PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

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Report on the 2009-10 Budget Estimates Part One - Volume Two

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Parliament of Victoria

Public Accounts and Estimates Committee

Report on the 2009-10 Budget Estimates
Part One - Volume Two

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The series of reports on the 2009-10 Budget Estimates produced by the Committee will consist of two parts and include:

Part One – Volume One

- an index of key matters raised at the budget estimates hearings;
- departmental information;
- questions on notice; and
- the government's response to the 2008-09 Budget Estimates Report.

Part One – Volume Two

- transcripts of evidence of the budget estimates hearings.

Part Two

- information relating to responses to questions taken on notice and further information provided by the Presiding Officers, Premier, Treasurer and ministers. 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 2009-10.

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CHAPTER 1: INTRODUCTION

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CHAPTER 2: PARLIAMENTARY DEPARTMENTS

2.1 Parliamentary Departments Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 8 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Smith, President of the Legislative Council,

Ms J. Lindell, Speaker of the Legislative Assembly,

Mr R. Purdey, Clerk of the Legislative Assembly,

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

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

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of parliamentary departments. On behalf of the committee I welcome the Honourable Jennifer Lindell, MP, Speaker, Legislative Assembly; Ray Purdey, Clerk, Legislative Assembly; Wayne Tunnecliffe, Clerk, Legislative Council; and Stephen O'Kane, Secretary, Department of Parliamentary Services. Departmental officers, members of the public and the media are also welcome. We expect the Honourable Robert Smith, MLC, President, Legislative Council, to join us shortly.

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 Speaker or her assistant, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council Committee Room.

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

Following a presentation by the presiding officers, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. In other words, do not have a series of questions but if there is any need for clarification, that can be done.

I ask that all mobile telephones be turned off. Remember that these microphones are quite sensitive and it has an impact on Hansard if people have their phones on and near them.

I should also mention that Bill Sykes is an apology for today.

Mr WELLS — And Robert Smith.

The CHAIR — I will ignore that one. I now call on the presiding officers 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 parliamentary departments.

Ms LINDELL — Thank you for the invitation to today's committee meeting and the opportunity to provide a report on the Parliament's efforts in the last 12 months, and looking forward to the next 12 months.

Overheads shown.

Ms LINDELL — Members will know that we have four appropriation groups, being the Department of the Legislative Council, the Department of the Legislative Assembly, the Department of Parliamentary Services and the parliamentary investigatory committees. Our annual appropriation: our expected outcome for 2009 is $78.9 million, with a 2009–10 budget of $88.2 million. Special appropriations are $38.4 million — our expected outcome for 2008–09 — and our budget of $38.5 million for 2009–10, making total appropriations of $117.3 million as our expected outcome and $126.7 million is our budget figure. Of course this excludes the funding for the Auditor-General's office.

If we look forward to next year and what parliamentary staff and the presiding officers have seen as some of the challenges that we face, certainly there is the maintenance of services in a climate of restricted resources. We have the implementation of the electorate officers enterprise agreement within our existing resources. We also have the conclusion and obviously implementation of the parliamentary officers enterprise agreement. There is the development of the infrastructure for video webcasting of parliamentary sessions of both the Council and the Assembly. We will continue with the development of our parliamentary precinct master plan.

Obviously there is ongoing support for committees of the Legislative Council, which are difficult to quantify and budget for. There is the planning for the upgrade of the security infrastructure on the precinct and the continuation of the heritage asset management strategy.

We obviously need some planning for the 2010 state election. There are a number of changes that take place after every election, and the Parliament puts in an effort around trying to plan, in a budgetary sense, for the changes that occur.

There is an expanding community engagement program that the Parliament has, building on the DVDs that we do for school children and the development of our parliamentary information talks that go out to the regions. As I say, there will be an expansion of that program in the next year.

If we can talk about some of our achievements, certainly they included the regional sittings at Churchill and Lakes Entrance. We had a technically very successful day in Churchill. I think the basic infrastructure in Lakes Entrance suffered a little bit, but that was a Telstra network problem rather than a parliamentary problem. Certainly at Churchill, because we were at the university site that had the basic infrastructure, we had a very seamless day there.

We have completed the rollout of new computers and network-related infrastructure to the electorate offices, including the 4 megabyte wide area network, which was a very big project for technical staff.

We have implemented the remote working solution for MPs with the wireless technology. We have access now on our laptops to the 3G network. We have completed the negotiation around electorate officers' EBAs. That is still not finally concluded. The negotiations have concluded; the staff is still to vote on the negotiated EBA.

As I mentioned before, the educational DVDs, as a resource in primary and secondary curriculums and also for adult English language students, have been very well received.

We have had another 14 either relocations or refurbishments of electorate offices.

The chamber sound system upgrade was completed and, on its completion, we were then able to implement the audio webcasting of parliamentary proceedings.

We had two open days for Parliament — one in November and one in March. Both were very well attended, and both had very positive feedback from members of the general public.

There was certainly an increased effort on behalf of all staff around the passage of the abortion bill and the assisted reproduction technology bill, which was a great effort on behalf of the staff who had to service the sittings of the house.

Going on with more achievements for Parliament, obviously the scaffolding around the building tells us that the Parliament heritage asset management strategy continues. We are continuing in a very methodical manner with the replacement of some of the stonework that is crumbling with age. After 150 years it is a bit tired. As I say, that continues in a pretty orderly manner and is done within the confines of that strategy.

We joined with Sustainability Victoria's Resource Smart program and have now a sustainability framework for the Parliament. In the context of the precinct master plan we have sustainability, and quite central to the development of that plan we are looking at how we can make the best fit of Parliament and our footprint moving forward.

We have introduced the regional parliamentary information talks program, which is quite keenly sought after in regional areas. We have trained staff who go out and talk to schoolchildren in regional areas. We have had some very successful days. Down at Warrnambool, which I think was the first one we did, we had about 500 or 600 primary school students over that day. That obviously supplements the visits when they come in here.

There has been a massive project going on with the library in the redevelopment of our internet site. That is continuing — it is almost completed — but it has been a mammoth task.

That is our report. We will now bare ourselves open to grilling from the committee.

The CHAIR — I welcome the President, and I thank you, Speaker, for the presentation. I might ask — as I tend to ask — you to supply with us some information in terms of reconciliation between the estimates votes in the Appropriation (Parliament 2009/10) Bill, which is seeking to appropriate approximately $83 million for the departments, as opposed to the figure you had up on the slide of $126 million.

Ms LINDELL — That is the exclusion of the Auditor-General's office.

The CHAIR — I have taken the Auditor-General out of my question.

Dr O'KANE — As I have done in the past, Chair, I have asked my department to produce a reconciliation of the department's budget papers with the appropriation bill for each of the parliamentary departments, excluding VAGO and including VAGO, so I am happy to table that.

The CHAIR — That would be terrific. Can you perhaps just outline for the Hansard transcript the basic elements of the difference?

Dr O'KANE — Sure. The main differences really relate to, in particular, my budget, which is one of the large ones. It includes the carryover of members allowances from the electorate office and communications budget. As the Speaker said, in budget paper 4 the difference between what you saw on the slide and also the comprehensive operating statement are the amounts for the Auditor-General's office. That is all listed in the reconciliation, so I will table that and provide that to members of the committee.

The CHAIR — Thank you very much for that.

Mr RICH-PHILLIPS — An issue that was raised at I think the hearing before last was a satisfactory outcome between the Parliament and the government in terms of remuneration for table officers and putting in place a mechanism for adjustments. What progress has been made on that?

Ms LINDELL — That matter has been resolved. There is now a system in place whereby any movement in the executive officer pays at the Victorian public service is reflected in a movement in pay for the clerks at the Parliament.

Ms MUNT — You mentioned during your presentation negotiations for electorate officers in the EBA. I know my electorate officers are very interested in that particular subject. Could you just expand on that and update us on exactly where those negotiations are up to?

Ms LINDELL — We have agreement from the government and agreement from IR Vic and agreement with the union, and it will be open for a staff ballot within the next week or so. Staff will be corresponded with, I think in the next couple of days, but it is at a stage where all staff will now — ongoingly there has been information available on the intranet for staff, but we have an offer and an agreed position and hopefully the staff will tick that off.

Mr SMITH — The department has set up a system through the Lotus Notes mechanism for the staff to actually vote on that electronically with confidentiality, and that would be accepted by the commission if it is a positive outcome — reasonably confident it will be.

Mr DALLA-RIVA — Just in relation to budget paper 3, on page 270, this is in relation to parliamentary services. I certainly do not want this seen as anything other than what I am looking at in terms of the figures. In relation to the service provided to the members of Parliament and I gather to others, I note in terms of quality 'Client satisfaction with the quality of information provided' and 'Members, staff and officers satisfied or better with the services provided', the first thing is it does not specify which services are tested against. But I notice in 2007–08, for example, the client satisfaction was 94 per cent and the satisfaction by members of services provided was 89 per cent. Into the forward estimates it has been dropped down to 85 per cent and 80 per cent, so a respective drop of 9 per cent.

I was just curious in terms of why you would expect a reduction in service quality, given there is an increase in expenditure and what have you identified as those areas that do need improvement and how are you rectifying those improvements?

Ms MUNT — The targets seem to be the same to me.

Ms LINDELL — I am a bit confused.

The CHAIR — Do you want some clarification?

Ms LINDELL — Yes. I see that we have targets.

The CHAIR — Probably another way of framing the question, if I may, would be: you achieved 94 per cent and 89 per cent in 2007–08; would it be reasonable for the Parliament — and Mr Dalla-Riva said you received more money — to actually increase your targets?

Ms LINDELL — Lift the targets.

The CHAIR — Does that seem fair enough?

Mr DALLA-RIVA — Yes, because it just seems to be that there is an increase of expenditure, as you outline in the achievements, yet it is not reflected in what service should be provided to the members or indeed to the staff themselves in terms of what your expectations of satisfaction levels are.

Ms LINDELL — The President and I signed off on some increased targets just last week, but I do not believe that they were — —

The CHAIR — They have not appeared in here.

Ms LINDELL — I do not think they were those. I think they were more around the library.

Dr O'KANE — I think the answer to your question is that we are constantly monitoring and adjusting these. One of the difficulties we have had in the past is actually having sufficient people to fill out the client satisfaction surveys and actually getting sufficient responses in the form we can use. We are continually reviewing that. What we do is — we have again reviewed it this year and we have a more comprehensive survey that is in process now that is being administered by Roy Morgan. Given the greater complexity in that survey, we think that we are more able to capture a better and more accurate result. So I guess we see this very much as a refining of the process and maybe the baseline might change for that.

I draw your attention — if you go up a little further — to the targets relating to the library and research. They were also adjusted, but in that particular case they were adjusted up, and the reason they were adjusted up was because of the unprecedented amount of social legislation and other things before the houses. The services that have been required by members have substantially increased both in reference and also in research. What we are trying to do is adjust these so that they are accurate all of the time and create a much closer measure of how people are going and what the nature of the requests are.

So we are continually improving those, and you will see from that particular reference to the library that the demand was substantially increased. I would be able to get you more information on that, a little bit more detailed response, if you would like.

Mr DALLA-RIVA — Yes. The library is one component of it, and I appreciate the increase, but in terms of what parliamentary services provides, if you read across the top it is not only the library, there is Hansard, education, HR, finance, IT and maintenance of grounds and facilities.

Ms LINDELL — Can I add there, though, that one of the difficulties that the Parliament has is getting a response to the survey asking for client satisfaction from members. While we change the format of that and change the questions and try to make it easier and less time-consuming for members to respond to, we would almost appreciate a little bit of constancy in the targets so we do not set ourselves up for a fall in the sense that all of a sudden we have got the survey right and many more members respond, and we have that skew of statistics that occurs when all of a sudden more people are engaged in the process. It is a little bit of a work in progress.

Certainly on the face of it you would say, 'Yes, lift your targets right up', but if we actually get a mechanism whereby members will engage, then we can have a problem there for no other reason than we have actually managed to get the survey and the time taken and the effort taken perfected.

Mr WELLS — Roughly how many people are responding to these surveys that you put out?

Dr O'KANE — I will have to take that on notice to get you some more definite information. But the response rates are quite low.

Ms LINDELL — Last year, 21 MPs out of 128.

Mr SMITH — I will make a comment also that I generally believe that the service is constantly improving in almost every area. The number of actual complaints or issues that I get are reducing — I am not saying there are never any — and those that we do get in a whole range of areas are being addressed, I believe, quicker and speedier. If people want to disagree with that, fine, but that is certainly my view.

The CHAIR — Thank you for that.

Mr NOONAN — I note that the Parliament held two open days this financial year, both in November and in March. I wonder whether you can advise the committee on the reasons for holding two open days within the financial year. What plans exist for the future? You referred to their being well-attended; perhaps you have some figures there and information on how feedback is collected on those days.

Ms LINDELL — The two open days in the one financial year came about because of a view that to move last year's open day to November to coincide with the centenary of women's suffrage was a positive thing that the Parliament could do, and in fact the whole theme of the day was women's suffrage. We did a lot of work with the Office of Women's Policy. We had an art exhibition in the garden; we had performance all day. A number of people who had been recipients of the regional grants for the celebration of the women's centenary came down and performed on that day. It was a much larger joint function for the celebration of women's suffrage, and that meant that the open day was pushed into this financial year.

Then we held another open day in March as our more typical open day. One of the views was that we would like to keep them as much as possible on that annual, 12-monthly rollover, and the thought was that with 2010 being an election year we would be wanting to have the open day in the first six months of 2010 simply because of the workload on staff as we come into the election process.

I think we had 3000 people on both days — nearly 3000. The feedback is terrific. I do not know whether any members of the committee have attended on open day, but a lot of overseas visitors come and a lot of family groups come. They are just fabulous. People go around on a self-guided tour. We have stands with the electoral commission and with the Auditor-General, and we try to sort of expand it to include Parliament and some of the complementary agencies.

The CHAIR — Are you still doing the Show Day?

Ms LINDELL — Yes.

The CHAIR — That makes it three a year.

Ms LINDELL — The show is still done through our community engagement program.

The CHAIR — Members of Parliament have been along to the show — they used to go, anyway.

Mr PURDEY — We usually do that every second year.

The CHAIR — Every second year?. I know it is a big effort.

Ms PENNICUIK — You mentioned the finalisation of the EBA. Can I ask if the overtime budget for electorate officers is going to be maintained?

Ms LINDELL — The proposal that staff have to vote on is that they will receive a 3 per cent overtime allowance, which will mean that that amount of money is now super-able, whereas under the current arrangement none of their overtime is super-able, so it is quite an attractive proposition. It works out to be a very similar amount of money if overtime was evenly distributed across staff. It is about the same amount of money that members of Parliament could sign off on — that discrete sort of amount that the Parliament has had. But, yes, what is on offer is the 3 per cent overtime allowance.

Mr SMITH — There are swings and roundabouts on this and winners and losers. In some cases where you might have an individual who works very little, they will be significantly — or maybe not significantly — better off. Some others, who may work extraordinary amounts of overtime, might feel that they are being deprived. There is also provision so that if you work in excess of 40 hours overtime in the cycle, you would get time off or the opportunity for time off in lieu. This is, again, a matter for the electorate officers to decide for themselves. Overall I am personally of the view it is an improvement for them.

Ms PENNICUIK — Are you saying, Speaker, that it is equivalent to 40 hours? Is that what you are suggesting?

Ms LINDELL — No.

Ms PENNICUIK — How many hours would it be equivalent to?

Ms LINDELL — It is equivalent to about 40 hours.

Ms PENNICUIK — Forty hours per year?

Ms LINDELL — The amount of money that Parliament had in its discrete amount that was in the last EBA — a $365 000 allowance for overtime — when that was divided up into how much overtime each office could be paid without going into members' office budgets, that was about the amount. It was about an hour each week that staff could claim within the confines of that overtime amount that was in the EBA.

Mr SMITH — The other improvement is that it is superannuated, so you are going to be paid superannuation on your overtime component, which you never did.

Ms PENNICUIK — Yes, President, I hear that. You mentioned, too, that it will differ in terms of advantage or disadvantage for some staff — and I would agree. Some staff may be prevented from working overtime due to family commitments, for example.

Mr SMITH — So they get 3 per cent, superannuated.

Ms PENNICUIK — Some staff may be then required to do more than 40 hours per year. If that were the case, will the MP be able to pay that staff from their electorate office budget for overtime?

Ms LINDELL — I would think so.

Mr SMITH — I do not know of any impediment, but there is also the time off in lieu.

The CHAIR — It does happen — salary supplementation.

Ms PENNICUIK — If it is in lieu, it may or may not be able to be taken?

Mr SMITH — Then you would have to manage that.

The CHAIR — They could take it out of their own pocket, too.

Mr SMITH — The office manager.

Ms PENNICUIK — Thank you, President. I am talking about a wider issue than my role as office manager.

Ms LINDELL — My understanding — and I have had some nods — is that the arrangement will stay, that staff will be able to be paid from the office budget. As it is now, extra overtime can be paid from the office budget.

The CHAIR — And some people pay for it from the member's — —

Mr NOONAN — That is in addition to leave replacement as well, is that correct?

Mr SMITH — Yes.

Mr NOONAN — And that will remain?

Mr SMITH — Yes.

The CHAIR — Just following up for clarification, that money which is available, people can also claim back vehicle expenses, can they not?

Ms LINDELL — That would be additional staff expenses.

Ms PENNICUIK — My last question on that: is that going to save the department money?

Ms LINDELL — No. There will be savings that the department has to find to fund the EBA, but we are confident that we can do that.

The CHAIR — I am sure you will find some productivity in order to fund it.

Ms LINDELL — We had to show that we could meet government wages policy and deliver the EBA as it is, so there are departmental savings.

