protecting and repairing our water sources category, and in the context of how that money is being expended, that makes sense.

Mr WELLS — Minister, is the $14.5 million for the food bowl modernisation coming out of that levy?

Mr HOLDING — It comes out of that levy because a third of the savings will be returned to the environment, so it is an obvious use of the environmental contribution.

Mr NOONAN — Minister, I wanted to ask about the Small Towns Water Quality Fund, which is referred to on page 277 and is a significant investment over the estimates period. How many communities have benefited from that program and how many are expected to, going forward? Also, more generally, how does Victoria compare with other states in terms of delivering water programs and projects?

Mr HOLDING — Thank you very much, Wade, for that question. This has been a very successful program, the Small Towns Water Quality Fund program. It was originally established to assist small towns to improve their water quality and to upgrade, monitor and maintain septic tanks. The main aim of the program is to optimise public and environmental health by minimising risks associated with leaking septic tanks and to improve the quality of drinking water supplies in small towns across the state.

This program is in addition to the $64.5 million funding that was provided under two programs: the New Town Sewerage Initiative and the Country Towns Water Supply and Sewerage Program. These two programs, which have been funded, saw the replacement of something like 30 000 septic tanks, or the closure of 30 000 septic tanks and the provision of a reticulated supply for those systems that were able to see the closure of those tanks. There was also a marked improvement in water quality in those towns that were able to access water treatment facilities as a consequence of that funding.

As part of the 07–08 budget the Government provided $20 million over four years for the Small Towns Water Quality Fund. The project, planning and implementation for the expenditure of this money is well under way. In fact, a number of water corporations and rural councils have already commenced the planning of their water and wastewater solutions and the preparation of business cases to access funding under this program. I did want to say that we are shortly going to invite water corporations and local councils to submit their business cases for these solutions in 08–09.

The program will work on a one-to-one matching funding basis. There will be no limit on property owner contributions, and this is very important. Under the previous system there were limits in place, caps in place, on owner contributions. The consequence of this was that in many cases water authorities and local councils were unwilling to commit to septic tank closure systems or water quality upgrades, because they knew that the cost of those would have to be disbursed across the entire rateable base of their water authority or local council, and in some cases the closure of septic tank systems were going to the benefit of very wealthy land-holders, particularly in the small towns and seaside resorts, where there were a large number of holiday homes.

It was considered inappropriate that effectively a cross-subsidy be put in place where poorer families from larger townships across an area's catchment, across a local government area or across a water authority's area, were effectively subsidising the cost of the closure of septic tank systems for wealthy landowners in small seaside resorts because of the cap that was in place. So the removal of the cap will enable water authorities to make a judgement about which cases they actually want to bring forward and who should bear the cost of those sorts of initiatives. If they want to reduce the cost impact on local property owners, they can still do so with as much flexibility as they had, but they will not be constrained by being forced to implement it in the context of having that cap in place.

The CHAIR — Do the water authorities actually keep a record of these implicit subsidies?

Mr HOLDING — They would; it would be embedded in the business case for the program.

The CHAIR — Is it possible to get information on these implicit subsidies?

Mr HOLDING — You could approach the water authorities.

The CHAIR — Maybe we might look at some of the larger ones in our outcomes review.

Mr HOLDING — It is really targeted at smaller rural water authorities.

The CHAIR — I understand — the small towns project, yes.

Mr NOONAN — In relation to the second component of my question on how Victoria compares with other states in terms of the water programs and projects — —

The CHAIR — Are you just asking for clarification?

Mr NOONAN — It was part of my original question.

Mr HOLDING — Sorry, I missed that.

Mr NOONAN — The second component of my original question was really about how Victoria compares with other states in terms of water programs and projects.

Mr HOLDING — We have actually had some research that has been done, firstly by the Essential Services Commission which looks at a range of benchmarks across our water authorities, but also work that is prepared by the National Water Commission which compares different states and territories in terms of the performance of their water activities across a number of different areas — everything from the amount of water recycling to the billing levels that are in place or a range of other tests and measures. The ESC process, but more importantly the work done by the National Water Commission, showed that Victoria is doing extraordinarily well. We stack up well against other states in terms of our bills, in terms of the amount of water recycling that occurs, in terms of the quality of our water, in terms of the quality of our infrastructure, and whatever test you care to put in place where you can make an objective comparison between different states, Victoria is doing very well.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the Geelong–Melbourne pipeline. There is $20 million in the forward estimates provided for that project, and when it was announced last June the total cost was put at $80 million, with 20 million being funded through the budget and 60 million to be funded through a rise in water prices to the users. The most recent Auditor-General's report on *Planning for Water Infrastructure in Victoria* indicates the cost of that project is now $120 million, rather than $80 million, so my question is: how will that additional $40 million be funded?

Mr HOLDING — Firstly, we have made it clear on a number of levels. The Government contribution to this project is $20 million, so any additional contribution that is required will be funded by Barwon Water. Secondly, in relation to exactly how they wish to manage the additional funding required for that, the Essential Services Commission will oversight whatever decision is made in relation to the relative level of debt and the impact on prices and the appropriateness of that, but Barwon Water is best placed to make that judgement.

In relation to the additional cost itself, I think the issues in relation to that project centred around the final route alignment and the judgements about which was the most appropriate route that should be selected for the pipeline, and other issues around ongoing cost inflation in relation to the construction cost of a pipe-based project of that order.

Mr RICH-PHILLIPS — So if the additional cost is absorbed by Barwon Water, ultimately it will be passed on to their customers?

Mr HOLDING — Ultimately. I think we had also some advice that the price impact of that is very, very small — to the tune of a couple of per cent; from memory even less than that — the actual price in fact is point something, so it less than 1%, the final price impact on Barwon Water users. From a Barwon Water perspective, the attractiveness of this project is obviously that it enables those in the Geelong region to be connected to Melbourne's system and thus get the benefit of Melbourne's water augmentations — the desalination project, the Sugarloaf project and other projects that are occurring in Melbourne, everything from the eastern treatment plant and others, that will reduce the call on potable water supplies. Those projects collectively providing additional water security for Melbourne means that if Geelong is connected to that system, Geelong can benefit from those water augmentations, therefore a cost impact on customers of less than a per cent is a very, very small impact indeed.

Mr RICH-PHILLIPS — And that is still on track and can be delivered in 2011?

Mr HOLDING — Barwon Water is working on the delivery of the infrastructure required for that project at the moment. Obviously it needs to dovetail with the other augmentations that are occurring in that region. There is some major bore fields work being done — the Anglesea bore fields project. There is also work being done on the Black Rock treatment plant. The exact phasing of all of those different projects needs to be worked through in cooperation with Barwon Water, but our expectation at this stage is that it would still be delivered on the original time line.

Mr PAKULA — I am mindful that we are running out of time on this portfolio. Minister, on page 354 of budget paper 3, table A.20, note (b) refers to an amount sourced from the Victorian Water Trust. With that in mind, could you detail for the committee some of the projects that are being funded by the Victorian Water Trust?

Mr HOLDING — Yes. Thanks very much for that question. The Victorian Water Trust was $320 million that was put aside by the Victorian government in 2003. It had as its objective the aim of providing sustainable water supplies for Victoria. It is a 10-year investment program, and funding now under that program has basically been almost fully allocated. It is expected that by the end of the 2007–08 financial year $260 million of the trust's funding — that is, about 81 per cent — will have been spent on a number of water-related initiatives, and those initiatives will have delivered significant water savings and benefits.

Mr Pakula's question asked what some of those initiatives were. They include funding for the Water Smart Gardens and Homes rebate, which is the program which has provided something like 186 000 rebates for water savings devices that have delivered benefits of something like 1.6 billion litres of water. It has also provided funding for: the Water Smart Farms initiative, which has saved 8731 megalitres of water — almost 9 gigalitres of water; stage 1 of the Healthy Rivers program; and a contribution to the Gippsland Water Factory, which is a water treatment and recycling system.

Some other areas where 2008-09 expenditure has occurred is in the area of the Office of Housing retrofit program, which provides water-efficient showerheads for Office of Housing properties. It is about $1.2 million-worth of funding. There is $11.6 million for the Country Town Water Supply and Sewerage program and $25 million as a contribution to the food bowl modernisation project. There is actually a large diversity of programs. They all have as their theme obtaining or securing sustainable water supplies for Victoria, some in regional areas around smarter farming and modernising irrigation systems, in some cases in residential areas in metropolitan centres or regional towns, built around providing support for the provision of water-efficient appliances.

Mr PAKULA — Has that rollout of the Office of Housing retrofit started?

Mr HOLDING — It is an 08–09 program, so the $1.9 million for the retrofit program that is funded there would not have commenced yet.

Mr DALLA-RIVA — Minister, I refer you to the *Service Delivery* budget paper 3, page 232. Whilst we are going there, do you actually have a water tank in your home?

Mr HOLDING — I do.

Mr DALLA-RIVA — Minister, referring to that particular page, the target for 07–08 was 228 million, yet the expected outcome is 414.8 million. My question relates in particular to the additional $186.5 million above the target; also the increase in the forward estimates from the 228 to 277. My question relates to the issue of media, television, newspaper and radio advertising campaigns, in particular the ads that are running on the desal and the north–south pipeline. My question is: is that $186.5 million additional as a result of those political campaign ads, and are the forward estimates the increase? Are you anticipating to spend additional money on government advertising into the future?

The CHAIR — That is a bit of a long bow; maybe there are some outputs and deliverables mixed up.

Mr HOLDING — I thank Mr Dalla-Riva for his question. If I can go to both parts of Mr Dalla-Riva's question, I have answered the question around whether I have a water tank in my home. I ask and invite Mr Dalla-Riva to ask the same question of the shadow Minister for Water, Louise Asher. I am sure she will be pleased to answer that question for herself.

In relation to government expenditure on water advertising, what I can say is that we recently released our water-sharing ads, which people would have seen on TV. Included in those is the advice that you can obtain the water savings kit by ringing the hotline on it, which many thousands of Victorians now have already done. On that ad, at the time we released it, we actually released the cost of that advertising campaign. I do not have the figure in front of me, but my recollection is that it was about $2 million to $2.5 million. So I can say on any suggestion that the additional funding there is a consequence of government expenditure on advertising that I can make it absolutely clear to this committee that that is not the source of that additional expenditure there. But the Government makes no apology for spending some limited resources on government advertising and community information in this area. We think that providing the information kits — the water savings kits — that many Victorians have now availed themselves of, is actually a good thing to do. It locks in some of those water conservation savings that have been such a successful part of the measures that have been put in place to provide an interim solution to Melbourne's water shortages and also for other regional centres as well that have benefited from those campaigns.

Also, if you read the Auditor-General's recent report on our augmentation options, one of the things that he actually says is that the provision of further information to all Victorians is a really useful part of the government's ongoing campaigns around water supplies. So we think that providing the water savings kits, which have in them not just the shower timers and those sorts of things but practical information for people about the sorts of things that they can do, as well as information about the other things the Government is doing to safeguard and secure Victoria's water supplies, is actually something that is consistent with those sorts of recommendations that the Auditor has made.

Mr DALLA-RIVA — Just in relation to the forward estimates, is there an anticipated amount of money that you are going to use for advertising, in that 277? If not, put it on notice.

The CHAIR — I think you can take that one on notice because our time is up in that respect and we need to move to tourism and major events portfolio. I thank any assistants you have there.

Mr HOLDING — Just one correction: I think at one stage I said $600 million for Melbourne Water and $300 million — —

The CHAIR — You did; you meant?

Mr HOLDING — I meant 300 million for Melbourne Water and $600 million from the Consolidated Fund.

The CHAIR — Thank you for that correction. I am sure we will correct that in the Hansard transcript.

Witnesses withdrew.

CHAPTER 12: DEPARTMENT OF TREASURY AND FINANCE

Transcript of evidence

12.1 Finance, WorkCover and Transport Accident Commission portfolio

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 3 June 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. Holding, Minister for Finance, WorkCover and the Transport Accident Commission,

Mr G. Hehir, Secretary of the Department of Treasury and Finance,

Mr P. O'Connor, Chief Executive Officer, Transport Accident Commission, and

Mr G. Tweedly, Chief Executive, WorkSafe Victoria.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of finance, WorkCover and the Transport Accident Commission, water, and tourism and major events. On behalf of the committee I welcome the Honourable Tim Holding, Minister for Finance, WorkCover and the Transport Accident Commission, Minister for Water and Minister for Tourism and Major Events; Grant Hehir, Secretary of the Department of Treasury and Finance; Paul O'Connor, Chief Executive officer of the TAC; and Greg Tweedly, Chief Executive of WorkSafe Victoria.

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 that they cannot participate in the committee's proceedings. That includes any sort of interjections or anything else, and if there are any such interjections, I will deal with them and deal with them promptly. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers who are requested by the minister or his chief of staff can approach the table during the hearing.

Members of the media are also reminded to observe the guidelines for filming or recording proceedings in the Legislative Council committee room. We currently have two cameras, which I have allowed; the cameras should focus only on the person speaking, in accordance with the guidelines that we have for 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 comment 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, PowerPoint presentations and anything else tabled 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 is that relating to questions in the Legislative Assembly. In other words, we get a question, there are no supplementaries, and answers should normally be no more than 4 minutes. I ask that all mobile telephones be turned off, please.

I invite the minister to give a brief presentation for no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of finance, WorkCover and the Transport Accident Commission.

Mr HOLDING — Thanks very much, Chair. If I can, as you have already, welcome Grant, Greg and Paul, who will be providing some supportive information on some of the more technical questions that committees members may ask.

Just in terms of the finance, WorkCover and Transport Accident Commission portfolio, I would like to make a brief presentation on some of the key budget highlights and performance achievements and targets over the coming period, firstly, to give a sense of what my responsibilities entail. I know this question is often asked: what are the DTF responsibilities of the Treasurer and which of those are the responsibility of the Minister for Finance?

Overheads shown.

Mr HOLDING — You can see here my core responsibilities focus, firstly, in the commercial division on land infrastructure and investment management and GBE performance monitoring and financial risk management. In the economic and financial policy and budget and financial management divisions there are a series of responsibilities, some of them that are department-wide and some that are quite specific to financial reporting requirements. In the government services group my responsibilities include the implementation of the government's shared services agenda. My responsibilities extend also to a series of significant statutory authorities, including WorkCover, the TAC, the Emergency Services Superannuation Scheme and the VMIA. Finally, in the economic regulatory services area I am responsible for the work of the Essential Services Commission.

Some of the key priorities across those areas over recent years and into the forward estimates period include our work in consolidating government accommodation and improving the sustainability of that accommodation portfolio; the efficient technology and administrative services (ETAS) work, which are the shared services activities; the government services group, which is a newly formed area of activity within DTF and which focuses

on the delivery of some of our commitments to improving the efficiency of government service delivery; and ESC which I mentioned earlier. I would say there that, whilst its regulatory investigatory functions are quite extensive, some of the specific questions around some of its inquiries would be more properly directed towards the relevant portfolio ministers. More generally, I am responsible for the work of the ESC. Finally, there is asset and investment management, particularly in the area of the Gateway initiative, which I have reported on to previous estimates hearings.

Just to go to the business of two of the statutory authorities in particular, because I know that members of the committee will be interested in the work and achievements, firstly, of the WorkCover Authority. This graph shows on, firstly, the left-hand axis, the performance from insurance operations, the net result after tax and the actuarial release over recent years; and then, on the right-hand axis, the funding ratio. You can see there, without going into too much detail, that it is a scheme that is in a very healthy position. The Government has been working hard to make sure that the benefit of that healthy result is being returned in sustainable ways to initiatives which improve outcomes for injured workers and make Victorian workplaces safer.

Just in terms of acquitting that claim, you can see there, firstly, the total number of injury and illness claims reducing in recent years from a base of around 32 000 in 2003–04 to the 07–08 result, which is not a finalised result, obviously. We are not at the end of the financial year, but on a calendar year result you can see that we are, firstly, locking in that achievement of getting claims to below 30 000, which is a very considerable achievement, particularly when we reflect on the growth of employment in the workforce. The second part of that graph deals with claims frequency and you can see there that we have been locking in lower claims frequency rates per 1000 workers. Again, that shows the effort the Authority, WorkSafe, has been going to to improve outcomes for injured workers.

Just in terms of the premium rate itself, you have seen variations on this slide before, but just rolling through it you can see there the benefits of the four successive cuts and now the 5 per cent cut that is in this budget, making our WorkCover premiums extremely competitive on an interstate basis. That is something we are very proud of: to have been able to improve outcomes for injured workers, reduce the number of injuries as well as the injury rate, accelerate the return to work of injured workers, and at the same time manage the scheme in a sustainable way — very important.

In terms of the priorities for the Authority over the coming 12 months, we plan to continue our efforts in national harmonisation in terms of occupational health and safety laws. Victoria has led the charge in relation to those issues, and we are continuing our work, particularly with New South Wales, to see what more can be done in that space.