Ms HUPPERT — I am aware there are a number of members who are currently without electorate offices and, I also understand, some who are at risk of being so in the near future. Could you please explain the reasons for this?

Ms LINDELL — Certainly. The provision of electorate offices is a very time-consuming and difficult jigsaw to put in place. There are some electorates that have very limited accommodation available. That is one problem; it often takes a long time to identify an appropriate office.

The second one, and probably an issue which is causing the most level of grief in that sense for Parliament, is that members would be aware that we do not own electorate offices; we lease them. We have an arrangement with the equal opportunity commission that when leases come up for renewal in offices that are not DDA compliant, we will negotiate with the landlord to make those offices compliant to the Disability Discrimination Act.

In one particular case we have had the landlord agree to do those works, the lease was renewed, but the landlord has failed to do the works in a compliant manner. The negotiations have gone on. There is very little that the Parliament can do, but we have actually vacated the office and are refusing to pay rent until the landlord comes forward with his side of the bargain. We have to do that. We have an agreement with the equal opportunity commission. We have taken the right legal steps with the landlords to address the works as they need to, but it is very difficult. We do not own these offices. We enter into leases in good faith. There is very little we can do in the end.

Those are some of the issues. I have been looking for an office for 12 months and have been unable to locate an office in my electorate.

The CHAIR — It is very difficult.

Ms LINDELL — It is very difficult at the moment.

Mr SMITH — Especially when they know that Parliament is looking for one — that really helps!

The CHAIR — That is right. I am due to change mine soon. I notice you going to do an environmental initiative in my refurbishments. You said there was none in your one there. There is one pilot project for lighting.

Mr RICH-PHILLIPS — Can I take you to question 1.4 in the departmental response to the committee about the risks relating to budget estimates. The response is:

> Parliament is not a service delivery government department and generates no income nor does it enter into major contracts, therefore there are no material risks …

Can I just ask about the revenue that Parliament generates through functions and catering and so forth? How is that handled in terms of the appropriation? Does the Parliament retain that revenue? Also, with respect to major contracts such as the heritage works and, I assume, the IT, what are the Parliament's current exposures on major contracts?

Dr O'KANE — To deal with your second question first, the only really major contracts we have are the broadcasting ones and the heritage asset management strategy with the stoneworks you see around the building. Those are fairly extensively and exhaustively monitored. We have quite strong contractual arrangements in place; we put an extensive amount of time into selecting the contractors to undertake that work. We get regular progress reports on them, and I have to say that the quality of that work has been excellent to date.

It is one of the more difficult contracts to manage because it is an unknown, if you like. One of the difficulties with that particular contract is that we do not actually know until we get there what the fabric of the building is like, so we have had to do some destructive drilling in different parts of the building to see whether it is actually a facade of stone on the outside or it is structural — it is those sorts of issues. That is why we have broken the project up into stages. We carefully examine each stage and each block and replace that systematically. In terms of overall risk, that is the major one.

Mr RICH-PHILLIPS — And the Parliament carries all the risk of that project?

Dr O'KANE — Yes, it does, and we are managing it.

Mr RICH-PHILLIPS — You said broadcasting; what did you mean?

Dr O'KANE — That is the only other larger scale project.

Mr RICH-PHILLIPS — The video broadcasting?

Dr O'KANE — Yes. It really turns on the definition of what is major. Major is viewed in the context of overall government definitions.

Mr RICH-PHILLIPS — Material to the Parliament and the Parliament's budget.

Dr O'KANE — Yes. The most material one is the heritage asset management and the stonework.

Mr RICH-PHILLIPS — The other part of the question was about the revenue the Parliament generates through functions and catering et cetera.

Dr O'KANE — The activities of the catering area are really operated as a separate business unit and reported in the DPS Annual report. The whole purpose of catering really is to run it for the benefit of members, and functions simply offset that. So that is accounted for as a business unit, and I think I have given that response in previous years to the committee.

The CHAIR — Just to seek clarification on that, page 186 of budget paper 4 is followed by the comprehensive operating statement for the Parliament, so I assume that all the receipts are included in the operating statement and then the expenses from this business unit are expensed in the operating statement. I notice, for example, that you have nothing down in 2009–10 in terms of sale of goods and services. Maybe it is just so small it does not actually appear.

Dr O'KANE — I would have to get back to you on that particular one and give you the detail of it.

The CHAIR — It should appear in the total operating statement.

Mr RICH-PHILLIPS — Can we just clarify how those receipts are treated — how the Treasurer treats them — for the Parliament?

Mr SCOTT — I note, Speaker, that in response to an earlier question and in your presentation you discussed the community engagement program. Could you please explain more about the community engagement and educational programs which will be run by the Parliament during the estimates period? I note that there was a series of educational DVDs created and that regional parliamentary information talks programs had been introduced. Could you explain what new programs and what activities are planned during the estimates period?

Ms LINDELL — There was a very recent review of the attendants' roles in the Legislative Assembly. Coming from that there are some changes to take place with the tours — perhaps some growth in tours and perhaps some different tours that may come on board. We all know that we have fabulous work and furniture around the Parliament, and architecturally it is a wonderful building. The thoughts are that there is an opportunity there to expand those public tours in which people see the chambers, Queen's Hall and the library but basically very little else.

We could engage members of the public who are more interested in different aspects of the Parliament and they would perhaps be able to come through and have a look at the particular architectural features, perhaps

some of the artwork, perhaps some of the heritage furniture that we can neither take off site nor use but which we decorate our halls with.

I might hand over to Ray in the sense that it is probably something he can talk to. I should say, though, that the DVDs have been very much appreciated by the schools. I think there is still a little bit of work that members of Parliament could do to get those DVDs out to the schools. They are all sent to schools, and the teachers who have seen and used them are very complimentary about the levels at which they are pitched and the simplicity with which the process of Parliament is explained.

The regional parliamentary information talks really try to take Parliament out to the regional areas as a complementary activity or a replacement activity for primary school children who do not or cannot get into Melbourne to the Parliament. They have been very well recommended. The attendants who conduct those talks have been trained to do so. It is an opportunity they certainly enjoy, rather than just their mundane jobs that occur while Parliament sits. There is another whole side to the attendants' positions that I think enhances their workplace. I will hand over to Ray.

Mr PURDEY — It is probably a little bit more than just the attendants. Our DPS education officer has drawn up a plan for the next three years. He works very closely with the education department in relation to the things that perhaps Parliament can do to meet the needs of some of the students and the VELS.

As part of the program that we are working on with the education officer we are hoping over the next period — we are looking ahead three years at the moment — to expand the information that our tour guides provide so that we can cover the year 12 legal studies curriculum and train our attendants up to be able to go out and speak to year 12 students and make sure they cover exactly the things that are on the VELS for that.

What Jenny was referring to in relation to our regional information talks is that at the moment we have started off in a small manner, and we have conducted probably about two or three of those. We hope to do four or five regional sessions a year. We go out and tell those areas well in advance that we are coming to a particular regional area. Usually it involves the education officer who contacts the schools in the area; they have an opportunity to put in a request to come to the centre and bring their students in to that centre to get similar types of presentations that schools get when they come here into the Parliament building.

In addition to that, the education officer also works with the law institute. The law institute does about four presentations a year, I think, in country areas. As part of the arrangements with the institute we assist in providing presentations into a session. I think their sessions run over about two or three days and we are involved in assisting them in doing presentations on parliamentary procedure.

Ms MUNT — Can we also get a program for the work experience students who come through our electorate offices?

The CHAIR — That is a good idea.

Mr PURDEY — Yes, that is right. Work experience students go through both electorate offices and here at Parliament itself. I must say members are always very good when we approach them. If we want work experience students to have contact with members of Parliament they are usually quite cooperative and will give of their time when students are in here on work experience programs, which is much appreciated.

Ms MUNT — But we need some structure and clarification on that.

The CHAIR — What do you want the education officer to do, draw up a bit of a program which might help?

Ms MUNT — That would be good — just issues like whether insurance covers work experience students while they are with you or travelling with you or in the car. There is a whole range of issues that really need to be clarified.

Dr O'KANE — We have also had some very positive feedback from some particular client target markets. The video that related to people from non-English-speaking backgrounds was a big hit. We have also had very positive responses back from TAFE and also from libraries, which is another interesting client group. We think it has hit the mark. It is actually good to do your market research and target those areas that we think have very

little knowledge about parliamentary procedure or parliamentary process. We are working quite well as a team to actually get that information out there.

Mr SMITH — I had an interesting request that I have not actually done anything about as yet in regard to DVDs from a major law firm who thought they could be very, very helpful in their people understanding how Parliament actually works and what it actually does. I thought that was quite interesting, and something we might have to have a good look at.

Mr SCOTT — You would hope that with a law degree you would know how the law was made.

The CHAIR — It might be a session in the articles course.

While we are still on the digital age, I notice in our last report that we did on the budget estimates for 2008–09 we had three recommendations, recommendation 47, 48 and 49, in respect of webcasting and videocasting. We made some recommendations which have been accepted in principle, or accepted by the government, presumably also — —

Mr WELLS — There is a big difference between 'accept' and ' accept in principle'.

The CHAIR — It is a question about the effectiveness, and so it is a matter of actually following that one up. But you can read it here; I gave you a copy of the response.

Can you just tell us where this is at and how it is going? I notice, for example, when the budget was on, the feedback I got was that it was very difficult to follow it all, there was not a very strong signal or something. I am just wondering how you are going and when the webcasting is going to come through. What do you call it? The video stuff.

Mr SMITH — In terms of the audio, I have actually had reports from overseas from people who were listening online and were quite impressed with it.

Mr WELLS — What, listening to the budget?

Mr SMITH — No, this was prior to the actual budget. I am not sure whether people are aware but your photo will actually come up online if you are speaking, and it automatically jumps to the next member who is speaking, which I think is quite helpful when you audio broadcast. I have not actually heard anyone complain about the audio.

The CHAIR — Maybe it relates to the capacity they have got for listening to it.

Mr SMITH — Yes, but, as I say, your comment about some people having difficulties is the first I have heard of the problem.

Ms LINDELL — I did not receive any reports. There are occasions when we do have some sound problems. I did not receive a report this week that we had had some, but obviously once it leaves here it is out into the unknown a little bit so far as what is happening in the wider network that is not — —

The CHAIR — Sure. Anyway, the wider question is: how is it going, and when are we going to get the TV cameras? I am sure my deputy is very keen to be on the video.

Ms LINDELL — My wish is that by budget next year we are video webcasting, but some of these things are not in the total control of the Parliament. I think I will hand over to Stephen to walk through where the project is at and the stages that are yet to go.

The CHAIR — That is good because the government's response is that the Assembly is scheduled for next financial year and the Council for 2010–11. That is the government's response, but I am interested in where you guys are at.

Dr O'KANE — If I could just give the committee a bit of context to this. The project to broadcast parliamentary debates is a four-year plan that commenced over two years ago. There were a number of building blocks that were required as part of that process. The first one was the development of a stable Hansard IT environment, because that was not the situation that we had. We needed to upgrade the various Hansard systems

and procedures, as we have done with use of voice-activated technology and we have also modified the production system. We then did the recabling of the chambers in Parliament House and then we also, as part of that process, had to develop an audiovisual computer room and, as part of that, some uninterrupted power supplies.

What you can see in terms of these building blocks is that we have had to get the base infrastructure right first before we can actually move to the next step. The next stage is the replacement of the chamber sound systems to the state-of-the-art digital network. That has incorporated some of the features for future video broadcasting of Parliament. That has then moved on to the audio broadcasting of proceedings, which is where we are at the moment. That is using the Vividas system. There is currently one building block left to complete — that is, the replacement of the digital recording system — before the video broadcasting components are undertaken.

There have been a number of features of this. We have certainly learned a fair bit from the experiences of other parliamentary jurisdictions about that. It is interesting that we have followed this process, because the technology has significantly improved along the way.

The CHAIR — I am sure it has.

Dr O'KANE — It is now smaller and better, particularly the camera technology. We are continuing to learn about that from the other parliaments. Our target date for video broadcasting is May 2010, and we are pretty confident that we can get to that target; we have been working assiduously towards that.

As you can see, it has not been a matter of simply saying, 'Let's just grab a system off the shelf and do it'; it is actually all the support infrastructure for both houses, and we have decided to do that for both houses at the same time.

The CHAIR — Are they getting them both at the same time?

Dr O'KANE — No, the support infrastructure at the same time.

The CHAIR — I see, yes.

Dr O'KANE — Then the Assembly will come on first and then the Council, roughly in accordance with the timetable that you have suggested.

The CHAIR — In 2010–11, whatever it is, yes. Thank you very much.

Dr O'KANE — So it is a building block process.

The CHAIR — Yes, I understand. Do you want clarification on this?

Mr RICH-PHILLIPS — Just a follow-up: does the Parliament have any statistics on the uptake of the audio feed — how many people are listening to it on an average sitting day, or any information like that?

Mr SMITH — It is on the internet.

Mr RICH-PHILLIPS — Yes, but is there a count of how many — —

Ms LINDELL — Yes, we do.

Dr O'KANE — I believe we do have that data.

Ms LINDELL — We do, but we would have to — —

Dr O'KANE — We would have to get some more information for you on that.

Mr RICH-PHILLIPS — Just for an indicative idea of how many people actually — —

The CHAIR — The number of 'hits' is the right word.

Mr SMITH — It depends on who is speaking.

Mr RICH-PHILLIPS — Yes, exactly. I said the average across the day, President.

Mr WELLS — This is in regard to the answers to the questions about asset funding. In relation to question 2.3 about the development of a master plan of the parliamentary area that has been put out to tender, can you outline for us what the time frame for that is with the master plan being accepted and when the funding discussions with the government are going to take place in regard to that master plan? What is the overall time frame for that?

Ms LINDELL — At the moment we are developing the master plan. I cannot give you any indication as to when discussions with government will take place. What we need to do as a Parliament is look at how it is that we sustain this building to be a parliamentary building for the next 150 years.

The master plan will incorporate the total rewiring, the total replumbing. We have front steps where water leaks down into offices. There are some big issues to be fleshed out in the master plan itself. I would have thought that we actually needed discussion around, 'If this building is not sustainable into the future, then what do we actually do?'. That is a discussion for the community of Victoria, not particularly a Parliament-to-government discussion. I see this as but the very beginning of a problem that, as a community, we are going to have to deal with. It will raise I think many more questions than it does answers. We hope to have the master plan by, I think, the end of this year?

Dr O'KANE — Yes; December, January — the master plan process is really to be completed by January 2010, but we are currently going through a consultation process which will take about 30 weeks, I think, was the time frame. We have engaged an architectural firm or consultancy by the name of Woodhead, who are doing that. They will be consulting all of the stakeholder groups around the Parliament to make sure that we get a sense of what people think about that.

It is very much the first stage of the process, and it is a very complex process. We have got all sorts of issues to do with things like identifying accommodation needs, benchmarks, sustainable management practice, the existing frameworks of things like the replacing and upgrading of mechanical, electrical, fire, hydraulics, security, car parking, and developing some sort of priority list for the future. Obviously based on that we would then apply for budget in the same way. But until we have the plan and a clear priority for that, then we would not approach government for that funding.

Mr WELLS — So apart from the, I guess, viability of the building as is, with major upgrades in maintenance, are you also looking at capital expansions on this particular site or building?

Dr O'KANE — I think the short answer to that is we don't know until the consultation takes place. Each of you, as MPs, will have certain preferences around accommodation and other things. We have got issues like the use of the site and the current location of existing facilities. One of the most difficult areas will be simply relocating services that are in the building to outside the building to try to create space — air-conditioning units and ducting and wiring and so on. So before you can even get to that sort of base point, we really need to understand all of that and how it best fits together and works well.

Mr SMITH — I want to make comments on two points. The consultation process will include everyone imaginable associated with the building, including the workforce, members et cetera, to get everyone's input. The second is there are no grandiose plans. I want to make it absolutely clear: domes, lions — that sort of stuff is not part of what we are talking about. Reading in the paper comments of $151 million, or whatever, being talked about is just fanciful. God knows where that has come from; it has certainly come from no-one associated with this particular issue or proposal. We have no idea.

Ms MUNT — On page 265 in budget paper 3, listed under 'Significant challenges facing the Parliament in the medium term' it says, in part:

> ensuring that the Parliament House remains a functional working location that is accessible to the public within security constraints …

I think there is some thought of enhanced security measures being implemented in Parliament. Could you please explain what those enhanced security measures might be and how they would relate to keeping the Parliament a functional working and accessible location.

Ms LINDELL — There was a security vulnerability assessment completed in 2008. The findings and the recommendations of that assessment have been accepted and have been adopted by the presiding officers and the parliamentary executive group, and we are currently incorporating them into a security plan for the Parliament. I suppose there are a number of things: one is the basic physical infrastructure — what can we do to make the precinct more secure? There are some operational issues, but there are also some procedural issues as well.

One of the things about this Parliament, I suppose, is that it has always been a very accessible building, but in light of the security assessments that we have been given there have to be some changes, and those changes will have to be accepted by members of Parliament, members of the public and by the staff who work here as well.

To me, one of the most bizarre occurrences is when you arrive in the morning in a car, the gate arm comes up and you drive in. You drive in whether you are a member of Parliament or whether you are a bank robber, because there is no way to turn you away. So you come in, you come right up to the building and then you go on your merry way if in fact you are not allowed in. It is just not a secure environment that we are conducting business in.

We have nominated some priority infrastructure upgrades. We need, obviously, a new access control system whereby we do not allow people into the precinct in a vehicle that we do not want here. We need some CCTV and a lighting upgrade. We have some cameras; they are not actually movable and they fix on one spot, so if something is happening 2 metres off the spot, then we have no vision of it at all.