We have the Accident Compensation Act review, which is under way at the moment. It is being led by Mr Peter Hanks, QC. That discussion paper process is now closed, and we are awaiting now the preparation of his recommendations, which will be provided to the Government in the second half of 2008. You would recall our announcements around Work Health. This is a world-first initiative, and it is a reflection of the investment of the healthy surplus that the WorkCover Authority, WorkSafe, enjoys at the moment. This is a program that will go a long way to tackling preventive health issues in a workplace context. One of the important elements of this is, of course, the ability to improve productivity in the workplace by addressing some of these chronic conditions, particularly for the initial phase of Work Health to focus on adult onset diabetes. And then, finally, there is the focus on continued improvement, reduction in claims, return to work, and the responsible financial management of the Authority.

This slide just provides a comparison of our funding levels, the funding ratio of the Victorian WorkCover Authority compared with New South Wales and South Australia. You can see there that when we came to office the funding ratio of our scheme compared to New South Wales and South Australia was quite close. The South Australian scheme has experienced some difficulties over recent years, and you can see that reflected in their funding ratio. You can see it also reflected in some of the policy debates that are occurring in South Australia at the moment. New South Wales has gone through a difficult period and is working now to strengthen the viability of its scheme. The Victorian scheme is particularly healthy.

Just very briefly on the Transport Accident Commission, the same slide there, the funding ratio and the PFIO, the result from its insurance operations. It is very healthy and going forward, reflected also in the outcomes we have

been achieving in road trauma. You can see there the trend but also the ongoing efforts that need to lock that trend in into the future, both in terms of acute hospitalisations but also in terms of our road toll per 10 000 vehicles.

The focus of the TAC over the next 12 months: service delivery, particularly with the move to Geelong; building the scheme's viability, particularly with the implementation of the next round of Arrive Alive initiatives; and strengthening the dynamic workplace culture that exists at the TAC also.

I like to show this slide; I used to like to show this when I was police minister as well. This is a very important graph which tracks the success in Victoria of reducing our road toll over a long period of time. Really it shows that while the road toll itself may ebb and flow on an annual basis, the trend that we have locked in is unmistakable, particularly the trend in the last few years, stepping down from that 2001–02 result where the figures hovered around 440 to 390. We have really locked in what is a step down in relation to that. While there is a lot of commentary — and appropriately so — around what else we can do to drive the road toll down further, we do need to see any annual fluctuations in the toll in the context of the broader things that have been achieved over a long period of time. I do think that is a very important recognition. I might stop there, Chair.

The CHAIR — Thank you very much for that, Minister. We now have around about an hour and 5 minutes for questions on the finance, WorkCover and Transport Accident Commission portfolio. I thought I might start; if you could give us some further commentary — I know there is quite a significant part in the budget paper — regarding revenue forgone, subsidies, concessions. Whether you wish to talk to this at this stage across all of your portfolios, it is up to you, but we are interested very much in trying to get a complete picture here as a committee in regard to specific subsidies and even indeed implicit subsidies, concessions, revenue forgone within the budget and indeed what changes there have been this year that may well have been significant.

Mr HOLDING — Thanks, Chair. In terms of answering this question, we have obviously had a think about — I know it has been a feature of the questions you have asked other ministers — the things in the finance portfolio that might meet that criteria. Most of the things in the finance portfolio itself, in the DTF section of the department, do not readily lend themselves to things that you would describe as concessions or subsidies. There is one particularly in the TAC area that I would mention. Essentially you would be aware that the TAC provides a 50 per cent concession to eligible pensioners for one of their private-use vehicles. The total cost of this concession is in the order of about $85 million, but it is not a concession that is funded by a line item out of the budget; it is funded by the TAC itself. It essentially comes out of their profit, so it is not absorbed in the premiums charged to other users; rather it is reflected in the TAC's final results.

The CHAIR — We just need to make sure that all phones are not just turned to silent but are actually turned off, because they do interfere with the Hansard recording. So if people could just check their phones again and make sure they are off. Thanks, Minister, in terms of your other portfolios, is there — —

Mr HOLDING — I am happy to take those as they come. There are some concessions in the water portfolio I can go to that are contained in the transfer payments made by government. You will have seen that this year we announced an adjustment to the water concessions — a 14.8 per cent average concession adjustment — which was contained and embedded in the forward estimates period for the next 12-month period.

In the tourism and major events area it is possible to describe our support for regional events in Victoria as a subsidy, although I think that is probably overstating the sorts of things that you are looking for, and obviously they are in some of our major events across Victoria. But in terms of concessions the way I would traditionally understand them to be, the ones I would point to are the TAC one I have just described and the water concessions that we fund through the appropriation.

The CHAIR — I realise there are definitional issues in terms of both explicit and implicit subsidies and also a difference between a subsidy and a grant. I guess probably over time we will try to work through these definitional issues to try to get a clear picture in terms of those subsidies included in the budget process.

Mr HOLDING — There are certainly many grants that we provide to tourism organisations across the state and community organisations that run tourism-based activities, and there are, I am sure, occasions not just in the DTF portfolio but in other portfolios where government organisations may occasionally provide, particularly in a regional context, a small amount of office space that might be spare for an organisation that is co-located with them. But, again, they would be relatively small and one-off situations that would depend on the circumstances in that office.

The CHAIR — Thank you, Minister.

Mr RICH-PHILLIPS — Minister, I would like to ask you about TAC road safety operations. In particular I refer you to Operation Traver, which was undertaken by Victoria Police last month.

Mr HOLDING — Sorry, what was the name of the operation?

Mr RICH-PHILLIPS — Operation Traver — T-R-A-V-E-R — undertaken last month in Stud and Wellington roads primarily picking up people for speeding. A report of that operation quotes the officer in charge, Sergeant Brett Coloe, as saying that an extra 12 police shifts had been financed by the Transport Accident Commission for the operation. Is that an accurate reflection? Is it the practice of the TAC to fund Victoria Police shifts for road safety operations?

The CHAIR — You probably need to frame it in terms of the estimates, Mr Rich-Phillips, rather than the outcomes. Do you want to slightly rephrase that?

Mr RICH-PHILLIPS — If it is the case, what will be the impact on this year's budget?

Mr HOLDING — It is the case that the TAC funds a range of different programs where they have a demonstrated road safety outcome. That can include targeted operations with Victoria Police, and in the particular example given I think the answer is yes, that is an accurate description. Whether the exact figure is accurate or not I do not think is really pertinent to your question. I think the key thing is were they funded by the TAC, those extra shifts, and the answer is yes.

Mr RICH-PHILLIPS — With respect to the budget year 08–09, are you able to tell the committee, perhaps on notice, what operations TAC intends to undertake with Victoria Police and what funding it will be providing to Victoria Police for those operations?

Mr HOLDING — Let me make it clear: the funding does not come out of the Consolidated Fund; the funding comes from the TAC within its normal business.

Mr RICH-PHILLIPS — I understand that.

Mr HOLDING — They make a judgement based on discussions and evaluations done with their road safety partners, of which Victoria Police is one. So I would be surprised, Mr O'Connor, if the entire 12-month schedule of activities is locked in now; rather there would be a series of evaluations done over the period of the year as to which activities would be supported; is that correct?

Mr O'CONNOR — Correct.

The CHAIR — All right. So if there is anything further to give us I am sure you will give it to us, but thank you for the answer.

Mr RICH-PHILLIPS — Are you able to tell us how those operations are costed in terms of charge back to TAC? Is it a rate per officer involved, or on what basis does Victoria Police charge TAC for undertaking those operations?

Mr HOLDING — We can take that on notice and come back with some advice about the methodology.

Mr RICH-PHILLIPS — Thank you.

The CHAIR — I think the police often charge for a whole lot of events as well.

Ms MUNT — Minister, can I refer you to budget paper 3, page 356. There is a heading there, 'Efficient technology and administrative services' which says:

> Funding has been provided to improve government productivity and efficiency by consolidating and rationalising administrative services across government.

This includes such ancillary services as library services and property and facilities management, but also the program includes development work to investigate options for standardising core IT services. Could you explain how those IT services will improve services to VicRoads?

Mr HOLDING — Sure. Thanks very much for the question. The committee would be aware that this Government has had a long commitment to improving the efficiency of government service delivery, and that includes the commitments we made in the lead-up to the last election around a series of costed items where we would reduce the cost of service delivery to Victorians across a range of different areas, and it added up over the four-year period to initiatives totalling well over $600 million. As part of that we had a commitment to shared service delivery across a range of different functions within government, and this was to extend our shared service delivery activities that we already had. We know that the sorts of things that we are supporting through this initiative can not only generate cost reductions but also improve the time it takes for government to undertake activities as well as improve the quality of the services that are delivered. So what these initiatives really do is build on those things that we have already put in place.

The committee would recall our telecommunications purchasing arrangements in the last Parliament which reduced our total telecommunications costs over a five-year period by in the order of $200 million, and that is well in excess of what we targeted for that program, which was around about $73 million worth of cost reductions over that forward period. We have brought together a range of government activities that were previously disaggregated into the government services group, which I mentioned in my presentation earlier, and that includes the Office of the Chief Information Officer and the Chief Technology Officer.

We have got several shared service activities that already occur within government, one across four departments and one across two departments, and the shared services activities that we funded as part of this budget really build on that work. What we are looking at in the ICT area in particular is a series of phased projects, and we are being very careful about the phasing of it, because the shared-service experience in other states has been patchy. Some states have been successful at implementing these sorts of initiatives, and in other states the costs have blown out, the time taken to deliver the projects has been quite long and the benefits that have accrued have been less clear, so by phasing the delivery of the shared-service activities within the ICT area we believe we can better align the objectives that we have for the program with the actual results at the end of it.

In terms of the first phase of this or the further phase — the first phase being the activities that have already been consolidated across departments — the next phase is the consolidation of the information and technology services and the shared-services centre. Those two entities will be joined together in about July of this year and a new entity will, in a sense, manage those two spheres of activity while they are drawn together.

We are also looking at other areas where we can draw together shared-service or ancillary-service type activity, and they include things like the consolidation of CBD-based car pools, facilities management and library service consolidation, expanding the whole-of-Victorian-government property management contract, extending or adopting the whole-of-Victorian-government asset management system and creating a specialist whole-of-Victorian-government IT project management service. We think these initiatives can generate savings in the order of about $10 million over four years, and that is in addition to many of the activities which we have already undertaken. It is partly about cost savings, but more importantly it is about improving the quality of service delivery and improving the timeliness and efficiency of government activities.

Mr RICH-PHILLIPS — My question is similar to Ms Munt's. If I can take you to page 282 of budget paper 3, that lists the efficient government savings that the government committed to in the 2006 election, broken up into the six separate categories. Can you reconcile the information you just gave to Ms Munt against those targets that are listed in the budget papers, particularly with reference to the forward estimates, please?

Mr HOLDING — Some of them are in addition to those savings that we have identified, but in terms of the answer I was giving to Ms Munt, essentially it was built around our shared-services activities, and you would note from the answer I just gave that I said some activities are already under way and others are being consolidated at the moment; they are occurring. For example, the consolidation of the I&TS activities and the SSC activities, that is a work in progress; that is occurring at the moment. Some of the ancillary service consolidations are also a part of the work that is being undertaken by the government services group at the moment. But the table that you have referred to on page 282 essentially breaks down over four years the different elements of the efficient government commitments that we made in 2006 in the lead-up to the last election.

If I can just describe what each one of those sets of activities are. Buying Smarter, Buying Less is a set of initiatives around purchasing and the things that we can do to generate savings from government better leveraging its purchasing activities, particularly through the use of state purchasing contracts. The shared-services activities are the things that I described before: the consolidation of government activities that are currently placed discretely within different government departments that can be brought together on a whole-of-Victorian-government basis. The best practice grant administration is a series of savings around improving the delivery of government grants. What we tried to do there is benchmark the most efficient cost basis for the delivery of government grants and develop a set of initiatives as to how we can ensure that departments are dispensing grants in an efficient and cost-effective way. The fleet management savings are basically built around improving the management of VicFleet and reducing the cost of the fleet to the Victorian government.

With advertising and consultancies we have set some benchmarks in terms of the total government spend on advertising and the total government spend on consultancies, and we are benchmarking government departments and agencies against that. The integrated focus on ICT also covers some of the things I touched on in my answer to Ms Munt's question, which really are built around the consolidation of those government activities that were disaggregated that have now been centralised within the government services group.

Mr RICH-PHILLIPS — Can you, on notice perhaps, provide the committee with a reconciliation against the individual targeted dollar amounts for each of those categories versus the programs that you are delivering under each category and the dollar figure that you will achieve? For example, take the first one, Buying Smarter, Buying Less, the target is to save $65 million in 2008–09. Can you provide the committee with the actual expected figure, given the programs you are implementing for each of those categories?

Mr HOLDING — Okay. We actually do not need to take that on notice because essentially how this is being delivered is the savings are being extracted from departments and departments are being given tools to enable them to deliver the savings within their own departments. For example, you mentioned Buying Smarter, Buying Less; the tools that have been provided to departments have been access to the state purchasing contracts, which drive down the cost of purchasing across a range of government activities such as utility purchases, security services purchases, staff recruitment purchases or whatever it is they might be doing. We have provided them with a series of tools through state purchase contracts which reduce the cost of departments acquitting that function or that activity. In a sense it is a carrot-and-stick approach: departments have the money taken out of their forward estimates for those savings, and in exchange they are given tools which enable them to deliver in a practical way the savings which have been deducted.

Mr RICH-PHILLIPS — And that is the case for all those categories, the same approach?

Mr HOLDING — It is the case for Buying Smarter, Buying Less. They have all been taken out of departmental budgets. In some cases it is a particular initiative that has led to the consolidation and the saving. For example, with the integrated focus on ICT, the savings there are the consolidation that I described. If your fundamental question is, 'Have the savings been made, or are they just there in the forward estimates as a wish list of things?", the answer is 'Yes, they have been made', because departmental appropriations have been discounted to the extent of each of those savings and reconciled against those amounts.

If your follow-up question is, 'If the money has been taken out, how are they actually delivering on those savings?', the answer is that in each instance I could go through and describe the tools as I have with Buying Smarter, Buying Less, but I think it would probably be pretty tedious for the committee if I did so now.

The CHAIR — All right. I assume in the output initiatives, Minister, say, for example, Treasury and Finance on page 356 which Ms Munt referred to, where there are general efficiencies of minus $8.3 million a year, that basically is the Department of Treasury and Finance's contribution to the efficiencies.

Mr HOLDING — That is right.

The CHAIR — And that is repeated across all the other departments.

Mr RICH-PHILLIPS — Just to clarify that: they are the same?

Mr HOLDING — My recollection is that PAEC has actually asked questions of departments through your questionnaire about these savings.

The CHAIR — We have. We have got it, and we have reported that already to Parliament.

Mr RICH-PHILLIPS — The answers are not necessarily terribly clear, though, Minister. But just to take up the Chairman's point, the savings referred to by each department output are not double-counted, or are they double-counted with these ones in the election commitment?

Mr HOLDING — They are not in addition to those. They are not additional savings.

Mr RICH-PHILLIPS — Sorry, they are not?

Mr HOLDING — They are not additional savings.

The CHAIR — This is the latest financial statement rather than — —

Mr HOLDING — I am sorry, unless you are talking about the savings dividend?

Mr PAKULA — Which page was this?

The CHAIR — The reference that I gave was page 356, from memory, the output initiatives and each department has — —

Mr HOLDING — I am sorry, the general efficiencies listed are in addition to those.

Mr RICH-PHILLIPS — Are in addition; okay.

Mr HOLDING — But the PAEC questionnaire went to the question of the reconciliation of those savings against those efficient government savings, and that is a reconciliation of the savings off the chart that I was referring to before.

The CHAIR — Okay.

Mr RICH-PHILLIPS — Which is not terribly clear.

The CHAIR — Thank you very much for that clarification.

Mr SCOTT — Minister, my question is a technical accounting question regarding future budget statements. What is the impact of the forthcoming harmonisation of the government's financial statistics and generally accepted accounting principles on the presentation of information within these statements going forward?

Mr HOLDING — Thank you very much for the question. I know that the committee has a great interest in a lot of the issues around the harmonisation of government financial statistics and generally accepted accounting principles, and I think the committee is proposing to do or is doing some work in this area and in fact the government is also doing some work in this area. We have had the benefit of a very significant project that is being led within the department by a process includes the former finance minister, Roger Hallam. That will provide advice to government about how we can further improve the transparency of the information that we report on.