As I say, if you think of where our PSOs are based at the back door, we have an unsatisfactory environment where you have the attendants, the security scanning and the PSOs all in 2 square metres or 3 square metres, so we need to make some changes. We need a proper security control room. Those are the priority actions, and those projects are being scoped and prepared through DPS at the moment.

Mr SMITH — We have also got some enhanced or better security advisers. For example, one is an ex-captain of the UK marines.

The CHAIR — Do you mean the recent changes in the role of the Serjeant-at-Arms and the usher?

Mr SMITH — No, I am not talking about that. We have actually got some outside expert advice in now; an ex-captain of the British marines, an expert in security et cetera to advise and assess.

Mr DALLA-RIVA — Who is in charge of security? Who in the Parliament is ultimately in charge of security? Is it the presiding officers or the Serjeant-at-Arms?

Mr SMITH — There is a specific role for both the Usher and the Serjeant in the chambers, and the Serjeant has a significant role in the Parliament. But ultimately, if you are talking about responsibility in the Parliament, it is the presiding officers. We also have a security unit now being developed over at parliamentary services.

Ms LINDELL — As we speak today, the security operations are being transitioned across from the Parliament — from the Serjeant-at-Arms and the Usher of the Black Rod — to the wider parliamentary precinct and electorate offices security. So for the security on the grounds and at 55, and out in the electorate offices, there will be a consistency to all of that.

Obviously within the chamber it remains with the traditional Serjeant-at-Arms, and our privilege rights rest with the Serjeant-at-Arms, the Usher of the Black Rod and the presiding officers, but the broader security issues are being transitioned to DPS. I will hand over to Stephen, because he will have much more detail.

Mr DALLA-RIVA — I just want to clarify that. In the chamber, security is the responsibility of the Usher, so if I am in the visitors gallery — recently there were those issues when we had abuse upstairs — who has responsibility for that? I think there was some confusion, as the President might recall, in terms of who had responsibility to remove them.

Mr SMITH — I was not confused.

Mr DALLA-RIVA — I think members were.

The CHAIR — Stephen, could you answer that?

Dr O'KANE — If it is in the precinct of the chamber, as in that situation, it will be those chamber officers, so it will be the Usher or the Serjeant. If it is outside of that area, it will transition across to me.

Mr DALLA-RIVA — So upstairs is not the chamber?

Mr SMITH — No, it is not considered the chamber in terms of describing the actual chamber. In terms of members, it is on the floor.

Mr DALLA-RIVA — Yes, and that is what I am getting at.

Mr SMITH — And that is the usher's.

Mr WELLS — Is it the same in the Assembly, Ray? In regard to the visitors gallery, is that outside the chamber?

Mr PURDEY — The galleries are the responsibility of the presiding officers when we are meeting, and so they would give directions. So that would be under the direction of the — —

Mr DALLA-RIVA — PSOs?

Mr PURDEY — Yes, it is under the direction of the PSOs, but the Serjeant or the Usher would work with those officers in relation to the galleries when a direction is given by a Presiding Officer.

Dr O'KANE — They are on the scene and the closest to make the call in relation to that.

The CHAIR — And in terms of committee hearings, which of course attract privilege within the precinct of the committee hearing?

Mr PURDEY — The building outside the chambers is going to be looked after by the unit in Stephen's area, so it would be his staff that would respond to those things.

Ms LINDELL — But it is the same staff.

The CHAIR — Yes, I know; I understand that.

Ms LINDELL — The PSOs and security staff are the same staff, but within the chambers the presiding officers need to empower people to take action.

Dr O'KANE — There are many other elements to security, as I have outlined before. There are public and private areas. We are not trying to create Fortress Parliament; we are trying to create an environment where people can work safely. That is the intention of all of us, and we meet together regularly on those sorts of issues. We have got very good support from Victoria Police in those areas. As we do our security assessments and we upgrade our capital works, particularly some of those projects like CCTV, we will gradually get into a position which is much tighter than we are now, without trying to reduce the flexibility.

Ms MUNT — Will the temporary facility come under this security review as well as the main building? There are some issues of vulnerability out there, I think.

Ms LINDELL — The temporary facility raises a number of issues that will certainly be canvassed in the precinct master plan, but it does offer particular security problems, as do other places within the Parliament. Perhaps I need to put on record that members need to take some responsibility for the security of their own offices. Many are left unlocked, not just in the temporary facility but also in the Parliament building itself, but in the temporary facility blinds are left open, lights are left on and laptops are left on desks. It does not assist. We can put in place extra patrols and extra CCTV cameras, but if people are not going to take responsibility, it is very, very difficult for any staff and any system to actually be totally secure.

The CHAIR — Thank you for that.

Ms PENNICUIK — You mentioned the program with Sustainability Victoria, which was also mentioned in hearings last year. I am assuming that you have now had a chance to evaluate water and energy usage, so my question is: have there been any substantial savings in this regard in the department and the parliamentary precinct, and what part of the budget will be put towards water, energy and other resource efficiency measures?

Ms LINDELL — The Legislative Assembly, the Legislative Council and DPS have put an amount of money towards some of the sustainability issues. Where we are really with it at the moment, though, is that we actually want to make sure that through the master plan process we have the infrastructure looked at through sustainable eyes and that as much as possible be put into the plans going forward so that it is built in — we are not actually trying to adapt and retrofit. That is, I suppose, to me the most positive step in that changes we plan to make will really embed sustainability into them.

We certainly did participate in the pilot round of ResourceSmart, which looked at Parliament developing an environment management system, which I was very pleased to see, because it was a recommendation in a report from the Environment and Natural Resources Committee in 2005, which I chaired. It was one of those recommendations that Parliament should have an environment management system, so it was terrific to be able to carry that report forward, I suppose, into the Parliament.

ResourceSmart is a program run from Sustainability Victoria for those smaller government agencies to look at how they can improve their environmental footprint. We looked at energy consumption, water consumption, waste management, purchasing policies, staff participation and just broader environmental impacts. We now have a sustainability framework that the Parliament adopted in August 2008. Insofar as energy consumption is concerned, we actually do now have the ability to measure and to monitor our electricity consumption at all Parliament sites. We have initiated energy audits with RMIT masters students.

We have a relamping program in Parliament. We have changed our cooling and heating practices, and we have, I suppose, really seen some high energy efficiency purchases of our IT equipment so that our PCs use approximately 57 per cent — that is an exact number for an approximation — less power than our old PCs. The IT reduction of CO_2 emissions has been measured. We have seen a reduction over 200 000 kilograms of CO_2 emissions just through our IT, and we have seen electricity savings of over 25 000 watts.

Overall — I think this is the nub of your question — we have achieved a 17 per cent reduction in electricity usage in the first year — that is, the first quarter of 2007 compared to the first quarter of 2008. Electricity consumption has been steady since then, but we know that as we improve our infrastructure we will make more gains, and of course Parliament House purchases 100 per cent green electricity and has done so since 1 July 2008. Our water consumption — firstly, we are able to measure it. We have a water map of our total use.

We had a reduction of 8.4 per cent in 2007–08. We have had a further 5.2 per cent decrease. . We do mainly use recycled water. All our water in the gardens is recycled or is from the storage tanks that we have, and 55 St Andrews Place has all waterless urinals and recycled water for toilet flushing. Do you have a total water use — —

Dr O'KANE — I do not have an exact number on the water use. I think what we have highlighted is it has really been quite a difficult task, but we have actually made a considerable amount of progress. For example, Parliament House does not lend itself to any kind of efficiency in terms of environmental performance, yet at 55 St Andrews Place we have got a 4.5-star green rating. Overall I think we have done pretty well, but it is something that we continue to work on, and I think we are getting better at it. The feedback I have had from other parliamentary jurisdictions is that they are the same; they are all working towards those targets as well.

Ms PENNICUIK — Just to follow-up, I understand that it has to fit into the master plan et cetera, and obviously that is a good thing, but I am just wondering about retrofitting. You were saying you do not want to retrofit ahead of that, but, for example, there are in this building toilets that are not dual flush. Is there any plan to retrofit those in the meantime?

Ms LINDELL — I thought they were all dual flush.

The CHAIR — Must be in the ladies.

Ms PENNICUIK — I do not go into the male toilets.

Mr WELLS — No, in the ladies.

Ms PENNICUIK — Let's talk about that later.

Ms LINDELL — Okay.

Ms PENNICUIK — Is there short-term retrofitting like that? I mean, that would make substantial savings.

Ms LINDELL — Certainly within the building as we go through on general maintenance — all the new lighting — we make those changes where we possibly can. I was fairly sure that all the toilets were dual flush, but we will have another inspection. That is a very easy thing that we can do.

Ms PENNICUIK — All that information that you gave us, is that available?

The CHAIR — I think you normally report that as part of the annual report and our questionnaires. I know we did not cover it specifically in our financial and performance outcomes; we covered the large departments.

Ms LINDELL — But we are quite happy to report it — —

The CHAIR — It would be great if you could.

Ms LINDELL — In fact on our open day in November we had some signs around the building that gave what our power and water use were.

The CHAIR — And we will look to report that in next year's performance outcomes report.

Ms MUNT — Before we finish, could I congratulate the Parliament and the presiding officers for starting this process. I know it is not easy with a building as old as this one to try to implement these systems and get things under way, so thank you.

Ms LINDELL — Can I say it is particularly difficult in a climate where every dollar that gets spent on Parliament is viewed via the media as a dollar being spent on members of Parliament. It is a very difficult balance to get where we have staff who are dedicated to preserving and making the very best of this building as a workplace and as a major historical building of great significance to the people of Victoria when programs that are for this building and the sustainability of this building into the future are politicised and cheapened by throwaway lines about all this money to improve the lives of members of Parliament.

The CHAIR — Yes, thank you for that. There is a mythology out there. We had some visitors just the other day who were professionals and they commented on the simplicity, to use a neutral word, of the conditions in which the members and people work in this building.

Mr NOONAN — I refer to budget paper 3, pages 268 and 269, which list your security audit requirements on both the Council and the Assembly, with targets of '2'. We had a couple of pieces of contentious legislation last year which attracted a fair bit of public interest. I just wonder whether or not you could talk us through what the Parliament did to prepare for that in terms of attendants and other people responsible for security, and by extension take that to electorate offices? Clearly there is a much broader network of electorate offices.

Recently I triggered a security audit of my own office, which was a very satisfactory experience, because one of my staff was threatened by someone who walked in off the street. A number of changes will be made to our front entrance at the office as a result and also some security lighting at the back of our office. We were also notified of some measures to be taken to register online some issues relating to activities at electorate offices of a security nature. I just wonder whether they could be outlined for us.

Ms LINDELL — I will make some brief comments and then perhaps hand to Stephen. There is a significant amount of work being done by security and the electorate properties unit around a systematic approach, I suppose, to security both here and in the electorate offices. A new database will be online very soon which will ask staff to log all security incidences as they know them to be in the electorate offices.

That will be a very simple Lotus Notes form, with time, date, what happened et cetera. That will come straight through and then be rated and assigned as appropriate. That will give the Parliament then the ongoing information we need to know about trends that are happening. As you say, we have got electorate offices all over the state and we need to be able to analyse some of the increased risk, I suppose, and weight that. That database I think is — —

Dr O'KANE — It is actually developed now, and we are entering a year's worth of data in there, going back, to establish all of the trends that relate to the Parliament, reported incidents and so on. It is, again, helping us in more detailed planning for security.

Ms LINDELL — Could I say, once again, it is around behaviour and adapting to change. There is some resistance from members of Parliament to having secure interfaces put in their offices, to having secure interview rooms. The Parliament does what we believe we have to do. In any refurbishment, we install an interview room that does not have access back into the office, so that staff can remain secure. Some members of Parliament, though, choose not to use those as interview rooms. The Parliament cannot and will not go out and tell members of Parliament how and where they should put their equipment. Once again, it is a balanced program. I suppose in our electorate offices it is our staff that are compromised, and for those reasons alone, the Parliament has a responsibility to provide a safe workplace. But we do need support from members. External lighting, all of those sorts of things, will help to alleviate concerns.

Mr SMITH — There are a couple of points I would make. You asked a couple of questions. Both the Speaker and I have been privy to a presentation of the new incident reporting method. I have to say it is quite comprehensive and I think very professional and will improve dramatically all of these sorts of issues.

Correct me if I am wrong, but one of your initial questions was what did we do in terms of preparation for those incidents last year which it may have been obvious would occur, with the abortion and ART bills in particular. From my perspective, I did talk to the PSOs in particular and advised them that I wanted extra security in the gallery, because you did not have to be clever to work out that they were going to be quite contentious issues. That went reasonably well, I thought. Maybe we can learn from that to improve it.

One thing in particular, though, that quite disturbed me, which I have addressed but have not yet come to some position that would alleviate it, was the issue of ex-premiers and their vulnerability in those sorts of circumstances. In our gallery we had two lifelong opponents on the particular issue sitting opposite each other and treating each other with great respect. When the ex-Premier left, unfortunately, and unbeknownst to me at the time, she was confronted by three men in a very hostile manner and was very, very vulnerable — not only because of her own physical stature now but because she had no protection whatsoever, which made me think that we ought to have a system that recognises that when people of importance come to the Parliament in these times we need some extra personal security.

It is a matter of judgement as to when you would do that. For instance, if we are having the unveiling of the Premier's portrait, you would not expect that to be contentious or attract some sort of protest or whatever, so you would probably not be as alert. But certainly when those sorts of bills on very contentious social matters are being dealt with in the Parliament, we should be more alert to that possibility. So we are conscious of that, and I think we all learnt something from those particular instances.

Ms LINDELL — If I could just add to that — I did not address that in my response either way. I apologise for that. In normal day-to-day sitting day demonstrations often it is a fight for a spot to demonstrate on the front steps, but for all of that there is a process that members probably do not see or do not realise is happening in the background. Risks are assessed and we have a system of managing who comes into the gallery. Members had to be reminded of that earlier in this particular Parliament, but there is a process in place. It is kept, I suppose, behind the scenes for obvious reasons. Really, as much as possible life within this building is made as easy as possible for members of Parliament, but a lot of work does happen in the background to ensure that that is the case.

Dr O'KANE — If I could just reassure members. I meet with Inspector Geoff Darlison from Victoria Police, who oversees the security intelligence group and also the PSOs both here and on the Treasury Reserve. If there are any special responses that are required, they are proceeded with through that mechanism.

The one issue I would follow up on in terms of reinforcing what the Speaker said is that one difficulty we do have is individual offices not doing alarm testing. The alarm testing process is in place to protect members and staff in electorate offices, and that is an issue that we constantly have to reinforce.

The CHAIR — I want to be fair to everybody, so Mr Dalla-Riva can ask the final question.

Mr DALLA-RIVA — Last question: earlier you mentioned electorate officers being DDA-compliant. I understand there was some initial work undertaken in terms of the upper house refurbishment, given the lower house had refurbishment, in particular lighting, accessibility, seating and the like. The upper house has got a say in terms of the lighting, which is atrocious, and the conditions, in particular the seating and how that is going to be DDA-compliant in terms of moving to the future. I just want to get an update as to where that is. Is it within

the master plan consideration or has it been dropped off the list? If so, what are we doing in terms of some of the short-term things that need to be corrected, as I have outlined?

Mr SMITH — I put in some new carpet in there, you may have noticed.

Mr DALLA-RIVA — I could not see it; it was too dark!

The CHAIR — It came out of the chookhouse!

Mr SMITH — I jest, but I should not, because the fact is the lighting does not meet the Australian safety standards. That is understood. All of the issues have been dealt with, with a proposal to go forward. It is simply a matter of getting the actual finances, if you like, for that to happen and have a program to meet it. But it has not been dropped off, if you like. It is separate to the master plan at the moment. The point is valid, in particular the ergonomics of the seating. By any stretch — the chair made comment earlier about the working conditions within the building — it is minimal. It is pretty basic.

The CHAIR — Simple.

Mr SMITH — Simple, yes, that is the word. But, more importantly, the access for people with disabilities et cetera is a very important issue. There is a plan as to how to reconfigure to allow that. All we need is a member with a disability in the future, and we have got a problem. It is clearly understood and we are working on it.

The CHAIR — I know Mr Noonan wanted to follow up, but he can do that in writing, and we will send you a follow-up to that one in writing. We allow that.

That concludes the presentation of the budget estimates for the portfolios of the parliamentary departments. I note in terms of that particular act, we have not had the Auditor-General come to us. We should probably do that next year and have him come before us in respect of his estimates in the future.

I thank the presiding officers and departmental officers for their attendance today. It has been quite a comprehensive session. Where questions were taken on notice, the committee will follow up with you in writing at a later date. We request that written response to those matters be provided within 30 days. Thank you very much.

CHAPTER 3: DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT

3.1 Education Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 13 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms B. Pike, Minister for Education,

Professor P. Dawkins, Secretary,

Mr D. Fraser, Deputy Secretary, Office for Government School Education,

Mr J. Miles, Acting Executive Director, Office for Resources and Infrastructure, and

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

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of education. On behalf of the committee, I welcome the Honourable Bronwyn Pike, MP, Minister for Education 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 her chief of staff can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

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

Following a presentation by the minister, committee members will ask questions related to the budget estimates. They need to be related to the budget estimates; otherwise I will rule the questions out of order. So, Minister if you get some nice questions about how wonderfully you have done in the past, I will rule the questions out of order and move on to the next one.

Mr WELLS — That would be a first.

The CHAIR — Generally, the procedure followed will be that relating to questions in the Legislative Assembly.

I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 15 minutes — if you could do it more quickly, that would be helpful — on the more complex financial and performance information that relates to the budget estimates for the portfolio of education.

Overheads shown.