But I just wanted to say in relation to the harmonisation process that Mr Scott's question referred to, you would be aware that prior to the 08–09 budget, governments in Australia have presented their financial reports and budget presentations using one of two frameworks: either the generally accepted accounting principles of the Australian accounting standards or the government finance statistics. We have effectively a new accounting standard coming into place — AASB 1049. Whole-of-government and general government sector financial reporting harmonised their accounting standards under the generally accepted accounting principles and government finance statistics. We essentially had two sets of reporting frameworks in place. It created a lot of confusion. It created a lack of transparency, particularly when comparing interjurisdictional issues, which many people are keen to do for obvious reasons. This new accounting standard will enable those two sets of processes or those two sets of reporting frameworks to be drawn together in a way which harmonises those different reporting frameworks.

As part of this process formats, descriptions and additional disclosure based on the underlying requirements of AASB 1049 have also been incorporated into the new uniform presentation framework which was signed off by the loan council in March 2008. What this means is that in future there will only be one set of published financial statements, thus alleviating all the confusion that the two sets of standards have created in the past. Whilst the two

sets of standards performed useful functions from a comparative perspective, they also created a lot of confusion. Victoria has been leading the process of driving us towards one consolidated set of harmonised reporting frameworks, and this will be captured through these efforts.

You can see this presentation coming into effect for the 08–09 financial year, and that is why we have been able to implement them for the 08–09 budget. They are not as significant in Victoria as they are in other jurisdictions because we had already adopted a number of these changes when we moved to reporting under the new AIFRS framework in 04–05, and I know this committee has taken a great interest in all of those activities.

I can go through some of the key changes, particularly some of the balance sheet changes, if honourable members are interested. There are some changes both in the balance sheet but also on the operating statement, some very minor changes on the cash flow statement, and some additional information that is provided through the notes to the accounts. We can provide that information to committee members if you are interested.

The CHAIR — That would be really good because we have taken an interest in this as a committee over the years. Even last year we had some discussions at a meeting between public accounts committees that we are quite frankly given rather incomplete information, particularly from the accountancy body of Australia, as regards the reasons for the changes. We are actually quite pleased now with the ABS, because it has actually come together. It has been a very good job by all those Treasury officials that were involved. I presume, Minister, you have been involved as well at some of the ministers meetings to bring them all together in what is a good framework now which is actually a universal one.

Mr RICH-PHILLIPS — Minister, can I take you back to your slide on the Transport Accident Commission which shows the financial performance. I would like to ask you about the change in policy with respect to dividends. The budget paper notes that dividends from the TAC will no longer be taken off net profit after tax. They will now come from performance from insurance operations. Can you tell the committee the reason for that, please? Is it because net profit after tax this year will be negative as a consequence of equity markets?

Mr HOLDING — I might let the secretary of the department answer that question.

Mr HEHIR — The answer to the final question is no. The movement to change the policy actually was more in response to what was happening in terms of the up cycle of the equity market rather than the downturn. What we were concerned about with how the dividend policy was operating was that it was not focused on the core underlying business of the Transport Accident Commission but was being too influenced by balance sheet movements through equity markets. The policy change was basically to ensure that when we were looking at taxation policy the underlying profitability we were looking at was the operational side of things rather than the performance of equity markets. From a state point of view the way you deal with the performance of the equity market side can more efficiently be dealt with from the level of equity funding that you put into the Transport Accident Commission. That relates more to dividend policy and the equity base necessary for the operation of the entity.

Does that impact fundamentally on the bottom line? Probably not a great deal, because that will be determined by the equity base that the states sees as important for its bodies to operate under. But does it give a better signal as to what the operating performance of the entity is by putting the tax onto the operating performance? It seems to be a better framework for it.

Mr RICH-PHILLIPS — It is the case, though, that this year taking the dividend as 35 per cent of PFIO will yield a bigger return to the Treasury than taking 50 per cent of NPAT?

Mr HEHIR — When the equity markets go down, it has an advantage on that side. When equity markets go up, it has a disadvantage from that perspective. In the longer run you would expect that the policy would have in aggregate a lower level of ITEs and a higher level of dividends flowing from it.

Mr RICH-PHILLIPS — This policy will be continued? It will be an ongoing practice?

Mr HEHIR — I am not aware of any proposal to review the policy again in the short to medium term.

Mr RICH-PHILLIPS — Will it extend to the VWA?

Mr HEHIR — The VWA does not pay dividends.

Mr TWEEDLY — There are no dividends payable by VWA.

Mr HEHIR — The interaction of the two things is quite different there.

Mr NOONAN — Minister, I want to ask a question about the government's commitment to conduct a review of the Financial Management Act and associated legislation. In particular I wonder whether you can provide some information about what this will mean in terms of financial management practice across Victoria.

Mr HOLDING — Thanks very much for the question, and I alluded to this in the earlier answer to the question that Mr Scott asked about the technical accounting changes that we have put in place. You would be aware that since coming to office the government has had a very strong commitment to having public accounts, and the presentation of public finance information that is transparent, accessible and understandable to the community. In that spirit we have put in place a whole range of reforms which have sought to restore the powers and enhance the independence of the Auditor-General; one of the first things we did when we came to office. We have provided additional powers to the Auditor-General to conduct a review of the financial fundamentals of the state budget. We have put in place the early implementation of the AIFRS arrangements which I mentioned earlier. We have even had additional principles around sound financial management incorporated in legislation, publication of the mid-year report, quarterly financial reports, the budget update and the pre-election budget update, as well as putting a lot of information on the internet. We recognise there is more work to be done, and that is why we have — —

Mr RICH-PHILLIPS — More work to be done?

Mr HOLDING — There is always more to be done. That is why we have put in place a review mechanism involving Roger Hallam, as I mentioned earlier, to review the current public finance legislation and look at ways that it can be improved. Mr Noonan's question asked specifically what issues that review is looking at. Really one of the key challenges we are looking at through that process is managing the balance between enhancing the accountability and transparency around the management of the state's finances, and ensuring the effective and efficient operation of government. There are often trade-offs with these issues, and you need to ensure that the trade-offs are reasonable and proportionate. We want to make the financial reports and the budget easier to read, but at the same time we have to reflect on the quantity of information that is provided. We want to make sure that we balance the information needs of the executive government with the information needs of the Parliament. A lot of this information is prepared particularly for Parliament, and we need to reflect on the appropriateness of a lot of that information and the way in which it is presented.

We also need to reflect on whether or not there can also be some legislative consolidation. In that context we are looking at the Borrowing and Investment Powers Act, the Monetary Units Act, the Public Authorities (Dividends) Act and a range of different pieces of legislation developed at different times and amended over a long period of time. We are reflecting on whether or not updating or consolidating this legislation could result in legislation which is easier to use, easier to understand and more accessible. I know the committee is interested in this work and the outcome of it. In fact I think you have an inquiry or are proposing an inquiry in this area. We certainly welcome that, and we look forward to building on the interaction that already exists in that project.

The CHAIR — Thank you, Minister. As you know, I have written to you in regard to the inquiry this committee is undertaking relating to the Financial Management Act. We have had some assistance from the Department of Treasury and Finance, and we look forward to that working together continuing. I hope also that we can get a briefing in terms of the current status later on this month. It would be very valuable to the committee. I am looking forward to the process as it goes forward in terms of two heads being better than one, and hopefully we can make a contribution to this as well from the Parliament's side.

Mr BARBER — Minister, I would like to ask about the ESC's price determination in relation to metropolitan water. What is the status of that determination? There was a government policy announcement on that which kind of interposed that process. What are we expecting in terms of the price of water and the mix between the fixed and variable components of that determination?

The CHAIR — Okay, in so far as it relates to — I am not too sure how it relates to the estimates in terms of the Essential Services Commission.

Mr BARBER — You will find it on page 259 of BP3.

The CHAIR — Give it in terms of an output in regard to the Essential Services Commission, Minister.

Mr HOLDING — I am certainly happy to answer the question. The only point I would make is that I am really answering as water minister in relation to that because otherwise I will get asked questions on every aspect of every ESC inquiry, and as I said in my presentation I am not really in a position to answer on behalf of other portfolio ministers, but I am the water minister so I am happy to have a crack at it.

There are a couple of processes in place in relation to metropolitan water policy. In August last year in response to water charge or water cost policy proposals that were put forward by our metropolitan retail water authorities, the government put in place a VCEC inquiry. The VCEC inquiry arose out of our concern that the price increases proposed by the metropolitan water retailers were in excess of those that we believed were reasonable, and we asked VCEC to assess whether there were institutional or organisational impediments within metropolitan water retailing in Victoria in the Melbourne area which justified or compelled the water authorities to respond with the pricing proposals that they did. VCEC provided advice to government in the form of a report, the government released the draft report and there has been a process of public comment connected with that — public submissions and public comment. The final report has been delivered to government now and the government response is due shortly, and that goes to the question of the appropriateness or otherwise of the pricing proposals over a five-year period in terms of the institutional framework of the water retailers themselves.

In the interim the government proposed a 14.8 per cent price increase for the Melbourne metropolitan area for the 12-month pricing period 2008–2009 and the ESC has provided advice on the appropriateness of that, and the advice is still in the process of being finalised, essentially, and is taking into account additional information that has come to mind, particularly changes in the cost of capital arrangements with recent interest rate changes that would affect that policy framework. So the government is collecting all of that advice and it will be in a position to respond both to the VCEC and that interim ESC inquiry. What we have said overall is not only do we believe that price increases in the next 12 months of 14.8 per cent are reasonable and sustainable, we have also said that prices will double but need not more than double over the future pricing period. It is within that framework that the ESC's work on metropolitan retail prices has been conducted and it is within that framework that the VCEC inquiry has also carried out its work. So what we have said to people is we have some major water augmentations in Melbourne. Unlike in regional Victoria where there are large taxpayer contributions subsidising parts of the costs of those augmentations, in Melbourne the full cost will be met by Melbourne water users and therefore it is reasonable for people to expect that their bills will increase, and will increase substantially. We have said that. They will double but they need not more than double over the pricing period.

You asked also from recollection about the difference between volumetric and fixed charges. The ESC has done some work in that area and looked at the tariff structure that is in place for metropolitan water users, and reflected on some submissions that have been made by water retailers that would see some changes to the volumetric versus fixed component of water billing as well some changes to the stepped tariff that we have in place, and that advice will be incorporated in the final decision that is made about water prices.

Mr BARBER — So when I see on page 259 that there will be 23 price determinations made in the financial year we are in and none in 08–09, does that mean we can expect this ESC price determination to be completed by 30 June this year? That is at page 259 of the budget paper.

Mr HOLDING — I think that is right. I will come back to the committee if that is incorrect.

Mr BARBER — Next month.

Mr PAKULA — Minister, on your slide presentation you went through the cuts in WorkCover premiums over the last number of years including the further 5 per cent reduction over the next 12 months. For the benefit of the committee can you just take us through the performance of the WorkCover scheme over the last year, how that has impacted on employers and what the outlook is going forward?

Mr HOLDING — Yes, thanks very much for that question. It really goes to this slide which describes what is now five successive cuts in WorkCover premiums, four of 10 per cent and one of 5 per cent. So when this set of activities commenced in 03–04, average workplace injury insurance premium rates in Victoria were 2.22 per cent. As a consequence of the 5 per cent cut that occurs in the 08–09 budget, average workplace insurance premium rates will be 1.387 per cent, making them the lowest that they have been in the state's history and the second lowest

anywhere in Australia. This is a good outcome for employers. It reduces the cost of doing business in Victoria and it has therefore the effect of promoting further employment.

The latest cut will deliver new savings in the order of $88 million in 08–09 and this means that by 1 July 2009 — so when the benefit of the full five-year cuts have cut in — Victorian employers will have saved over $2 billion over that five-year period from successive premium cuts. I would say that the most recent reduction in Victoria's average premium rate means that premiums are now more than 27 per cent less than in New South Wales and more than 50 per cent less than in South Australia, which is also a great outcome. I guess what I would emphasise is that all of these things have occurred at the same time that we have been improving benefits to injured workers. We have had two very large benefit improvement packages which have improved impairment benefits; they have extended weekly benefits; they have restored access to common law for injured workers; and most recently the Premier announced only a week or so ago the introduction of provisional damages for those who are the victims of asbestos-related illnesses. All of these things combined show a WorkCover scheme in good shape with low premiums that are lower than the premiums in most other states in Australia, They are the lowest they have been in Victorian history. It is a scheme that is in a good financial position, and a scheme where the incidence of injury and illness is decreasing and the rate of injury and illness is decreasing also. So that is a great outcome, a great social dividend as well as an economic dividend to provide to all Victorians.

Mr RICH-PHILLIPS — Minister, can I ask you about superannuation liabilities? The budget papers note that at 30 June this year the expected increase in the liability is 2.8 billion, predominantly due to equity markets. Can you, firstly, tell the committee if the plans are on track to achieve that outcome — i.e., has there been any further deterioration since the budget was prepared? And with respect to the increase in the liability for 08-09, which is roughly $200 million, does that relate to equity movements or a reassessment of the total obligation?

Mr HOLDING — Two hundred million dollars?

Mr RICH-PHILLIPS — Roughly $200 million over 08–09, going from 12.9 up to 13.1.

Mr HOLDING — Sorry, which page?

The CHAIR — Budget paper 2 at page 55, is that correct?

Mr RICH-PHILLIPS — Or budget paper 4, page 12.

Mr HOLDING — Just while we find the references, I will say a few things in relation to our superannuation liabilities. As you know, the state does hold a very significant investment asset base. It is an asset base of around $35 billion, and at the same time offset against that we have significant liabilities of around $47 billion, and the difference between the two is overwhelmingly the result of as yet unfunded superannuation liabilities, and you will be aware of the government's proposal to repay those unfunded superannuation liabilities or put aside the resources to meet those superannuation liabilities over what is quite a long period of time.

The assets are managed by the Victorian Funds Management Corporation on behalf of a range of different government entities, particularly the ones that I am responsible for — WorkCover, the TAC, the ESSS and the Victorian Managed Insurance Authority — and it is the case that obviously the returns on these assets are reflected in the returns that exist across those asset classes in equity markets. So we expect, for example, for our superannuation funds to get, on average, an annual return of about 8 per cent. In some instances in recent years we have significantly exceeded that, with returns of around 12 per cent-plus, but in a year like the last year, particularly the last six-month period, returns on investment have not been anything like that and of course that results in an adjustment to reflect that return on investment. Overall the average return over the last five years has well and truly exceeded that 8 per cent forecast that we expect to get — in fact easily exceeded it. What was the last part of the question?

Mr RICH-PHILLIPS — It related to the increase from 08–09, from the $12.939 billion of net liabilities to $13.067 million, and the question was: is that expected to be due to an increase in the obligation or due to a further decline in plan assets?

Mr HOLDING — We will take it on notice in relation to the specifics.

The CHAIR — It is on page 12 of BP4, but you will also find it in note 7 which is on page 45 to 47, particularly the table on page 47 which includes the ESSS and other funds.

Mr RICH-PHILLIPS — The substantive part of the question was: do you expect the forecast of $12.939 billion as at 30 June to have further deteriorated since the budget was framed? Has there been further deterioration in plan assets?

Mr HEHIR — I do not think so. I am trying to think. The markets all went up and went down again. It has gone down in the last week and had been up for the month before that, and the shut-off date for the numbers in the budget is about three weeks before the budget came down, so it was early-mid April.

Mr HOLDING — I guess what I would say is that we are required to publish obviously the budget itself, and then the regular updates that are required as part of our financial reporting obligations. We try not to speculate between those periods as to what movements are because otherwise we could have a website and we could track it daily and it would be very exciting, but I do not think it would provide a great deal of additional transparency to Victorians around how we are actually performing. We prefer to acquit in accordance with our financial reporting obligations, and that is what we do.

The CHAIR — Thank you, Minister. I should also thank the government for responding to our recent inquiry and report on the parliamentary superannuation fund. I think you accepted one of our recommendations, and largely in principle the other, but you are doing some further work and I look forward to some further advice in regard to that other recommendation.

Mr RICH-PHILLIPS — Enough said.

The CHAIR — Minister, regarding health and safety performance, which as you probably know I have an abiding interest in myself, I am looking forward to further initiatives in the coming year and beyond in terms of getting improvements in workplace health and safety. I am wondering if you could advise us of what plans you have to continue to improve workplace health and safety.

Mr HOLDING — There are a number of initiatives in this area. I touched on the Work Health initiative in my presentation. I will not detail that any more unless other committee members want to explore it further, but in relation to workplace safety more generally, I would say we obviously have our regular community awareness campaigns, and one of our most successful ever workplace safety campaigns is one that is still running. It has received awards, it is running in other states, and in fact it has been copied verbatim — if that is the right word — to use in some other jurisdictions. It is our Homecomings campaign. You will have seen the advertisements on television, in particular, but also on billboards and in other places. It is basically aimed at saying to people in the workforce, 'Think about what workplace safety can mean to you, the importance of getting home safely to your family'. That theme in the campaign, I think, has been very well received. You would have seen one of the ads that was created, the school play ad, which is the young girl in the school play waiting to see whether her dad shows up.