Ms PIKE — Thank you very much, Chair, and good morning to members of the committee. Last year, the Premier and I, with the Minister for Children and Early Childhood Development, launched our *Blueprint for Education and Early Childhood Development*. That blueprint sets out the vision for Victorian education and early childhood development over the next five years and of course renews our commitment to education as our no. 1 priority. All of the initiatives that are embedded in this year's budget build on the work that has happened before and are all in a sense articulating those things that are embedded in our blueprint.

The creation of our new department has really provided us with an opportunity to focus on services from children from 0 to 18 years of age. It has also enabled the opportunities for some fresh thinking about the way that education is delivered for our young people in our community.

The slide you have before you talks about the three strands that we think are absolutely critical to helping our young people to thrive, learn and grow. They are: continuing to develop partnerships with parents and the broader community, engaging everyone in the educational enterprise; making sure that we develop and grow our system and reform it; and that we of course have the right workforce in place, that we offer the right professional development and leadership development to our workforce so that they can meet the challenges. Our key priorities continue to be addressing school underperformance, making sure that we strive for excellence but we bridge the gap between schools that are performing well and schools that have challenges, and improving access and quality in early childhood.

We are building on a long commitment in this area — nearly $8 billion has been invested in education since 1999. That has seen the growth in teacher numbers by 8600 — the lowest class sizes in a decade; more students now completing year 12 than ever before; and, of course, the development of a world-class curriculum within our schools.

The NAPLAN data from last year demonstrates that we are doing very well, when we compare ourselves to the rest of Australia, in key areas of literacy and numeracy. We are at or above the national average on all those indicators. In fact, it is only one that we are not above, and that is year 9 spelling. We know, however — as we speak today our kids are sitting the NAPLAN tests that began yesterday — that we need to continue to do more work in this space.

The next slide really shows our progress towards achieving our goals in terms of year 12 completion. The following slide tells us also that parents believe that our schools are improving. They believe that about key areas like safety and teacher effectiveness over the last 12 months. Staff themselves also say that school is improving in a range of key areas.

Nevertheless, as I have said, we ourselves recognise that we need to continue to invest in education, we need to continue to improve what we are doing and particularly to help the system to be more accountable at both a broader level and right down to the school level. We are certainly, through planning and review processes, making sure that we do have the appropriate accountabilities at each level of the system and that we are investing strategically to boost people's capacity and performance at each level. Of course we have a huge range of resources, many that have been identified within the blueprint and that are helping in this task.

The slide that you see there talks about a recent product that we have launched for assistance within schools. This is a very sophisticated new instructional model which really goes right down into the classroom level with tools to assist teachers in the very best practice of teaching and learning. This is just one example of the kinds of resources that are being rolled out into the system.

Our work on improving school leadership has been internationally acclaimed. I think it is important that the committee understands this. I have three documents to present to you today. The Australian Council for Educational Research has been recently commissioned by the Queensland government to identify mechanisms to improve literacy and numeracy in science learning in Queensland. They have drawn heavily on Victoria's expertise and experience, and it is well documented in this report, Chair. In the United States, the National Governors Association has now developed work which benchmarks best practice systems around the world in their improvement strategy and has drawn upon Victoria as the model for leadership development. I understand that the secretary provided you with a copy of the OECD report on leadership.

The CHAIR — We have one copy each, in fact.

Ms PIKE — Again, we can provide plenty of copies of this material. All of this of course demonstrates that not only are we achieving excellence in these areas but this is now internationally recognised. In fact, I am the only Australian education minister to have been invited to present at an international symposium for ministers to be held in Singapore later this year — because of the strength of our work on school leadership.

The development of our institute of educational leadership which is under way in North Melbourne — the building is under way and it will be open next year — is yet another example of how we are really focusing on this area, because we know that it is such a critical factor for school improvement.

Last year in the budget the regional network leaders were funded. They have now been appointed and they are working very intensively with their networks of around 20 schools on a very strategic school improvement strategy. Their tasks are identified there for you.

This budget builds on all of that work with, of course, a very substantial increase to our asset program — part of the $1.9 billion that we announced in the 2006 election campaign and are now delivering throughout our system, and of course additional output initiatives to continue our school improvement strategy. On the Victorian schools plan, people will be aware that we are rolling this out over this period of government: down payment on our commitment to rebuild, modernise and renovate every single school in the state, with a further 113 schools funded in this budget.

We are now up to 375. Our target was 500 so we are well on track for delivering that. Of course when you couple that funding now with the huge boost in capital funding for schools that the commonwealth has provided — which we have been negotiating with them and we are very delighted to be in partnership with them to roll out — you will see in a sense an absolutely dramatic change in the physical fabric of our schools right around the state over the next few years.

I just want to give you are a bit of an example of some of the contemporary design templates for schools — I know you cannot see the detail there. We are providing templates for our schools and a number of schools are picking up these design templates that are helping schools to create very innovative and new spaces so that they can engage in contemporary 21st century learning. Of course the spaces are also available for community use. They are safer for kids, they have environmentally sustainable features and they are very exciting. That is an example of a science centre that schools can build. So that is the capital.

Regarding the recurrent initiatives, we are continuing to utilise teaching and learning coaches in our system, and IT specialists are developing the IT capacity of our schools, preparing people for the rollout of the Ultranet next year. We have programs to improve numeracy and literacy, to bridge the gap in the performance of Aboriginal young people and to improve teacher quality. This year we are also providing additional funding to meet the demand for vocational programs within our schools and are continuing our commitment, which we made at the election, for our computer program — replacing and renovating our computer technology.

On top of that, of course, our teachers received a huge boost in their wages and the funding for that is being rolled out: $1.17 billion over the next few years.

We have also been able to negotiate very significant additional funding into education through national partnerships with the federal government. The partnership to improve student outcomes in lower socioeconomic communities sees matched funding between the state and the commonwealth. The partnership for improving teacher quality has embedded in that partnership money to initially start the program and then reward payments. Our additional funding will see us well placed to receive those reward payments, in literacy and numeracy.

Chair, I just wanted to conclude by talking a little bit about our efforts in the bushfire crisis. I was able to visit not just school communities that were burnt down in the bushfires but also school communities that have taken up the responsibility of supporting children who themselves lost either family members or their homes or were in some other way affected by the bushfires. Our student support service officers have been very engaged with kids in schools, providing a lot of support. Our bushfire case managers have been on the ground. We also have a centre that is based in Bentleigh, an emergency coordination centre for the department, that was very active during the period of the bushfires and of course was absolutely critical in the decision making about the closure of schools in the two or three weeks that followed the bushfires, when we had those very difficult days.

As we know, the Victorian Bushfire Reconstruction and Recovery Authority has been established. We are working very closely with that task force. We have people on the ground working with the community to help them identify what we are going to be doing for Strathewen, Marysville and Kinglake, where we need to replace schools. You will see there on the picture that we were very quick on the ground with replacement portables, making sure that kids had facilities.

In conclusion, Chair, this budget does build on the government's achievements over the last 10 years — $8 billion of additional funding going into education absolutely to ensure that we continue to provide support for children so that no child is left behind; that we create a culture of high expectations for every single child in our school system; and that we strive for greater excellence. People talk about an education revolution. I am very confident that in fact we are really revolutionising our education system. It is not just us who are saying that. A number of national and international voices are attesting to the fact that we are on the right track and we are doing some pretty terrific things in education here in Victoria.

The CHAIR — Thank you very much, Minister. I might start off as I have with other ministers with a question about federal grants. As you know, they are a very important part of this budget. What federal grants, both output and asset, did your portfolio, department and agencies receive in the budget, can the department provide the committee the list and description of these grants and what accountability mechanisms do you have in respect of these particular grants?

Ms PIKE — I will start with the outputs area. Since the election of the Rudd government and the development of the COAG process to streamline the arrangements between the commonwealth and the state, our state has been very actively engaged in negotiating national partnerships for education. In fact, Professor Dawkins, as the head of our department, was selected by the commonwealth government to be the deputy chair, with Minister Gillard being the chair, of the working group which actually developed these partnerships for the whole of Australia. So it was a very strong affirmation of our capacity here in Victoria to design these partnerships and then deliver them.

There were three main partnerships that were negotiated and delivered, which are reflected in this budget. The first is a national partnership for low socioeconomic status schools. That is a partnership that will deliver $275 million over seven years to schools here in Victoria. Our task and that of Darrell Fraser's team is working on the implementation plan, and we are dovetailing that implementation plan into our own school improvement strategies so that we target those schools with a whole range of initiatives that will really help to lift performance and improve those schools. We have to present that plan to the commonwealth in September this year.

Similarly, the national partnership on literacy and numeracy will give us $28.6 million over two years.

I should also have said that with the low SES schools we needed to demonstrate matching funding, and of course our equity funding and a range of our other blueprint initiatives made that a task that was quite achievable.

So there are facilitation and reward payments in the literacy and numeracy partnership — and we are certainly positioning Victoria to be able to attract those reward payments — as there are in the national partnership on improving teacher quality. We have already, for example, announced with Minister Gillard the Teach for Australia program, which is one in a suite of initiatives. We are developing projects around performance pay et cetera as part of that other partnership.

The other thing, of course, is The National Education Agreement. That agreement saw increases in funding for Victoria this year. So we also have the general overall education agreement, and I will provide details of the level of funding for that.

The CHAIR — Thank you.

Ms PIKE — Regarding capital, there are three main programs, and then they build on two other programs as well. The first is the Primary Schools for the 21st Century, and that is $2.0199 million over three years to undertake major infrastructure works in government primary schools — sorry, billion — over that period of time. That money is part of the commonwealth's economic stimulus package. We have to have our final plans for all of those schools submitted by July of this year, so it is a very tight time frame, and of course this comes on top of our own program, which I outlined in the presentation, of $1.9 billion. So our department is working with schools to maximise the benefit of the two programs, which do coincide, to really have an absolutely major piece of work undertaken right across our primary sector. Of course we also have funding from the commonwealth for the non-government sector in this program as well, and that is also being rolled out directly to Catholic schools and other non-government schools.

There will be $140.6 million coming to Victoria for science and language centres for our secondary schools in the government system, and this is an application-based program. So schools will be submitting their designs et cetera for the commonwealth to peruse, but of course that comes via the state, and there is a particular focus on schools in low socioeconomic communities.

The other program, of which 40 per cent has already been rolled out with a further 60 per cent to be rolled out very soon, is the National School Pride program, which sees an increase to all schools in maintenance funding. It is a one-off boost in maintenance, and again we have been working with our schools around the way that will be targeted.

There are two other programs from the commonwealth which are joining with our programs. There will be $146.4 million in trade training centres. That program continues to be rolled out. One of the great benefits of the trade training centre funding is that schools are collaborating in regions and forming clusters of government and non-government schools working together for those trade training centres. The last program is the nearly $500 million of funding through the secondary school computer program, and again we are working with the commonwealth in rolling out those funds for children in years 9, 10, 11 and 12 in our schools to increase their access. That, of course, builds on our leadership position in computer provision for our schools. So, Chair, they are the commonwealth programs that you will see reflected in the budget papers this year.

The CHAIR — Thank you, Minister. If you can just take on notice to provide us details of the accountability mechanisms — —

Ms PIKE — I just might comment quickly on them. We are engaging in bilateral negotiations at the moment. We have to report, in fact, to the coordinator-general in the Department of Prime Minister and Cabinet federally because these programs all form part of the overall economic stimulus package, and then we have to provide departmental reporting progress reports. In fact the school building programs have monthly progress reports that we have to provide to the commonwealth. We have got very tight deliverables in terms of time frames, and obviously we do have to identify any potential risks et cetera, and then also we have to provide quite detailed implementation plans, as I said, by September, for the national partnership agreements. But we will provide the documentation for those.

The CHAIR — The committee would appreciate that.

Mr WELLS — I refer to budget paper 3, page 26, which mentions the government's further $402 million investment in education and lists the details. Can you talk to us about the types of programs to be funded under the Victorian schools plan? I notice here that it pays for land purchases, new schools in growth areas, new relocatable classrooms and new schools in other areas such as select-entry schools. If you are spending $402 million on those sorts of purchases, how does this reconcile with the Victorian schools plan's aim to rebuild or modernise every Victorian school?

Ms PIKE — Thank you. The Victorian schools plan has always had as its objective to provide the capital that is required to create modern teaching spaces, 21st century learning spaces and learning environments in our schools right around the state. What we have said is that every single one of the schools in the government system will receive capital funding up to 2016 under this government — no school will be left behind. As I said, we committed in this term that we would fund 500 schools as part of that overall program. Clearly when we are developing a capital program it is a very complex and big capital program. There are 1600 schools. The demographics within our community change. We need to make space available to build new schools, and in some places schools will merge with other schools where there are no students in those populations.

Dr SYKES — Is merge the same as close, Minister?

Mr WELLS — That is a closure.

The CHAIR — The minister, without assistance.

Ms PIKE — There is always an opportunity and a need to purchase land, and we have never, ever said that we would not be engaged in the purchase of land so that we could build new schools. The communities where those new schools are built are absolutely delighted with the brand-new school facilities that they receive. That has always been part of the Victorian schools plan — that we build new schools. I think the committee would agree that you cannot build a new school in the air or in the water; you have to purchase some land to build that new school on, and the actual purchase of land is part of the capital program. I generally understand that land purchase is part of the capital program. The other thing that we have always said is that our infrastructure for schools will not just provide the actual school buildings but will provide replacement chairs, tables, equipment and other capital that is required for those schools.

You mentioned school relocatables, and I am glad you did, because when you are renovating and rebuilding 1600 schools, you actually do have to have a pool of relocatable classrooms for making sure that you can have temporary facilities to decant students into while their brand-new, state-of-the-art 21st century learning spaces are being created, and so the relocatable program is very much a part of the government's Victorian schools plan. It is a very comprehensive plan, and when you think about the levels of investment that we have now in our school infrastructure compared to the levels of investment that there were in previous times, it really is genuinely a revolution.

Every school will be rebuilt, renovated and modernised, and new schools will be built. In some places schools are being demolished and brand-new facilities, from the ground up in those communities, are being built, and we have had to purchase land for some of those new schools because we have not always built them on the same site. I think that the record investment is just bearing fruit everywhere, and I am surprised that anybody would be negative about it, quite frankly, because schools are absolutely delighted to be receiving this.

Mr WELLS — Who is being negative about it?

Ms PIKE — Some people are.

Mr WELLS — Would you like to name them now? Can I just clarify the point? I am not sure where you are coming from in regards to who is being negative about it. I think we have got a right to ask the question about the expenditure of the $402 million. I think it is a legitimate question.

Ms PIKE — Absolutely.

Mr WELLS — I am not sure why you are being so sensitive about it.

Ms PIKE — It is a very legitimate question.

Mr WELLS — Thank you.

Ms PIKE — And I am very proud to be able to detail the record investment.

Mr WELLS — Can I just clarify that? After you have shut down all those other schools, all current schools will be modernised or rebuilt, and that will be completed by 2016; is that still the government's plan?

Ms PIKE — The government's plan was detailed in the 2006 election campaign.

Mr WELLS — So it will be completed by 2016?

Ms PIKE — That is the commitment.

Mr WELLS — Right.

Ms MUNT — Minister, you briefly touched on the blueprint for education in your opening presentation. I refer you to page 68 of budget paper 3 under the heading 'Major policy decisions and directions' where you list the Blueprint for Education and Early Childhood Development as one of those major policy decisions and directions. Could you please explain to me what is involved in the blueprint for education and how it is being implemented?

Ms PIKE — Thank you very much. The Blueprint for Education and Early Childhood Development was developed over a period of months with very extensive consultation with people within our school communities, with parent groups and with people who work at an academic level in education, and of course it was underpinned by the enormous experience and expertise that we have within our own department.

It is a very robust document and it has a very large number of strategies that we are well on the way to implementing. It is an ambitious but I think very achievable five-year reform agenda. It does build on previous work. We released a blueprint for government schools in 2003. This blueprint is for all schools. We also had plans to improve early childhood development, which we released in 2007. So this brings this together and adds a further chapter to the story. It reflects a new approach, and that is an integrated development and education framework from 0 to 18, and of course our new department enables that to happen.

The document outlines three main areas from which fall out a number of quite specific strategies. The first one is around developing our system, reforming our system, ensuring that children have access to high-quality schools and early childhood services wherever they live around the state. We know that that is something we have to keep working on. We know that education is a dynamic environment that changes all the time, that there are new resources, new tools, new understandings that we bring to bear to this activity, and we do need to continue to reform our schools. We know that sometimes over time schools meet new challenges, and we have to provide the energy and the resources to those schools to be able to meet those challenges — the professional development, the leadership development, the tools like E^5 and other things that will enhance and improve their practice within those schools.

Our regional network leaders, now given additional resources in this budget — $71.4 million in the last budget — are now being trained and are on the ground working with their schools, improving the quality of their practice, developing their strategic plans, engaging in intensive diagnosis of the schools. That has been supported by our regional directors, working under the direction of Darrell Fraser. It is a very active and engaging piece of work.

The next area is the partnership with parents and communities. I think what we are really trying to do and have been trying to do is to open the doors of the classrooms, open the walls of the school to much greater

engagement between the community and the schools. It is no longer the school just sort of sitting out there in a paddock with ovals all around it, with 'Trespassers will be prosecuted' signs up around the edge. It is about: what can the community bring to the school, how can the partnerships with parents be developed more, so that everybody really sees education as their priority, not just teachers and principals? There are a lot of strategies under that particular area.

Finally, reforming our workforce, making sure that we do have skilled and committed staff, that we are training our teachers to be teachers for the 21st century, that we are giving them professional development, that we are utilising our workforce in a way that meets demand in rural areas, in hard-to-fill staffing areas, in areas of special needs, with refugees, with Aboriginal kids, with kids in low SES communities — shaping and creating a workforce that will meet those demands.

There has been a lot of work that has already been undertaken. We have got some great highlights of progress made to date. We are working on and implementing the school accountability and improvement framework, as I described. We have developed the Teach First model. We are now working in partnership agreements with the MAV and other bodies. We have released the children's services regulations. We have had public consultations around the national framework for early learning. So there is a range of activities and developments, and over the course of this year more of these will be rolled out into the community.

Ms MUNT — Is this enormous rebuilding program integrating with that?

Ms PIKE — Absolutely.

Mr WELLS — A multi-choice question.

Ms MUNT — It is a clarification.

Ms PIKE — It is important to align the capital program with the school improvement strategy so that the kinds of ways in which teachers are being developed to teach and learn, engaging students, elaborating on that work — all of those things that are in the E^5 — have the kind of spaces that enable that in the most creative and appropriate way, and of course technology as a huge enabler in all of this and the spaces to enable all of that technology.

The CHAIR — Thank you, Minister, for that clarification.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the general efficiencies that the department is required to find as a consequence of this budget — $164 million over four years. Now, there is some information in the response from the department that the committee has received, taking the budget year — —

The CHAIR — On page 19.

Mr RICH-PHILLIPS — On page 19, indicating that as a consequence of the election platform, LFS, you are required to find $17.9 million. Last year's budget requires you to find $25 million in general efficiencies and this year's budget requires you to find a further $9.5 million in general efficiencies. Can you outline, please, where those general efficiency savings will come from, and what categories, what types of savings, and will they be found within the department or will the schools be required to find them?

Ms PIKE — Thank you very much for the question. I guess during the 10 years that I have been a minister, making sure that government departments continue to evaluate their work to make sure that they are functioning in the most efficient and effective way, looking to see whether things of the past should continue into the future has been very much part of government's responsibility.

Efficiency savings and productivity improvements are essential for good government — and I am sure that you would concur with that. It is important that within our department we continue to get the most for the taxpayer dollar, that people utilise new technologies and that people are evaluating their work. Certainly in our department, the Department of Education and Early Childhood Development, we are confident that the general efficiencies that we are asking people to find can be dealt with within a department of this size and scope. We are a huge department.

We have a high expenditure level because of the breadth of our responsibilities in the education system. We are confident that we will be able to make efficiency savings within the department, buying smarter, buying less — those kinds of things — shared services, and obviously looking at things like our car fleets and those things. They all need to come under scrutiny. We are confident that we will be able to meet those kinds of efficiencies within the department.

What we have said regarding schools and what is very clear when it comes to schools is that this budget provides a huge boost to funding for our schools, a massive increase in funding. Schools will see a big increase in their bottom line. When it comes to actually finding these departmental efficiencies, they will be at the departmental and regional level and they will not be within our schools.

Mr RICH-PHILLIPS — Just to clarify, you mentioned buying smarter, buying less, shared services — —

Ms MUNT — Is this a point of clarification?

Mr WELLS — Yes.

Ms MUNT — That is different.

The CHAIR — Can we have one at a time, please? Thank you very much.

Mr RICH-PHILLIPS — You mentioned fleet management savings.

Ms PIKE — Yes. They are all whole-of-government savings that we are participating in.

Mr RICH-PHILLIPS — All of those are identified as savings under LFS. You have already committed to saving $17.9 million from those things, but you still need to find a further $34.5 million this year, presumably from other savings. What I am seeking is: what are the other savings that will give you the extra $34 million you need?

Ms PIKE — I think we will just continue to make sure that our department is functioning as efficiently as we can. We will be working with people in the various areas of the department to help them to achieve those savings. But what we have said quite clearly is that there is a massive increase in funding for schools and that these efficiencies will be found at a departmental level and will not be found within schools.

Mr RICH-PHILLIPS — You do not have specific areas that you are targeting?

Ms PIKE — No, other than general efficiencies. It is a big department. It is an $8 billion department. We are confident that we can meet the government's targets in terms of productivity and in terms of general efficiencies, and we will continue to drive those efficiencies within the department.

Let us offset that against the growth. So on the one hand you are finding efficiencies within the department, but at the same time this is the way that government is actually also able to target extra growth. Of course, every time a new program is developed, like our big capital program, there are additional resources that come into the department. These things are not linear; they are dealt with on an annual basis and I think they are quite appropriate.

Mr NOONAN — Minister, in your presentation you provided a couple of slides on the response to the Victorian bushfire crisis. I note that on page 12 of budget paper 3 under the heading 'Rebuilding communities' there is '$4.8 million to support schools, kindergartens and students affected by the bushfires'. I wonder whether you can outline in greater detail the steps being taken ongoing? I think we would all be aware that a number of schools were lost during the bushfires. What will the response be as part of this budget in terms of the provision of facilities in those bushfire areas going forward?

Ms PIKE — Thank you. Obviously as a department we were a very active participant in the response to the bushfires. We worked with other government departments to generally monitor the wellbeing of children and families in the three relief centres of Kinglake, Yea and Alexandra — and in other centres, obviously in Gippsland and other parts of the state. We also mobilised our own workforce, the student support services workforce, and these resources were in place right away when children returned to school as early as Monday, 9 February. Of course, we also provided support for staff who had losses in the bushfires. We helped to support them with accommodation and other things that they required.

We established a departmental bushfire recovery coordination group, and Tony Cook was our key person within the department in all this area. He participated in the whole-of-government work as well, but there was a daily meeting and monitoring. Obviously there was a need to communicate and to provide advice to the media et cetera, and all that was done.

Many of our regional staff and principals were themselves personally affected by the bushfires and yet they were in constant contact with the families — ringing families on a daily basis et cetera. Their response has just been absolutely magnificent, and when I have met with these people it has just been really amazing what they have been through and what some of the children have been through. There was a daily teleconference between the department's central office and the emergency management unit and the regions et cetera. We also had to provide a lot of very clear information to people. In the case of the schools that had burnt down we had to provide information about where alternatives were for their children to go to school.

Then all that negotiating, finding the spaces for the host school, all of those things happened. At the same time there was this huge and overwhelming offer of assistance. Schools in Whittlesea, for example, had their school halls packed to the rafters with things that people had provided, and in many ways it had quite a big impact on those schools because they were recovery centres as well as needing to continue the work that they were doing.

The CHAIR — Minister, you might want to try to relate it to the estimates and going forward.

Ms PIKE — Yes, certainly. Regarding the budget papers, we did expend funds, which are identified in the budget papers, on a number of these tasks and now we are well under way in the planning process for the rebuilding of the three schools in Strathewen, Middle Kinglake and Marysville. I guess what is different about the rebuilding of these schools as distinct from another school in a non-critical incident situation where, say, a school was burnt down but the houses around it were not burnt down, is that this is all part of the broader community consultation. The communities are being given the opportunity to see what services might be co-located with these schools as they are rebuilt. Our department has been working with the Bushfire Reconstruction and Recovery Authority at these community meetings so that we can get the schools rebuilt quickly, which is what they want, but at the same time provide maximum opportunity for community input into the kinds of schools that we will be rebuilding.

In the meantime we have provided relocatables on the existing Middle Kinglake site, and schools are up and away there. The Marysville students have gone to Taggerty and are continuing school there. So plans are well under way, and there is funding in the budget to rebuild the schools.

Dr SYKES — Minister, I am interested in the issue of regional disadvantage, in particular rural Victorian disadvantage. My understanding is that the government aims to achieve a 90 per cent year 12 retention rate, lifting it up from the current state average of about an 85 per cent year 12 retention rate. However, it is my understanding also that the year 12 retention rate for country young people is less than 70 per cent. So my question to you is: what specific country-related strategies do you have in place to lift the year 12 retention rate for country students and overcome this serious disadvantage?

Ms PIKE — Thank you very much for that question. It is absolutely a challenge, and the government is committed to trying to boost that retention rate for country young people. In fact we have invested in a number of programs to keep young people at school longer, and some of those have specific targets within country Victoria. Certainly the boosting of support for students in the middle years, which are often the years when kids do become disengaged from school, has been very important. I was in Wangaratta recently and heard about their middle years program: taking kids out of the traditional kind of school environment and placing them within a community-based program in the main street of Wangaratta. That is a very exciting and innovative program. Other schools in country areas are really thinking seriously about these middle years programs, and I have had the opportunity to hear about a number of those.

We are also expanding the vocationally oriented programs, such as VCAL and VET et cetera. We are particularly supportive of and keen to get trade training centre clusters up in rural areas. Wodonga and a number of others have been funded. We have established the Youth Transition Support Initiative, which is a program around targeting kids who have disengaged from and have left school, and it is working to re-engage them. We continue to support our LLENs, and a number of them are in country Victoria. Last year we rolled out a lot of

extra funding for Koori education, and this year there is extra funding in the budget, in that $38 million of new funding.

Regeneration projects have also been a very critical part of our strategy — creating better teaching spaces but also regenerating the whole concept of education, of learning and teaching practice in country Victoria. The Bendigo education plan is well under way. The Colac regeneration and Kyabram, Leongatha, Wangaratta — and Wodonga, just recently announced — are all areas with new facilities, new visions and new teaching methodology et cetera.

The other area that I do want to talk about is technology, and I wondered whether Mr Fraser might talk a bit about some of our projects in country Victoria using technology, which I think are very exciting.

Mr FRASER — Thank you, Minister. We are in the process of actually developing our rural education policy for our department for the minister to consider. We have had some success in linking schools in rural Victoria through videoconferencing facilities and sharing the expertise of staff in larger metropolitan schools or larger provincial schools with small rural, remote locations. That is fundamentally one of the business propositions around the ultranet, to create this virtual classroom so it will not matter whether a child is in Kaniva with just one student doing physics in year 12 without the appropriate teaching support as they will be supported to join the classrooms of Balwyn High School, where there might be six physics classes with six teachers and very rich digital resources to support that educational program.

We have a distance education centre, which has been providing support for children who cannot get the subjects within their current school, but that has been reviewed and that is going to be the centrepiece of the provision of curriculum right across Victoria, no matter what the location.

An example is Bendigo Senior Secondary College which has been commissioned to build three studies in years 11 and 12, which will be available to the whole state. This will include interactive teaching and the digital resources that children can access and be able to join wikis and blogs and discussion forums at Bendigo Senior. There is a whole range of strategies used to connect these children who are at risk of leaving school because of lack of subject offering. That is part of our strategy, to keep them engaged.

You cannot divorce it from the fact that a lot of young people leave school because they do not feel connected to school. A lot of our work has been around building teacher capacity to connect more effectively with young people. We have programs like Youth Guarantee in the Grampians, where collective responsibility is shared by all schools and all principals for every child who attends those schools, so not one child can drop out and disappear between the cracks. They have to have a pathway into either training or be connected back into another school.

Ballarat Learning Exchange is a very fine example of young people very disconnected from education who have been picked up and reconnected into an educational program. There are young mothers — single mothers, for example — some of whom have now reconnected into the secondary schools and completed their education, some of whom are now starting post-school qualifications. The strategy is multifaceted, but we recognise we have a significant issue in rural Victoria, and the regional directors in rural Victoria are working very hard to try and keep those children connected. Part of the strategy is to connect them digitally to larger institutions with broader, deeper, richer curriculum offerings.

Dr SYKES — To help me understand, could we have that graph back up? There was a figure that showed, I think, a flat line for the Victorian year 12 retention rates. It was flatlining at about 85 per cent over the last decade or thereabouts?

Ms PIKE — No, it has been going up.

The CHAIR — It has been going up.

Dr SYKES — Let us have a look.

Ms PIKE — It is on no. 6, and it shows an increase. There is the Australian increase, and then since 1999 it is nearly at 90 per cent here in Victoria.

Dr SYKES — So it has gone up from about 83 to 89 in that period?

Ms PIKE — It has gone from 81.8 in 1999 to 88.7 in 2008, and the national average is 84.2. So not only has it been going up, but we are still well above the national average.

Dr SYKES — My question then is: what is the corresponding graph for rural students?

Ms PIKE — Okay. So rural students have increased as well, from 66.8 to 69.1.

Dr SYKES — If we go here, on this graph, they have gone from here up to there, so that is a fairly big gap>

Ms PIKE — I will just ask Professor Dawkins to give some further clarity on those.

Prof. DAWKINS — The figures that the minister was just referring to was the years 7 to 12 retention rates and statewide retention rates. This is a different calculation from the one on the slide there. The statewide retention rates have increased from 77.1 to 80.3 in the government sector.

Dr SYKES — It is not as good as it looks there.

Ms PIKE — I think we need to clarify that.

Prof. DAWKINS — This figure here, which is the nationally agreed way of measuring year 12 completion, is the percentage of 20-to-24 year-olds who have completed year 12 or equivalent at that point in time. The figures that the minister just referred to enable a comparison between statewide and rural and relate to 7-to-12 retention rates. That is the proportion of those people who are in year 7 five years previously and still in year 12.

Ms PIKE — We need to get the comparable figures here.

Prof. DAWKINS — This, Minister, may not be available for regional and rural because it is a national ABS survey where getting disaggregations are not that easy, but we will investigate whether it is a comparable figure here. In terms of the 7–12 retention rates, the statewide retention rates have increased from 77.1 to 80.3, and the rural from 66.8 to 69.1.

Ms PIKE — So there has been improvement.

Dr SYKES — There is still a significant gap.

Ms PIKE — We know that.

Dr SYKES — What is your strategy? You have indicated some of the programs you have got in place.

Ms PIKE — Yes, that is exactly right.

Dr SYKES — What is your target performance that we could measure? How quickly do you intend to close the gap?

The CHAIR — Quickly, Minister; we have been on this one a fair while.

Dr SYKES — It is critical. It is one thing to have strategies, but you generally need to be able to measure your performance.

The CHAIR — The question is understood.

Ms PIKE — Our goal, our aim, is to narrow the gap. We do not have a specific target, but we would be measuring ourselves against the improvement. I have outlined a whole range of strategies.

Dr SYKES — I understand the strategies, but I am disappointed there is not actually a specific target, because if you do not know where you are aiming for, it is hard to hit the target.

Ms PIKE — The target is the overall target.

Dr SYKES — But if your states are to hit — —

Ms PIKE — I am saying there is not a differential target between rural and metropolitan. The target is the target, the overall target. I might add that at the recent COAG in fact, in our work that we are now signing onto

in the new national partnership, which is around school retention, we in fact have set a national target of 90 per cent. Victoria is nearly there.

Dr SYKES — But not rural Victorians?

Ms PIKE — I said the target is for all children.

Dr SYKES — With respect, Minister, that line is made up of unders and overs.

Ms PIKE — Yes.

Dr SYKES — But country Victorian kids are well under and there are a lot of other kids that are well over. It is fantastic for those, but we need to close the gap, and to close the gap you need targets.

Ms PIKE — Yes, and we are working to do that. I think we are quite clear that we are measuring the improvement.

The CHAIR — Okay. Minister, Dr Sykes may wish to take this up further later on, but if you can provide any information in terms of the policy background, that would be obviously helpful to the committee.

Ms HUPPERT — Minister, I refer you to it budget paper 3, page 68, which talks about the aims of *Growing Victoria Together*, and it lists a number of key measures of achievement. Could you outline for the committee what has been done to achieve those aims during the budget estimates period?

Ms PIKE — Four Growing Victoria Together measures are reported by the department, with three relating to education and youth transitions. The first one is that the proportion of Victorian primary school students achieving the national minimum standard for reading, writing and numeracy will be at or above the national average. I think we all know that Victoria's students performed very well in the first national test, the NAPLAN test, that was conducted this time last year.

The 2008 test showed that for years 3 and 5, the mean scores achieved by Victorian students are above the Australian average in all domains — that is, reading, writing, spelling, grammar, punctuation and numeracy — and no state or territory outperformed Victoria in years 3 and 5 in reading and numeracy. We are very pleased with the performance of Victorian students in these tests.

These tests are very important, because they measure, obviously, performance. We are engaging in the tests right now. Schools are actively participating in the test. The results will enable us to have a look at our progress. Also from other tests that were conducted prior to the NAPLAN test, our students performed at or above the national average in years 3, 5 and 7 in literacy and numeracy.

The next measure in Growing Victoria Together is the 90 per cent year 12 target that we talked about before. As Professor Dawkins said, this measure is calculated by the ABS, and we are certainly pleased at our progress. Certainly we are significantly higher than other jurisdictions.

Mr WELLS — The OECD figures show completely different results, though.

Ms PIKE — We are talking about the Growing Victoria Together targets.

Mr WELLS — Yes, I know. The OECD assessments for the other states — —

Ms PIKE — I am very happy to talk about those in a moment.

The CHAIR — Mr Wells will have an opportunity to ask questions.

Ms PIKE — We are talking about year 12 completion right now. In fact we are similar to the ACT, and of course the ACT is always generally the highest jurisdiction, because of its population profile — it is all those public servants up there, basically.

Dr SYKES — And there are not many country people up there to pull down the average, Minister.

Ms PIKE — The other measure is that the number of early school leavers who are unemployed after six months will decline. The results of the department's annual On Track survey, which actually looks at

destinations of young people, are used to report against this measure, and we can certainly see improvement in the number of early school leavers who were in work et cetera.

In those areas which are the key indicators in Growing Victoria Together, I think we are making very solid progress. We obviously have a number of plans, which I have already outlined before, and a number of programs under way to continue to make progress against those measures.

Ms PENNICUIK — Just following on from that, if you look at budget paper 3, page 75, which sets out outputs and deliverables regarding the NAPLAN testing, for example, the targets are sort of in the 90s, except for those relating to indigenous students, which are in the 60s and 70s. You and I have had some conversations, through adjournment matters and questions on notice, regarding the closure of the Koori schools. I do not want to rehash the debate about that here, except to say we might disagree as to the outcomes and benchmarks used to make that decision.