Mr BARBER — Soundtrack by Dido.

Mr HOLDING — It is indeed, that is right. It is a great ad. I guess it is reminding people, particularly those with families, of the importance of workplace safety and why getting home safely each day is so important to their family members as well.

The work of the inspectorate is continuing, and that is complemented by the marketing and communications campaigns. We have campaigns being developed around the importance of WorkSafe's role as an enforcement agency for workplace safety, as well as campaigns around the occupational health and safety experience and needs of young people in particular. We have our WorkSafe campaigns, the talking safety and return to work campaigns, which, firstly, encourage discussion in the workplace around hazards and other safety issues, but there is also the return to work campaign, which is obviously built around ensuring that the right attitudes and practices exist in workplaces and amongst injured workers around returning to work.

We have sponsorship campaigns. WorkSafe is a sponsor of the Victorian Country Football League and the netball league**,** and I think that branding is particularly powerful in the regional context. WorkSafe is the premier partner of the Western Bulldogs Football Club**.** We have our road shows that WorkSafe runs throughout Victoria — 22 sessions in 15 locations around the state. They are taking place as we meet right now as a committee. The sessions

are provided not only in metropolitan Melbourne but also in places like Bendigo, Geelong, Mildura, Traralgon and Wangaratta, and they are very well received; more than 35 000 people attended those sessions in 2007.

I think the proof is in the reduction in the injury rate. We are getting the message across. It is a cooperative and constructive message. In the past WorkSafe inspectors visiting sites were often constrained in terms of the advice they could provide. Those constraints have now been removed by our legislative changes, and I think that further develops and strengthens the cooperative culture that exists in workplaces.

The CHAIR — Thank you, Minister. My understanding is that the response to the WorkCover inspectors, et cetera, has been very positive and improved dramatically in the last four or five years.

Mr RICH-PHILLIPS — I would like to ask about Project Rosetta, which the Minister for Information and Communication Technology helpfully says is entirely your responsibility.

The CHAIR — It is now the minister's responsibility.

Mr RICH-PHILLIPS — Correct. The Auditor-General, as you would be aware, produced a report last week, indicating that the recurrent cost of the project for MMV had been 107 per cent over budget; it cost an additional $3 million. What I would like to ask you is: what is the recurrent cost of that project included in the forward estimates in view of the substantial cost increase as reported by the Auditor-General?

Mr HOLDING — While Grant finds the recurrent cost, I am happy to provide some information as committee members know, it is a project that is delivering a tool, or a new set of tools, around electronic directories and other devices to Victorian government departments. What do you mean by the recurrent cost — the cost of running the system?

Mr RICH-PHILLIPS — Yes, the government had budgeted 700 000 a year for the first four years. That was 107 per cent short, so what have you revised the budget to going forward?

Mr HOLDING — My understanding is that the total cost of the project — and this is the finding of the Auditor-General that I am referring to now — is $19.8 million.

Mr RICH-PHILLIPS — That was the total.

Mr HOLDING — That is the Auditor-General's acquittal of the final cost of the project. The original approved funding for the project was something in the order of 16.7 million. The final cost was 19.8. That is what the Auditor-General's report actually found. It was only a couple of weeks ago, or a week or so ago, that it was tabled.

Mr RICH-PHILLIPS — The AG said — —

The CHAIR — Are you asking about unit cost?

Mr RICH-PHILLIPS — Yes. On page 9 he said the capital cost was 13.2, and then there was an operating budget of 2.8, being 700 000 a year for four years, and that the cost overrun was on the operating budget, not the capital budget. I am now asking: what is the operating budget going forward, assuming it still needs an operating budget?

Mr HOLDING — I might ask Grant to elaborate.

The CHAIR — The secretary; otherwise we can take it on notice.

Mr HEHIR — We can have a look at it, but the operating cost is not just about operating the system going forward. When we do a budget for something like this you have got what is classified as the capital expenditure and the operating expenditure — the staff, et cetera, that are used in undertaking the project. My understanding is that what the Auditor-General was saying was that the increase in the cost of the project had occurred not in the capital side, which came in on budget, but that in undertaking the delivery of the project over its life the cost had been higher for the operating side of it. I am not certain that means that it is ongoing. We will take it on notice, but I am not certain that actually means there has been a significant increase in the ongoing operational costs of it. It has actually already incurred costs.

Mr RICH-PHILLIPS — So your understanding is the operating costs during the capital phase rather than — —

Mr HEHIR — During the development and implementation phase. That is my understanding, but we can take it on notice and come back to you on that.

Mr RICH-PHILLIPS — Thank you.

The CHAIR — Getting the clarification of that would be good, thank you.

Mr SCOTT — Minister, my question is regarding asbestos. I note the government's recent commitment to introducing a scheme to compensate sufferers of asbestosis. What will this now mean for members of the Victorian community who have sustained injury as a result of their exposure to asbestos — over the budget period?

Mr HOLDING — I thank Mr Scott for his question. It is something that I have touched on already, but this is a very important policy announcement by the state government. The reason why it is important is, as you would know with damages at common law, essentially what is required is a once-and-for-all payment based on the legal principle of finality. This is very risky for a person who has an illness or a condition that is likely to evolve over the time following the period in which the court makes an order about what the compensation will be or what the damages will be arising from that injury.

In the case of asbestos-related illnesses the issues are particularly acute, because in a small number of cases for those people who have asbestosis, they will go on to develop mesothelioma. In those cases that condition is almost invariably fatal, but the original compensation provided for the victim of asbestosis may not have reflected the full impact of that condition and that further complication.

The additional problem was that some sufferers of asbestos-related illnesses were delaying making claims based on quite prudent legal advice, which was basically saying, 'Wait until you see what the full condition is and get compensation for the full development of the condition'. We felt that it was very unfair to put workers in that situation where they were forced to basically wait and see what happened with their condition and often make a last-minute legal claim at the time when they were dying, basically, in order to get the best compensation package for themselves. So the Government has indicated that we will amend the way in which this scheme operates. We will legislate to provide for the capacity for damages for asbestosis not to preclude the capacity to come back later on and make a claim for mesothelioma, if that is the condition that ultimately develops. Obviously in doing that it is important that we discount from the final payment any payments that have been provisionally made for the asbestos-related condition. Our scheme will do that, but in the meantime we think that the case made for these injured workers to provide compensation and support for them that is appropriate to the actual condition that they suffer from is overwhelming.

The CHAIR — Thank you, Minister.

Mr RICH-PHILLIPS — Just to follow up on the asbestos fund, will the government fund it as opposed to raiding VWA?

Mr HOLDING — No. In fact some of the funding will obviously come from VWA and VMIA activities. In fact the VMIA already meets the majority of the government's asbestos-related compensation at the moment. The pre-1985 issues are administered by the VMIA at the moment and that will continue. They will manage that, and they will manage the estimated actuarial liability that arises as a consequence of this decision.

Mr RICH-PHILLIPS — How will that be apportioned to the VWA?

Mr HOLDING — That work is still being concluded, but obviously the work needs to identify which category of sufferer the person is — that is, from where did they develop their condition. There are a number of different streams in the asbestos-related illness area. Some are as a consequence of original government-owned entities that have been subsequently privatised or the arrangements for them have changed. There are a small number that are essentially private organisations — private businesses — covered by the predecessors to WorkCover-style systems and to private insurance, and the question as to who meets the liability will be determined by what stream the person is in.

Mr RICH-PHILLIPS — Can you give an assurance that non-asbestos-related employers will not be covering this cost?

Mr HOLDING — The liability will be met in the same way that other liabilities that are discharged by the Victorian WorkCover Authority are discharged. I can give that assurance.

Mr NOONAN — Minister, I did want to ask about the WorkHealth scheme, because it is a significant investment of $218 million over five years, which is outlined on page 19 of budget paper 3. I note from your presentation that the WorkHealth scheme is a world first. I wonder whether or not you might just advise the committee what this might ultimately mean for Victorian workers over the five-year period.

Mr HOLDING — I thank Mr Noonan for his question. This is a very important issue. All of us know that diabetes and other chronic diseases, like cancers and heart disease, cost our health system a huge amount every year. They also cost industry in the form of lost productivity — in fact the impact on industry is something in the order of $450 million per annum. We know that over 50 per cent of workers compensation claims in Victoria relate to muscular and skeletal disorders, and the incidence of these injuries and the capacity for workers to recover from them is particularly exacerbated by poor nutrition and low physical activity. It is with this in mind that the WorkHealth initiative was developed. I know that the Transport Workers Union have been strong advocates of these sorts of workplace-based preventive health programs in the past, and we recognise that and thank them for it.