Given that that decision has been made, what measures are there in the budget to assist the children coming from those schools into the mainstream; and why are the targets here so different between indigenous and non-indigenous students?

Ms PIKE — I think we would all agree that the performance of indigenous students in our education system being much lower than the performance of the non-indigenous population is something of an enormous challenge for our community; but, quite frankly, it is totally unacceptable.

That is why one of the first initiatives I undertook when I became education minister was a major strategy aimed at lifting the performance of Aboriginal students in our school system, creating a culture of high expectation for Aboriginal students, ensuring that principals were very intentional about their work with Aboriginal students, and were doing everything they could to engage students and lift their performance.

The Wannik strategy, which we released and funded in last year's budget, is well under way. Recently I had a conference with principals with 10 or more Koori kids in their schools, which was a showcase of a range of the programs and activities that they are very engaged in. I must say I am very pleased to see the enthusiasm and the commitment within the system to try to really address this issue.

There is additional funding also in this budget for bridging the gap. We have announced $38 million of funding that is linked to achieving the outcomes that have been set by COAG, and halving the gap for indigenous students in reading, writing and numeracy is one of those outcomes. When we have our negotiations through the bilaterals with the commonwealth, that $38 million will be divided between literacy, numeracy, the teacher quality and the halving-the-gap target.

There has never been a greater boost to indigenous education, quite frankly, in the history of this state than there has been in the last two years. That reflects I think all of our determination to do a lot better with our Aboriginal young people than we currently are doing.

The four new Koori Pathways schools have begun operation on their existing sites. The schools asked to be individual schools, so they are continuing to function, but we have asked them to focus on the secondary provision. They will be working to re-engage those children in the mainstream school. That decision came from advice from Koori educators themselves and from, quite frankly, the parents of the 9000 Koori kids who are in our education system in Victoria and who voted with their feet and said they wanted mainstream education.

The Pathways schools still provide a service for overall about 120 Koori young people. We have appointed 15 new literacy coaches for Koori young people. We are providing 27 additional workers to work specifically as Koori education officers, and we are completing redesigning the Koori education workforce and paying Koori educators more money and providing them with qualifications and accountability.

We have got three extra youth transition workers in Darebin, Morwell and Shepparton. I have just announced 24 scholarships of $5000 for high-performing Koori kids to enable them to continue their education, and those young people have received those scholarships. We have scholarships for career change for indigenous people who want to become teachers, and we are rolling the funding out for that.

We have got additional reading recovery programs. We have got a professional development program called Dare to Lead and What Works. We are providing funding for schools and teachers to engage in those

professional development programs. Every school has been provided with an Aboriginal flag, and I expect every single school to have a Welcome to Country and to embed indigenous education into their curriculum as part of their normal work, and we are providing the resources for them to do that.

The gap is still there. The target is a realistic target. It is not an acceptable situation, but we are doing a lot to try to turn this around. It is a complex issue. I certainly do not have all the answers, but we are having a very determined go to try to do something.

Ms PENNICUIK — Minister, just as follow-up, do you have a dedicated monitoring and evaluation program as to how that is going to be working?

Ms PIKE — Yes, as part of Wannik we do. We have a lot of evaluation because we do want to see what works and what does not work. We know we have to do some piloting and experimenting, but we are evaluating this very carefully.

The CHAIR — I am sure it is part of the E^5 program.

Mr SCOTT — Minister, I refer you to budget paper 3 page 67 where there is an item referring to technological literacy amongst students. Could you please advise what the government is doing to improve technological literacy amongst students in Victoria?

Ms PIKE — Thank you very much. As Mr Fraser has outlined, there is a huge amount of work in the technology space within our department, and I would have to say we are incredibly fortunate in Victoria to have departmental officials who are so technology savvy and are really at the cutting edge of this work. Some of the things that are happening in Victoria are genuinely internationally recognised.

Just to give you one example: as part of the Broadmeadows regeneration project we have created an Ideaslab, and we have partnerships with all of the major telcos. We have Cisco, Intel and Microsoft as partners in that program, and the ideaslab, which has been established in Broadmeadows, is a centre for innovation and excellence in the utilisation of information, technology and pedagogy. It is a very exciting development, and it is one of only two or three around the world that these organisations have signed up to. It is a very exciting initiative.

The Premier and I have announced the rollout of 10 000 Netbooks to students in a pilot program. Students from over 340 schools are trialling mini-computers which they are able to take home; they essentially belong to them. We are evaluating that and looking at the impact of that on their teaching and learning. It is just one of the ways that we are investing in the schools to help our young people to become not just savvy with technology but to actually improve their access.

When you think about Yuille Primary School in Ballarat, one of the sites that is one of the most disadvantaged areas in Wendouree, with these little kids in years 5, 6 and 7 having access in this structured pilot program with their own little pod, their personal device, being able to take it home, having the world at their fingertips through the internet — it is an incredibly exciting program. It is really dramatically changing what we are doing in schools.

We also, of course, have committed to the high-speed broadband for all government schools under the $89.3 million VicSmart program. Even though he is retired now, I was very pleased to be with Mr Sol Traheo down at Richmond Primary School launching that — the 10 megabytes of connectivity to our schools that are now available to really be able to access the internet.

We also have the $19 million per annum Notebooks for Teachers program to make sure that teachers have access to these facilities, and also there is money in this budget to continue rolling out the extra computer resources within the schools.

I think you would have to say that Victoria is the incubation capital of Australia, maybe the world, when it comes to ideas and development of the utilisation of technology in education. We are certainly putting the resources behind that.

The last thing I will say about information technology is that the government has committed $60 million to the development of the ultranet, which will provide the one place where teaching and learning functions can

come together; a totally interactive IT space which will enable schools, communities, parents, students and teachers to all be in the one educational learning environment. We are well on track to delivering that next year and for everyone around the world, there is a huge amount of interest in the ultranet project. It really is a cutting edge initiative.

I could keep talking more about it — —

Mr WELLS — I know, we are trying to get a second question and we are really struggling at the moment.

Ms PIKE — But I am sure that you would want to hear about the secure remote access for schools. There are plenty more.

Mr WELLS — Send it to us in the mail!

Ms PIKE — It is very exciting and innovative and I am sure you would be delighted to know what kids are up in the schools in the IT space.

The CHAIR — Thank you for that, Minister, a very full reply.

Mr DALLA-RIVA — Minister, on your screen you had 'Building the education revolution'. Could you show that slide so that we can see it, briefly; and while we are at it budget paper 3 page 310; and it is also referenced through the budget overview on pages 9 and 17, which I will not go to.

I am curious given the forward estimates: there seems to be a commitment by the state government in terms of funding for a range of these programs, yet when you break down where the state's money is coming from, most of it, if not all, is coming from the federal government. I notice in the forward estimates, as I said on page 310, footnote (c) says in part:

… reflects funding provided by the commonwealth.

Footnote (d) says:

Funding is based on an estimate of the possible Victorian share …

So we do not even know if that is going to be fully to that value or not.

Ms PIKE — Are you talking about capital or recurrent?

Mr DALLA-RIVA — Asset initiatives.

The CHAIR — This is asset initiatives.

Ms PIKE — Sorry, I missed the 'asset' word.

Mr DALLA-RIVA — I am curious, given that we have got an out-of-control federal government racking up huge amounts of debt — —.

The CHAIR — Perhaps you could ask your question without the commentary.

Mr DALLA-RIVA — Chair, I do not need the interjections from the Labor members.

The issues are, of course,that the federal government is out of control with its spend.

The CHAIR — I said: ask the question without the commentary.

Mr DALLA-RIVA — My understanding is that we are going to be heading into an estimated $188 billion debt into the forward estimates which covers this period here. What contingency plans have you got in place when the federal government is unable to provide the amount of funding that is listed in the forward estimates, into the future?

The CHAIR — I think that probably should be asked in another Parliament rather than this one.

Ms PIKE — I am very happy to answer this question, and in fact I would not really like to be the local member who went around to their local primary school and said that the BER was a bad idea and that schools should not get the money.

Mr WELLS — What part of the question was that?

Mr DALLA-RIVA — Local member?

The CHAIR — You asked about the federal stuff, Mr Dalla-Riva.

Ms PIKE — I reject some of the underlying sentiments of the question, which seemed to indicate that the provision of capital funding into our education system is a bad choice or a bad decision, is something that should not happen, although I do note that it was the coalition members in the federal Parliament that actually voted against the Building Education Revolution.

Mr RICH-PHILLIPS — The entire package.

Ms PIKE — They actually made a choice themselves that schools did not deserve to have their facilities upgraded in a partnership between the commonwealth and the state.

Mr RICH-PHILLIPS — No, just that Rudd was being irresponsible. You obviously do not think he is irresponsible.

Ms PIKE — I actually think that the Victorian community and certainly the Victorian schools communities, both government and non-government, I should say, are absolutely delighted that what we have now is an environment where the commonwealth government is working in partnership with the state government, in a collaborative way to actually ensure that the benefits can be targeted to areas of substantial and great need.

As the education minister in this state, I must say I am absolutely delighted to be in a position where we have committed substantial resources, $1.9 billion in this term, and now our partners in Canberra are providing additional resources from their funds to see that there can be so much change and development in our schools. I do not shy away from this in any way at all, I am absolutely delighted about it.

I think I read in the opposition's press release that the papers were littered — I think the word was 'littered' — with references to the commonwealth. In my understanding, litter is rubbish or garbage, so if you are saying that the provision of commonwealth funds to join with state funds is 'litter' or 'garbage' or 'rubbish', then I do not reckon you would get much of anyone putting their hand up in the local school, to say, 'No, I do not want this garbage money, I do not want this rubbish money'. I think schools are absolutely delighted with these resources, and I am not ashamed in any way — —

Mr DALLA-RIVA — You have not answered the question, Minister. All I have heard is offal, so far. You are talking about litter and garbage.

Ms PIKE — They are your words not mine. 'Litter' was in your press release, not mine.

The CHAIR — The minister, to complete the answer.

Mr WELLS — Or start answering the question.

Mr DALLA-RIVA — You have got no solution for what happens if there is no money provided, because — —

The CHAIR — The minister is answering the question, if you can just wait.

Mr WELLS — As of when?

Ms PIKE — I am going to ask Mr Miles to tell you. I am very confident that the money will be provided because in my presentation I made it very clear to you that the time frames for the roll out of this money were incredibly tight. In fact a large amount of this money is virtually being provided in the budget as is. Mr Miles can tell us the time frame for the roll out of this funding and I am absolutely confident, because of the shortness

of the time frame, that it will be delivered. Some of it is already in school bank accounts now so unless people are going to come and take it back, I doubt that there is a risk.

Mr MILES — The funding is in the commonwealth budget. The government has a bilateral agreement with the commonwealth, and we see no risk in terms of this funding coming forward. It has been provided for and is being paid to Treasury progressively.

In terms of the science and language centres, that is a competitive program so there is $1 billion nationally. Victoria on a population share might get $250 million but in this case we have anticipated that there might be a little less because it is being distributed according to SES need. That is an estimate for the government schools, not government and non-government.

Ms PIKE — The capital in fact is being paid — the final payment will be next year.

Mr DALLA-RIVA — It is as certain as the 30 per cent health rebate. Thanks, Chair.

The CHAIR — We will have a 5-minute break now.

Proceedings interrupted.

The CHAIR — I want to follow up on the infrastructure side but more in terms of what is happening with regard to maintenance. You have mentioned to us already that the federal government is providing the National School Pride program, but I know also there are regular programs. Can you outline what the budget will do in terms of maintaining our schools?

Ms PIKE — A total of $50.2 million has been allocated for school maintenance in 2008–09, and the government is committed to making sure that we not only deliver new facilities through the Victorian schools plan but we also reduce the maintenance needs — and that will help us to reduce the maintenance needs — but we also continue to maintain the facilities that we have. As I outlined before, the National School Pride program does provide a one-off injection of $200 million into our schools as well, and I have to say that that is very welcome.

We undertake audits with professional advice and make that material available to schools so that they are better able to plan and implement maintenance programs. They receive money embedded in their annual allocation for maintenance, and then we do have a pool of funding that is available at a central level for specific issues that come up. But actually planning how to maintain a building using those funds over a period of time is a technical set of skills that we work very hard with schools to help them develop.

We also provide advice at a high level on procurement. In fact, we are currently undertaking a pilot with a cluster of schools to develop more central or group procurement models.

The other thing I have to say is that the public-private partnership schools that are being developed, the new schools in growth corridors, have an embedded long-term maintenance contract within them. Certainly in other jurisdictions where these have been implemented they are very welcomed by schools who would rather focus on teaching and learning than on running around changing light globes. I think the embedding of maintenance into those facilities is very welcome.

Clearly the rebuilding, renovating, modernising program has had an impact on maintenance because whilst a school may, for example, have previously undertaken an audit and identified a maintenance need, where that school has been demolished and completely rebuilt, it would be inaccurate to couch that as a maintenance requirement because clearly the maintenance schedule going forward on a brand-new building is different than for an older building.

The CHAIR — Minister, as a quick clarification on that: depreciation and amortisation is also related to maintenance insofar as it is a parallel sort of thing. Can you give us some notes on what the long-tail impact is going to be on depreciation and amortisation?

Ms PIKE — Sure. We work very closely with Treasury on all of that. Jim and his team will be happy to provide that.

Mr WELLS — Thank you, Minister. We might try to speed things up a little bit so I have just a quick question. You spoke about mergers in your introduction. How many schools has the government closed since 1999, and how many schools do you propose to close over the forward estimates period? What is the ideal school population size per school?

Ms PIKE — The government has not closed any schools since 1999.

Mr WELLS — Hang on. There have been no school closures?

The CHAIR — Can we have the minister answer?

Ms PIKE — The government does not take unilateral action to close schools.

Mr WELLS — You starve them of funds.

Ms PIKE — So the government has not closed any schools since 1999.

Mr WELLS — So there have been no school closures since 1999? Is that what you are saying?

Ms PIKE — I have said the government — —

The CHAIR — Mr Wells, that is the forty-third time you have interrupted. Can you let the minister answer?

Ms PIKE — Let me go right back to your question. You said how many schools has the government closed. That was your question.

Mr WELLS — No.

Ms PIKE — I think it was.

Mr WELLS — Let me ask the question exactly as I have written it, Minister. How many schools have been closed — —

The CHAIR — No, I recall — —

Mr WELLS — How many schools have been closed since 1999, and how many — — I did not say anything about the government.

The CHAIR — Yes, you did actually.

Ms PIKE — I think you did actually.

Mr WELLS — I know you Labor people want to stick together and are very sensitive about these sorts of issues. Let me ask you the question, Minister. How many schools have been closed since 1999, and how many are proposed to be closed over the forward estimates period?

The CHAIR — Thank you. Just before you begin — —

Mr WELLS — She does not need your protection, Chair. She can answer it herself. The minister can answer it.

Ms PIKE — The government has a very clear policy in this regard.

The CHAIR — Minister, just wait for a second. As the Chair, your comment actually is completely wrong, Mr Wells. You have reframed the question. The original question was, 'How many schools has the government closed?'. I am happy to take the reframed question. The minister, to answer?

Mr WELLS — Thank you.

Ms PIKE — Thank you. Prior to 1999 around 300 schools were forcibly — —

Mr WELLS — No. Minister, since 1999 how many schools have been closed and — —

Ms PIKE — I am answering that question.

Mr WELLS — And how many do you propose to close over the forward estimates period? It is a straightforward question.

The CHAIR — It was but you did change the question.

Mr WELLS — Just give us two numbers.

Ms PIKE — It is important to clarify that the government relies on the advice of local school communities about the future provision within those schools. So the government has a very clear policy that it does not close schools unless schools in local communities make a decision themselves that they wish to merge or they wish to close. The reason that schools may choose to close are quite varied, but I will give you an example. A school near Wangaratta closed recently; the school had two students.

The CHAIR — Burramine.

Ms PIKE — Burramine. The school community themselves recognised that those two students were seriously disadvantaged, given that they were a few kilometres from other schools in Wangaratta. So they made the decision that those students would go to school in Wangaratta.

I concurred with the school community that that was a good decision that they made and so that school did close. I think it is important to be very clear about the government's policy in this regard. If school communities decide that their school numbers have become very low because the population has changed, because parents are making their own informed choices about their children's education, and they ask us if that is okay, we evaluate that and if we agree with them, then the school will close. Since 1999 that has occurred in 39 cases. I think 39 compared to 300 is just a bit more than one-tenth.

Mr WELLS — Over the forward estimates period, too, Minister?

Ms PIKE — Over the forward estimates period, for the committee's benefit, I do not have any advice on any plans.

Mr WELLS — So there will be no plans for any school closures in the next four years?

Ms PIKE — The government does not have any specific plans unless the school communities themselves have come to us and asked for that to happen. I can provide the committee with advice on some of the regenerations that are outlined in our budget.

In the case of those regenerations — for example in the case of the Bendigo education plan, which does have some funding; it will be up to about $90 million by the time we have funded and built completely brand-new schools for every kid year 7 to year 10 in Bendigo — by the end of that plan some schools will have closed because they are getting brand-new schools. I am happy to provide the information for you, as I am aware of it, where we have actually got a planned regeneration. I am very happy to give you that information.

Mr WELLS — So the answer is 39; just to clarify that point?

Ms PIKE — Since 1999, 39 schools have approached the government — —

Mr WELLS — Have been strangled of funds.

Ms PIKE — And have asked it to concur with their desire — —

Mr RICH-PHILLIPS — To have some funding.

Ms PIKE — To merge with another school.

I think it might be worth actually asking you to detail how a school of two children was strangled of funding. They did have a teacher, they did have a classroom.

Mr WELLS — What about Ferntree Gully Primary School?

The CHAIR — Thank you, Minister.

Ms PIKE — These are their decisions. These are their decisions and we work with them. And regenerations are fantastic.

Mr WELLS — The department never has approached a school to shut? Never?

The CHAIR — Mr Noonan, on a point of clarification?

Mr NOONAN — Minister, you referred to 300 — this is in relation to the closures — but you did not give a period for that.

Ms PIKE — Yes, the 300 schools that were closed — I do not have the exact number here; it is too large to remember — they were closed from the period 1991 to 1999, and they were forcibly closed. They were closed under instruction from the department.

Mr RICH-PHILLIPS — 1991 and 1992 was the Kirner government.

Ms PIKE — During the period of the Kennett government.

Mr WELLS — Strangled of funding like Ferntree Gully Primary School.

The CHAIR — Mr Wells, you are continually interrupting, and if you continue to do that, I will not give you the call, so I would ask you to temper your behaviour.

Mr WELLS — So, Chair, you apply the same rules to the Labor MPs as well?

The CHAIR — I apply the same rules to anybody — —

Mr WELLS — To the Labor MPs as well?

The CHAIR — If they behave in the same way.

Mr WELLS — Okay, as long as it is being fair to both sides.

The CHAIR — And I will be consistent.

Ms MUNT — Minister, shortly after the bushfires I travelled to the affected areas and I vividly recall seeing the destroyed Strathewen Primary School and it occurred to me at the time that as well as the terrible tragedy these children had gone through, they also had no primary school and a severe interruption to their schooling. Could you please detail for me the work that the department and the government are doing to reinstate the facilities for schoolchildren in the bushfire-affected areas.

Ms PIKE — Sure. What we needed to do initially was ensure the continuity of education for those children, so we provided alternative education options for them. In the case of the Middle Kinglake Primary School, they went initially to the Kinglake Primary School site — they had a portable there — while we quickly reinstated some portables on the burnt down sites that they had. In the case of the Strathewen children, they went to Wattle Glen Primary School, and they are still there. As I said, in the case of the Marysville students, they are at Taggerty, and I actually visited those students a couple of weeks ago.

We immediately asked one of our regional directors, the regional director from Grampians, to have a look at education provision across these three communities, to give advice to the communities about possible options for reinstating the schools, sites, numbers and all of those sorts of things. That advice has now been provided to the reconstruction authority, and there have been community committees established in each area; the community committees are giving advice to the reconstruction authority about what they want.

In the case of a number of these schools the opportunity exists now to collocate kindergarten and early childhood services with those schools. That requires a bit of negotiation. The other thing is the opportunity to have shared-use library facilities, sporting facilities et cetera. So with the resources that are going to be available for that we just want to make sure that the community gets the maximum opportunity to have input into these

plans so that in the midst of that terrible circumstance, what we do rebuild has some lasting benefit to the community and takes into account all the possible partnerships that might develop. So that is what we are doing.

I did also detail earlier the kind of moral and social support that is being offered not just to the kids but to the teachers. And I have to say that I visited, for example, a school in Dixons Creek, just out of Yarra Glen, where a number of children had actually been caught in the fires, and schools have done a huge amount of work in helping children to engage in storytelling, in a therapeutic kind of way to use the education environment to help them deal with the situation.

I went to Eltham high, similarly, where they had a teacher who had been very traumatised and lost everything; people had lost friends. I must say the schools have just been magnificent in the way they have helped kids work through these issues.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the funding — the $2 billion for the Primary Schools for the 21st Century, the Building the Education Revolution funding. The budget papers show that as $2 billion or $19.9 million as the line item. Can you firstly explain whether all primary schools that seek a facility under that program will receive the facility that they are seeking, and secondly, whether any of that funding, that $2 billion and $19 million , will be retained by either the department or regions for overhead admin. project planning or whether all of those funds will be distributed to the schools to undertake those project works?

Ms PIKE — The commonwealth provided funding for the roll out of the program, and that was an allocated amount — I will ask Mr Miles to explain this in a minute — which was dedicated to the management of the program: the hiring of project managers, architects, all those things that are required to roll out a program.

That is a very clear amount. The rest of the money is to go to the schools. All schools that have requested funding under the program will be receiving funding. The department is working with them on their plans to make sure that they are feasible and realistic, that they do not pop the school miles over entitlement in terms of buildings, that they meet building codes, that they comply with the commonwealth's requirements et cetera. We are working with the schools to help them access these funds and develop appropriate spaces that are going to serve their needs within the commonwealth's guidelines. The commonwealth has quite strict guidelines about these spaces. For example, they have to be available for community use. If a school comes to us with a plan for a space that was not available for community use, we would have to go back to the school and help them redesign something.

Mr RICH-PHILLIPS — So the only constraint is the commonwealth guidelines. There is no overlay of departmental guidelines in addition that will constrain what a primary school can have?

Ms PIKE — I guess the only other consideration is that you work with a school to make sure that it does not build a facility that it will not be able to use or will not be able to maintain. That is where the guidance that comes from our department is absolutely essential. The commonwealth has made the decision in its guidelines that all of the proposals must be endorsed by the state government because that is what a genuine partnership is about. It does not run the schools. We do. We know the number of students in schools and the projected population increase, and so we are working with schools on realistic things that will help meet their needs. I would have to say it has been an incredible partnership with the schools and the school communities, which are absolutely delighted to be receiving these facilities. In terms of the administration, Mr Miles can tell us exactly what the arrangements with the commonwealth are.

Mr MILES — We receive an amount of funding for administration from the commonwealth which I would need to confirm, but from memory it is 1.5 per cent of the total program. That is within the funding that will be provided within the budget papers that you have seen. Separate from that there are project management costs: design, documentation, managing the tender and then actually managing the building works. Those costs, which are part of a project, are within the $2 billion amount.

Mr RICH-PHILLIPS — And that will be incurred by each individual school for its individual project?

Mr MILES — Yes, but we will be managing that centrally because of the time frames for this program.

Mr RICH-PHILLIPS — How will that be costed? Some of that cost will be actual cost incurred; presumably some of it will also be departmental cost.

Mr MILES — Yes, and that is the administration fee.

Ms PIKE — We are being provided with the 1.5 per cent.

Mr RICH-PHILLIPS — So there will be no additional funds going to the department beyond that 1.5 per cent?

Mr MILES — That is right.

Ms PIKE — In fact I have to say that the commonwealth has been very generous in what it has built in to help states deliver this program, because it knows that the time frames are very short and it does not have any expertise on the ground in terms of delivering large-scale capital programs. It is reliant on the state to do this. The schools are working, and need to work, with the government as well to able to do it because of the time frames just rolling out so quickly.

The CHAIR — If any clarification is needed, Mr Miles will be able to provide that.

Mr NOONAN — Minister, can I ask about the regeneration projects which are detailed in budget paper 3, page 26, with a $92 million investment in those projects. I note that there are 11 projects outlined in this year's budget. Two of those are in the inner west, and one of those is in my electorate in terms of Bayside College. I just wonder whether you could explain to the committee the purpose and status of those regeneration projects.

Ms PIKE — When a community undertakes a regeneration project, initially all the key education providers in that community come together to say, 'What can we do in this community to implement an improved model of education and early childhood provision? What are the facilities we need? What are the staffing resources that we need? What will be the kind of 21st century teaching and learning model that will really help our kids?'. There is a lot of work that goes into the development of a regeneration plan. Not only do you have educational partners involved, but other partners like local government et cetera are invited to the table, because these regenerations provide an opportunity for education regeneration and also a community development impetus as well. We think that they provide very rich opportunities and they are very exciting.

I must say that many communities are now coming to the department and saying, 'This is what we want to do'. In fact the *Maroondah Leader* carried a story about Maroondah schools combining under a regeneration plan, and the principal of Ringwood Secondary College, Michael Phillips, said it was a 'once in a generation opportunity' for the coalition of those schools to develop 'world-class facilities'. They can really look at things like specialisation, the best kind of model for early years, middle years, later years et cetera. They are certainly incredibly positive, and I am sure other areas are as well.

They do also allow for much better utilisation of facilities. For example, instead of every school having the full suite of everything, there can be much more collaboration and cooperation. They are really there to help schools to be sustainable and viable in the long term. You also get a real opportunity for the leaders of the schools to work together to develop an overall staffing plan and to make sure that teachers can move between schools in a regenerated school community. The issue that we discussed before of provision of some of the higher order year 12 subjects in a rural area can actually be dealt with instead of every individual school having to do everything for everybody. They are an incredibly exciting model, and we expect 60 schools will benefit from regeneration in this budget.

They include the Altona bayside education precinct, the Bendigo education plan, continuing with the Broadmeadows education plan and the Heidelberg regeneration. We have schools that are so excited about the opportunity to have this huge investment in their community. There is a number of others on that list. For example, in the Altona bayside, which of course you will be familiar with, we have two campuses at Bayside College, Altona Secondary College, Altona Gate Primary School, Altona West Primary School, two prep to year 9 schools now going to be developed and a senior secondary college. They are terrific opportunities for communities, and people are incredibly positive about it. I have to say that these schools like Maroondah, which is an area in the outer east, have developed these plans and they have been coming and lobbying the department. They have generated these ideas themselves and they are very excited about them. I think it is a terrific initiative.

Can I finally say that I can provide to the committee an example of the partnerships with other organisations that occur as part of these. In Wendouree, there is a children's centre on site, there will be a community library

in Altona North and partnerships with Kangan Batman TAFE in the Loddon Mallee area. If you look at Broadmeadows, you have the transit city, the Hume City Council, Arts Victoria, the Melbourne Symphony Orchestra; you have, as I said, Microsoft, Intel and Cisco; you have TAFE, you have kindergarten. You just have community renewal as part of this as well, which is very exciting.

The CHAIR — Thank you. Perhaps you could provide us, following up from the question from Mr Wells and the other question we had from Mr Noonan, details of the programs that you have on the regeneration projects.

Dr SYKES — I refer to budget paper 3, pages 74 and 75, in relation to the computer-to-student ratio. On page 74 the computer-to-student ratio has slipped from an actual of one to three in 2007-08, to a target of one to five in 2009–10. Similarly, on the bottom line of page 75, there has been a slippage in the computer-to-student ratio. Minister, you have already indicated that the state governments is investing $7 million this year in the primary school computer program, and in relation to the secondary school program, it appears that the federal government has put in $83.5 million in 2008-09 and is committing $196 million in 2009–10. Given the significant investment of money, why has the computer-to-student ratio been dropped from 1:3 to 1:5?

Ms PIKE — As you have correctly identified, the 1:3 was the outcome, not the target. The target was 1:5 last year and remains the target this year. We have actually improved the student ratio, and that is a combination of additional IT grants et cetera, but we intend — —

Dr SYKES — Sorry, are you saying that 1:5 is better than 1:3?

Ms PIKE — No. We did better than our own target. Our outcome was better than our own target this year, so we did better. The target was one computer per five students; we achieved one computer per three.

Mr RICH-PHILLIPS — That was last year.

Ms PIKE — Last year, yes. That is what I am saying.

Mr RICH-PHILLIPS — This year it is higher.

Ms PIKE — No. What I am staying is even though we did better last year, we still have what has been the previous target because we want to evaluate the outcome of the additional investment at the end of this year and then we will consider re-evaluating our target in next year's budget.

Dr SYKES — So you have lowered your expectation from what you achieved to a lower — —

Ms PIKE — No. We have confidence that we will be able to do much better than the target, but we have not had a total comprehensive evaluation of the program because we are in the midst of a very significant change with the digital education revolution and with our IT strategies, so we decided we would not revise the target this year. I must say that I am confident that we will do a lot better than the target, but we need to do a pretty big and comprehensive piece of work. We have not done that yet. We will do that at the end of this financial year as we develop the target for the following year. I am confident that we will do better than the one to five. We did last year, as you have correctly noted. I am sure that we will this year as well, but until we sit down — we did better last year.

Dr SYKES — You did better in 2007-08, but your actual expected outcome this year is one to five.

Ms PIKE — Yes, the same as last year. Our expected outcome is the same as our expected outcome was last year. We have the same target. We have not changed the target.

Dr SYKES — It is not a moving target?

Ms PIKE — We have not changed the target.

The CHAIR — The target is the same. Perhaps if you could provide to the committee as soon as it becomes available what the outcome is for 2008-09?

Ms PIKE — Absolutely. We will revise the target, most probably in next year's budget, but we just want to evaluate what happens more comprehensively. We have not done that work so I guess we are being a bit cautious.

Dr SYKES — Just sticking with targets and given the substantial federal government input, I think there was a target of every student would have a computer, coming from the federal government; was that right?

Ms PIKE — In years 9 to 12, by 2011.

Dr SYKES — And at this stage the ratio is one computer to five?

Ms PIKE — That is over the whole system. So the target of one to one — the commonwealth's target was for senior secondary. This target is for the whole system.

Dr SYKES — So how are we progressing on achieving the commonwealth target of one to one?

Ms PIKE — We have had the first tranche of the rollout. Maybe Professor Dawkins can add more to that. We have had the first tranche and we are progressing well and therefore it would have been premature for us to revise our target given we have only just had the first tranche. We are rolling it out over this year and up to 2011, so we are going to be having a look at that and looking at what we might do next year. But we have got a cautious — —

Dr SYKES — What was the starting point when the commonwealth put the money in, what was the starting point in terms of — —

Ms PIKE — That is senior secondary. Just let us be absolutely clear: the commonwealth's program is not for every student.

Dr SYKES — No, it is for senior secondary. Yes, okay.

Ms PIKE — The commonwealth's program is only for senior secondary. Our target in the papers is for all students.

Dr SYKES — Okay. So for senior secondary, what was the starting point when the commonwealth came in to propose that target?

Prof. DAWKINS — We could provide you with those numbers. Victoria was better placed than most states in terms of the quality of its infrastructure. That is why it actually got a relatively low share of the first tranche, because it was in much better shape. But as the number of tranches go by so the amount of money will be increased. The amount in the second tranche has just been finalised so at the moment we are developing the plans for how we are going to implement that with the schools as we move the ratio down.

Dr SYKES — So the commonwealth money is going into new computers and not just into the replacement of old computers, and therefore not making progress on the computer-to-student ratio? I am just seeking clarification.

The CHAIR — I think we might take that one on notice. You have kept edging towards extra material.

Dr SYKES — I have appreciated the very pragmatic chairmanship today for both sides of the committee, and I am very pleased to have continued this far.

Ms PIKE — We are just so far ahead of the game that others are running to catch up with us, Chair. They are just running to emulate our rollout of these things.

Ms MUNT — Green with envy.

Ms PIKE — They are.

Ms HUPPERT — Minister, I want to return to the *Blueprint for Education and Early Childhood Development*, which is referred to on page 68 of budget paper 3. I noticed from your presentation that one of the

key strategies underpinning this is workforce reform. I wonder if you can please tell the committee what is being done to support principals and aspiring leaders to improve the educational outcomes in Victoria?

Ms PIKE — In fact we have a very comprehensive program of leadership development in Victoria. As I indicated to you in my presentation, that program is now being emulated around the world and has been acknowledged in a number of significant international reports. Of course, the development of our institute of educational leadership, which will open next year, will provide yet another focal point for us to continue that work. Mr Fraser is overseeing this, and I might ask him to provide some more detail. I can, but I think he is the person.

Mr FRASER — Thank you. Currently there is a suite of 19 leadership development programs for aspirants as well as current principals. All those programs have been oversubscribed for the past three years. There is a great deal of interest in the quality of professional learning opportunities that we provide to leaders within our system. We also have a master of educational leadership. We graduated the fourth cohort about three weeks ago, and the minister presided at that graduation ceremony with Peter Dawkins. That took us to about 340 of our workforce who have been through that master of educational leadership program. It is provided by two of the universities; Monash University and Melbourne University, and we have just enrolled our sixth cohort. We provide coaches and mentors to experienced principals and beginning principals, so there is a whole suite of support that we put in place for principals.

I think tomorrow we are going to the market for the first 16 modules of our leadership curriculum for the Victorian Institute of Educational Leadership. We have briefed our university providers. There is an industry briefing on Friday to be very explicit about the nature of the support we believe our principals require to effectively lead schools within the Victorian government sector. I would argue that there is an extraordinary range of support for principals. The feedback we get through evaluations — and each of the programs we run are evaluated quite substantially — is very positive, and in fact they want more rather than less of it.

In addition, I think our high-performing principal program is probably the envy of many other jurisdictions. We provide scholarships of up to $10 000 for our principals to engage with international jurisdictions. Many go to the Harvard Graduate School of Education to do courses on leadership, they engage with the National College of School Leadership in the United Kingdom, and they attend conferences around the world. We are finding that that investment is delivering manyfold returns into our sector. It has re-energised then and provided them with different perspectives to actually tackle some of what we would argue are very complex issues in some of our school communities.

The CHAIR — Thank you very much for that.

Ms PENNICUIK — Minister, if I could draw your attention to pages 80 and 81 of budget paper 3, I notice that the resources for investing in services for students with a disability is increasing slightly this year but the output, or deliverable measure, of students funded under the disabilities program in government schools as a portion of the total school population remains at 3 per cent. You and I have had some conversations about this issue as well. What are the department's figures of the actual numbers of students with disabilities requiring services, as opposed to the actual target, and what plans are in place to cover that gap?

Ms PIKE — Chair, I might seek your advice. This question is in Minister Morand's portfolio, not my portfolio. I am happy to take it on notice and get a request, but it is not in my portfolio.

The CHAIR — That is probably the best idea, to take it on notice.

Ms PIKE — Or ask Minister Morand that question when she comes in.