We recognise that if we are to address these issues in a workplace context we need to provide support for employers to be able to do so, not only for those large employers who already have the capacity to provide these sorts of programs — and some already are, and we are looking at a dollar-for-dollar-type grant program to support some of those large employers — but also it is particularly problematic for smaller employers and smaller workplaces particularly in regional and remote areas. That is why the delivery of the WorkHealth initiatives around screening-type tests, which then provide referrals to general practitioners for those targeted as at risk to provide further advice, is a very important part of the program. I am happy to stop there, but I can keep going.

Mr RICH-PHILLIPS — I know everyone is keen to go on to water, so I have a quick question for the minister. Twelve months ago you announced a six-month review of the use of the Old Treasury building. Can you tell the committee what the outcome of that review has been and what the budgetary impacts of that review are, please?

Mr HOLDING — The review has been concluded, it has been provided to government and government is now using this as the basis for making final decisions in relation to the old Treasury Place building. You would be aware that at the moment the old Treasury Place building provides a number of different functions. It is the site of the City Museum on the ground floor. Also on the ground floor is the civil registry office. There is also some accommodation provided, firstly to the Big Group on a lease basis, which uses it for a series of activities and functions which can be held there on a quasi-commercial basis.

It is used by Leadership Victoria, the Williamson Foundation — they lease some of the space from government also. It is also used by former premiers — there is a small amount of office space provided to former premiers. There may be some other ancillary uses which I have neglected to mention. That advice has been provided to government in the form of that report, and we will be making a decision about the most appropriate collective use for that building in the near future.

Mr RICH-PHILLIPS — This year?

Mr HOLDING — This financial year or this calendar year?

Mr RICH-PHILLIPS — This calendar year.

Mr HOLDING — We will certainly have determined the issues arising out of the report this calendar year.

The CHAIR — Thank you, Minister, and I thank Grant Hehir, Paul O'Connor and Greg Tweedly for their attendance.

Witnesses withdrew.

Transcript of evidence

12.2 Treasury portfolio

The transcript for the hearing on this portfolio was included in the Report on the 2008-09 Budget Estimates – Part One.

APPENDIX 2: FURTHER INFORMATION TO BE PROVIDED AND QUESTIONS ON NOTICE FOR PORTFOLIOS

Chapter 4: Department of Human Services

4.1 Community Services portfolio

1. A copy of the Department of Human Services' resource guide on concessions.

   (Page 3 of the verified transcript)

2. Additional performance measures for supported accommodation – expected unmet demand at 30 June 2009.

   (Page 9 of the verified transcript)

3. Proportion receiving the maximum concession for other utilities.

   (Page 13 of the verified transcript)

4. The Child FIRST program – cost per site

   (Pages 16–17 of the verified transcript)

4.3 Housing portfolio

1. A summary of housing assistance.

   (Page 5 of the verified transcript)

2. Details of revenue foregone in terms of rent.

   (Page 5 of the verified transcript)

3. Time period involved with regard to extinguishing the rental housing borrowings.

   (Pages 12–13 of the verified transcript)

4.4 Mental Health portfolio

1. The alcohol action plan – number of drug and alcohol treatment beds to be contained in the pilot for the community rehabilitation program.

   (Page 6 of the verified transcript)

2. Reconciliation of alcohol action plan funding to the output and deliverables areas.

   (Pages 7–8 of the verified transcript)

3. Pre-emptive strike on ice – extent of funding spent (or committed) on initiatives and programs, performance measures and quality outcomes.

   (Page 9 of the verified transcript)

Chapter 5: Department of Infrastructure

5.1 Major Projects portfolio

1. Outline of all projects that Major Projects Victoria are responsible for.

   (Pages 4–5 of the verified transcript)

2. Lease payments under the forward estimates for the Melbourne Convention Centre, and details of the liability to be recognised in relation to the lease payments.

   (Pages 6–7 of the verified transcript)

3. Amount of the funding increase for the rectangular sports stadium, which is in line with the increased size/capacity.

   (Page 8 of the verified transcript)

Chapter 6: Department of Innovation, Industry and Regional Development

6.1 Industrial Relations portfolio

1. When have the workplace rights advocates information sessions been held this financial year?

   (Pages 7–8 of the verified transcript)

6.3 Information and Communication Technology portfolio

1. Timeframes for standardisation of the desktop environment

   (Page 4 of the verified transcript)

6.5 Regional and Rural Development portfolio

1. With regard to the Regional Infrastructure Development Fund:
   - a listing, including year, of the 172 funded projects;
   - expenditure under each project to 31 March 2008;
   - category of partner involved with government in each project; and

- status of adoption of recommendations of the Auditor-General in October 2005 on reporting of the Fund's outcomes.

(Pages 4, 5, 8 and 11–12 of the verified transcript)

2. Breakdown of funding allocations from the Provincial Victoria Growth Fund.

(Page 10 of the verified transcript)

Chapter 7: Department of Justice

7.1 Attorney-General's portfolio

1. Value of pro bono work

(Page 3 of the verified transcript)

2. Timeframes for individual courts used as the basis of the timeliness performance measure under the Court Matters and Dispute Resolution output.

(Pages 4–5 of the verified transcript)

7.2 Consumer Affairs portfolio

1. Clarification on the figures contained in the questionnaire response in relation to the liquor licensing fees

(Page 10 of the verified transcript)

7.4 Gaming portfolio

1. Work being conducted on the 'sign-in' rule for pubs and clubs

(Page 4 of the verified transcript)

2. Amount allocated for the 'Problem Gambling' advertising out of the total $37.5 million budgeted for the Healthy Communities campaign

(Page 5 of the verified transcript)

3. Remuneration of the members on the Merkel panel

(Page 8 of the verified transcript)

Chapter 8: Department of Planning and Community Development

8.4 Planning portfolio

1. Allocation of funding for the Ringwood precinct plan.

   (Page 6 of the verified transcript)

2. Issues connected with the new overlay area called DPO 7 between Narrawong and Portland.

   (Pages 9–11 of the verified transcript)

3. Proportion of major activity centres, principal activity centres and growth areas that currently have precinct structure plans.

   (Pages 16–17 of the verified transcript)

8.6 Senior Victorians portfolio

1. Estimated increases in 2008-09 in concessions for seniors under each concession category.

   (Page 4 of the verified transcript)

2. Categories assigned to the Bendigo Residential Aged Care Facility (Stella Anderson Replacement) and the Hepburn Health Service (Trentham Campus Redevelopment).

   (Page 6 of the verified transcript)

Chapter 10: Department of Primary Industries

10.2 Energy and Resources portfolio

1. Details of revenue foregone such as concessions and subsidies

   (Page 4 of the verified transcript)

Chapter 11: Department of Sustainability and Environment

11.1 Environment and Climate Change portfolio

1. Reason for variation between estimated and actual 2006-07 cost for the Statutory Authorities and Environment Protection output.

   (Pages 6–7 of the verified transcript)

2. Estimated greenhouse gas emissions from pumping of water as part of the Food Bowl Modernisation project.

   (Pages 8–9 of the verified transcript)

3. Results of evaluation of the Black Balloons Campaign.

   (Page 12 of the verified transcript)

4. Status of action on access to national parks by emergency services volunteers.

   (Issue raised in estimates hearing for Police and Emergency Services portfolio – refer to page 27 of the verified transcript for that portfolio)

11.2 Water portfolio

1. Confirmation of timing of water price determinations.

   (Page 11 of the verified transcript of the estimates hearing for the Minister for Finance, WorkCover and the Transport Accident Commission)

2. Estimated unit cost of carriage of water to Melbourne via the north-south pipeline.

   (Page 11 of the verified transcript)

3. Provision for advertising included under the 2008-09 Sustainable Water Management and Supply output.

   (Pages 18–19 of the verified transcript)

Chapter 12: Department of Treasury and Finance

12.1 Finance, WorkCover and Transport Accident Commission portfolio

1. Operations of Victoria Police funded by Transport Accident Commission and basis of charging by Victoria Police.

   (Page 5 of the verified transcript)

2. Key changes to financial reporting under AASB 1049.

   (Page 9 of the verified transcript)

3. Explanation for movements in net superannuation liabilities in 2008-09.
(Pages 12–13 of the verified transcript)

4. Recurrent cost of Project Rosetta included in forward estimates.
(Page 14 of the verified transcript)

APPENDIX 3: ACRONYMNS 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

GAAP	Generally Accepted Accounting Principles
GCRG	Government Communications Review Group
GFS	Government Finance Statistics
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