The CHAIR — Yes. We might want to seek some further clarification as well. The question was in terms of students requiring it. There is a whole raft of arrangements in terms of people's eligibility and testing et cetera. You may never determine the number who might require things; it is a definitional issue. You wanted an exact number of students who actually receive disability support?

Ms PENNICUIK — Yes. Require them and receive them.

The CHAIR — I am sure that is quite easy to provide. It may be done on an annual basis rather than on a financial year basis because the school is run on an annual basis.

Ms PENNICUIK — It says 'financial' here. Anyway, Chair, with your indulgence could I ask another quick question, seeing I cannot ask that one?

The CHAIR — A really quick one, because otherwise I will be lynched by the rest of the committee.

Ms PENNICUIK — Minister, there has been a lot of talk about the rebuilding project, and you are talking about the stimulus package. I have been reading through the sustainability plans for school buildings. What is concerning me, and perhaps you can answer it, is that in terms of the rush towards having everything finalised in July, does that mean that there is going to be an issue? For example, we have had one parent come to us and say that they have looked at the template and there is nothing about water tanks, there is no plan to put a water tank on their school, which is in the western suburbs. So is there going to be a slippage of that in terms of your having to rush these projects through?

Ms PIKE — It is certainly my intention that the schools and these new facilities comply with the building quality standards that we have set. We certainly have a department's environmentally sustainable reference group that provides advice to the capital area to make sure that we continue to improve our environmental performance, and we also have annual awards that reward best practice in sustainability. Regarding this particular project, the actual design and delivery of these facilities must be to those standards. You particularly raised things like water tanks et cetera. They are generally additional things that schools will do in partnership with programs that they can apply for. That is how those opportunities — similarly with solar panels; there is a partnership program around solar panels — —

The CHAIR — The Solar in Schools program.

Ms PIKE — The Solar in Schools program. There are schools that will undertake specific initiatives around wind generation — and I have seen some of those — et cetera. Jim, you might like to add a little more to this.

Mr MILES — Specifically with regard to water tanks, schools were able to bid for those in the National School Pride or the maintenance and minor works part of the stimulus package, so a number of schools did; some did not, depending on need at the local school. Certainly in terms of the templates, ecologically sustainable design principles have been considered and incorporated in the templates. So we are providing for it in that sense. We already do in the standard building program. There are, as the minister said, a range of other programs which go to effectively green building principles.

The CHAIR — I notice in section 4 of our questionnaire you have provided responses in terms of conforming to section J of the Building Code of Australia and also the Partnerships Victoria's 5-star green star education pilot tool et cetera. So there is information you have given us there, and we may follow these things up at another time.

Mr SCOTT — Minister, I would like to take you to budget paper 3, page 16, which relates to expenditure on trade training centres. Could you please advise how this investment will be used to provide high-quality facilities in Victoria?

Ms PIKE — Certainly the trade training centres program is a very important element of the education revolution, and $2.5 billion Australia-wide is being provided to develop trade training centres. Victorian schools can expect to receive an adequate proportion of that. That means that schools are beginning to plan and work together for the rollout of trade training centres. We have already had round 1 and there were 19 successful projects, which was $86 million across 75 schools. As I said previously, seven of these were cross-sectorial, so either incorporated a TAFE or non-government schools working with government schools, which is something that we very strongly encourage. Particularly in some of the rural areas where you have a range of provision, bringing it all together and offering trade training centres is really exciting.

Round 2 has been brought forward, and we have $135 million in expressions of interest for round 2 and a further $200 million following that. We think that they are a very critical part of our suite of activities to help us meet the 90 per cent target. I think we are very concerned that we do focus on rural and regional Victoria as well, that they are not just metropolitan things — just to reassure the member for Benalla. They are an incredibly exciting initiative. In fact they have also, in some instances, been partnered with regeneration programs, which adds to the suite of offerings that is available in those projects.

They seek to increase the uptake of VET programs and improve pathways into further education and employment, and obviously in tough economic times these sorts of offerings and options are really important. We want kids to stay at school and get their qualifications. We do not want kids leaving early; we want them equipped. So we are working together to roll these out, and I think it is very exciting.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3, page 277, relating to the ultranet and a TEI of $60.5 million. I note that, according to the budget, $42 million will have been spent on this project by the end of June this year. The question relates to part of the forward estimates. There is still $18.5 million remaining.

I am trying to ascertain in terms of the entire cost of the ultranet has the $42 million been spent so far, as listed there on that program — on the project — and when do you expect the project to be fully operational? Will it be at the completion of the 2010–11 term? Are you anticipating additional costs on top of the proposed TEI $60.5 million?

Ms PIKE — The answer to when it will be operational, we expect it to commence operation in 2010. In answer to the question: are we expecting to exceed the $60.5 million. No. There has been a re-phasing, as indicated in the budget papers. which is due to some delay in the finalisation of the procurement process. We are very close to the procurement, but I think everybody is aware that we decided to go back out to the market last year because we were not satisfied with the offerings. We have now done that. We have confidence — and I certainly have confidence — that the department is well on track for the delivery of the program.

Mr DALLA-RIVA — So you spent $42 million on the procurement process?

The CHAIR — What the $42 million refers to is the money which has been allocated so far.

Ms PIKE — Yes, it is the allocation.

The CHAIR — The minister has been commenting on how much the allocation has been drawn down so far. There have been some delays.

Ms PIKE — If you are saying, have we spent $42 million on procurement process, no.

Mr DALLA-RIVA — It is in a term deposit waiting to be used?

Ms PIKE — We have not spent $42 million on the procurement process. It is on the project itself and we have re-phased it. Darrell can tell you more if you wish.

Mr FRASER — If I understand your question, to date we would have spent $5 million in actually going through the process to reach a point where we will be making a decision over the next week around that procurement, but we have not actually let a contract. We have not actually expended money to build the application piece, but we have had project managers, business analysts, procurement advisers, probity advisers who have actually taken us through the tender process.

Mr DALLA-RIVA — So it is still on track?

Ms PIKE — It is on track.

Mr DALLA-RIVA — For 2010–11? You said '2010'.

Mr FRASER — It is 2010. Term 3 is the time we expect to be in every Victorian government school.

Mr DALLA-RIVA — Thank you.

The CHAIR — Thank you very much for that. Minister, there are quite a number of non-government schools in my electorate, and indeed right around the state, as you know. I am sure there are many other members, and as you know some members of Parliament advocate quite strongly for the non-government schools.

I refer to budget paper 3, page 27, and to investment in non-government schools. I was wondering what the government is doing in terms of funding and support provided to them. I know it is an issue which the government has been very supportive of, and I am wondering where we are at?

Ms PIKE — Let me say broadly that the commonwealth is the major funder of non-government schools, and non-government schools do overall receive a very high level of government funding, but the Victorian government does provide funding to non-government schools. That funding has basically doubled — or nearly doubled — since 1999.

We are currently in the final year of the current funding arrangements, and we are in the process of negotiating a future funding arrangement as we speak. Those negotiations are being undertaken between the department, the Catholic Education Office and representatives of the other independent schools.

Certainly the approach that the government has taken to date is to make sure that any Victorian taxpayer-funded funding that goes towards government schools, given that we are the minor party in the funding of non-government schools, is targeted to the aspirations of the community — that is, it is targeted towards striving for excellence, for bridging gaps that are brought about through inequity and inequality, and genuinely improving outcomes for all Victorian students, whether they are in a government or a non-government school.

In other words, we are negotiating with the parties in similar terms that we were negotiating last time — that is, we think it is important that funding from the state government does meet equity needs, for example, in the non-government system. Last time we introduced enrolment-based funding, which was the first time that had ever been introduced in Victoria. Prior to that there had been just an allocation but not enrolment-based funding.

We have also provided specific-purpose grants in the past to targeted programs, such as suicide prevention. We have had targeted capital grants to needy non-government schools. We also provide access to teacher professional development and curriculum planning materials and to government pricing for broadband access. We provide tax concessions in land tax, payroll tax and fringe benefits tax, transport concessions, conveyancing allowances and EMA.

There are a number of ways that non-government schools are supported by the state government. These current negotiations which we are engaged in at the moment will culminate towards the end of this year, when the government will announce a new agreement for the next period of time with the non-government schools.

The CHAIR — It would be good if you could provide us, on notice, with a comprehensive list of the state government's support for non-government schools.

Ms PIKE — Yes, certainly. Some $470 million will be contributed to non-government schools in Victoria in 2008-09. As I said, that is a doubling of the amount over the last 10 years if you include all contributions to non-government schools.

Mr WELLS — Minister, I refer to the additional $635 million of recurrent expenditure over the four years granted to the states and territories for primary school funding by the federal government in late November 2008, and it equates to approximately $30 million for Victorian primary schools this year. Where in the budget papers can I find reference to the $30 million being passed on to the primary schools?

Ms PIKE — The government has recently negotiated the national education agreement, and we certainly welcome the recent increase that has been provided by the commonwealth government. In reality, however, what the commonwealth provides is a small proportion of what the state provides to our government school system. It is a welcome amount of additional funding in the education agreement, and you have correctly identified an increase, and we are pleased to receive it.

In distributing the funds that we receive from all sources, commonwealth and state, through a lot of research and evidence-based work, in 2005 we developed a student resource package model. We allocate funding to the schools on the basis of the student resource package, which takes into account the cost of delivering education to the schools. It also takes into account the learning stages of young people and the resourcing that is required to meet those learning stages.

That student resource package was evaluated by the University of Melbourne in 2007, and we made some minor changes to that, because we do not provide the same amount of funding across all years, because it literally does take more money to educate some kids in varying years. We intend to continue that mechanism for funding schools, and the additional funding through the national education agreement is reflected in that student resource package allocation. So it is built into the overall allocation for our schools.

This budget sees an even greater injection of funding into government schools than the notional $100 additional per primary student that makes up that $38 million that you have identified. In fact, the additional funding per primary school student is about $600 additional per primary student, and that is built into this budget this year.

Whilst the commonwealth used that amount to identify a particular area that their additional funding in the agreement would go to, we have exceeded that, but we still maintain the student resource package as the mechanism for distributing the funds across the system.

Mr WELLS — So, to confirm, there is no separate line item for the $30 million to be passed on to the schools?

Ms PIKE — That is correct.

Mr WELLS — So it has been mixed in with everything else? Where is the assurance and how do we know — apart from the explanation that you gave that there has been an increase anyway — that the $30 million has actually be been passed on to the primary schools?

Ms PIKE — In fact all the commonwealth additional funding for education has been passed on to schools. What primary schools will see in their budget is not an additional $100 per student; it is an additional $588 per student this year. The Treasury papers will clearly indicate that the funding that was given to the state government under the national education agreement and the National Partnerships and Building The Education Revolution has actually been passed on to the schools.

The CHAIR — In my initial question I asked for some information on the accountability mechanisms.

Ms PIKE — Yes.

The CHAIR — So I assume that will be covered in that?

Ms PIKE — Yes.

Ms MUNT — In my previous life as a member of the parliamentary committee for education, we had a strong interest in the literacy and numeracy performance of Victorian students. Could you please update me on how that performance is looking now?

Ms PIKE — As I said, the NAPLAN — the national assessment program for literacy and numeracy — was implemented last year. Prior to that each state and territory undertook its own testing and evaluation, then that was moderated through some convoluted and sophisticated formula to try to get statewide comparisons. With the introduction of the national assessment plan and that first year of testing last year and now the second year of testing this week, we are able to evaluate our students' performance in literacy and numeracy.

I have to say that on the basis of last year's performance, Victoria is tracking very well; we are at or above the national average in every single domain. We have a lot to be proud of, nevertheless we recognise there is a tail of underperformance, that there are students who are not performing at the national benchmarks or are performing below what we consider to be acceptable levels. We are therefore providing substantial additional support into the system to boost literacy and numeracy performance.

Apart from the funding of $11.7 million last year for additional literacy and numeracy specialists, we also have the Koori specialists and the teaching and learning coaches. But on top of that, the work that I talked about before with the instructional model et cetera is really work that is to be embedded in our schools through the school improvement strategy to lift teacher performance in the work that they do with literacy and numeracy.

I think it is fair to say that, as I said, education is a dynamic and changing environment. Our students are changing, the ways that we need to teach them needs to be constantly re-evaluated and updated, and we need to continue to always redouble our efforts when it comes to the core tasks of literacy and numeracy. But you cannot just do things the way you have always done them; you cannot just build schools the way you have always built them; you cannot teach kids the way you have always taught them. On the basis of a lot of research, consultation with around 8000 teachers, we have developed this new instructional model which we are really embedding into the schools as an example of best practice so that we can continue to upgrade skills.

We have also put a number of our teachers and schools through intensive literacy and numeracy development programs themselves. We are utilising, for example, literacy and numeracy specialists. Di Snowball is working with schools in the west, for example. She worked for 15 years in New York on a major program that was developed in partnership with the board of schools there on lifting the performance of kids, many of whom were just basically illiterate. She is offering specialist support and introducing new techniques all the time for teachers. It is a really critical area, and there is always a lot more we can do. We are very determined to do that.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the department's parliamentary appropriation. I note from the annual report that in previous years where schools have been closed and the land has been sold off, the Treasurer has allowed the department to retain the proceeds of the sales as annotated receipts under section 29 of the FMA. My question is: for the 2009–10 parliamentary appropriation, what estimate has been included for those section 29 annotated receipts with respect to land sales?

Mr MILES — It is approximately $8 million.

Mr RICH-PHILLIPS — What does that relate to? Which properties does that relate to?

Mr MILES — Not to a specific site.

Ms PIKE — It does not relate to any.

Mr MILES — It is an estimate based on last year's.

Ms PIKE — It is an estimate. Basically, when there are sites like Boorhaman, where the community has decided it will not continue the school for the two children who were there, the department goes through a negotiation with the community — —

Dr SYKES — It must have been a very large property up there if it is $8 million in the country.

Ms PIKE — There is a negotiation with the community, obviously an evaluation et cetera. There are other school sites. There is a process that we undertake with local government and others being involved for those. The $8 million is a wrapped up figure.

Mr RICH-PHILLIPS — Do you have a figure for the forward estimates as well beyond the 2009–10 year?

Mr MILES — We would need to go and have a look at the program, but based on previous years we would not expect that estimate to change markedly.

Mr RICH-PHILLIPS — Will you take that on notice and come back to the committee?

Mr MILES — We are happy to do that through the minister.

Mr RICH-PHILLIPS — There is a program, and you do expect there will be closures and sales going forward?

Mr MILES — Only by projecting history.

Ms PIKE — We do not have any plans. In the same way that you set other targets and benchmarks, you look back at what has happened, and you anticipate it may continue.

Mr RICH-PHILLIPS — Is it $8 million in this year's budget for sales?

Ms PIKE — That is an anticipated amount.

The CHAIR — If there is any other information to be provided to us in terms of the OPS, could you please provide that?

Mr NOONAN — Can I, Minister, ask you a question about teacher quality and development, which you referred to, but perhaps did not spend a lot of time focusing on. I note in budget paper 3, on page 27, there is an allocation for what you referred to, I think in your last answer to Ms Munt, the teacher and learning coaches. I

just wonder whether you can explain how they will be utilised within the entire system and where their work will be focused in terms of ensuring the best possible support for the system?

Ms PIKE — Coaches provide in-classroom coaching of teachers in schools that have been identified as needing particular support. The NAPLAN data, for example, does provide us with some indication of where there are larger cohorts of students who are performing under expected levels et cetera. The regional network leaders who are now developing the strategic plans with all the schools in their network are also able to identify particular strategies that might really yield the most benefit for those schools. The teaching and learning coaches are part of the suite of additional support that we are able to offer schools to help lift student performance.

They are resourced by the material that is developed in the office of government schools, like E^5 and other work of course that has been done previously, so that they can embed that best practice teaching within the schools.

Mr NOONAN — Just by way of clarification, the concentration of effort in terms of lifting teacher quality is really about the regional network leaders and the 200 coaches. Are there other areas?

Ms PIKE — Absolutely. We have a whole range of other initiatives — refresher programs that we offer for teachers, a whole raft of professional learning opportunities, some of them in subject areas like mathematics, ESL, others in more generic areas, particularly in primary education. We are all very clear that the research shows that teacher quality is the strongest determinant for student performance. There are a number of ways jurisdictions can invest in education, but we are absolutely committed to this investment as the one that will yield the most fruit. In terms of specifically building on the teaching and learning coaches, Darrell may want to add any more to that?

Mr FRASER — One that is attracting a lot of attention is that over 3500 teachers have been able to apply for teacher professional leave, which enables them to take up to 10 weeks paid leave as part of a team to actually examine a problem of practice, either within their school or across their network, and maybe to travel to other schools to see what is working in relation to progress of children around literacy and numeracy, or some other disciplinary domain.

That is over 3500 teachers, and we are spending in excess of $4.5 million per year doing that. It is having a significant impact on the capability of those teachers when they come back into their schools and on the programs they implemented.

There are so many opportunities for teachers in this system now that it would take some time to elaborate on all of them. If you go to the Hume region, for instance, just for principals there is a curriculum on literacy and numeracy that all principals must engage with. There are programs for teachers in each network in the Hume region on literacy instruction.

As the minister said, it is the quality of our workforce that is going to determine what children achieve so our major focus is on helping teachers to understand the latest research on human cognition, the latest research on implementation of interventions within schools. We would argue that perhaps we have not been as good as we could have been over the last years in putting this research in front of teachers and explicitly requiring them to engage in that research about how children progress, and the role a teacher plays in that progression.

It is what teachers know and can do that determines what children can learn. It is a truism to say that kids actually learn what they are taught, so what teachers actually do in the classroom on a day-to-day basis is a critical element of our strategy to actually improve the performance of every child in every government school in Victoria.

Dr SYKES — Minister, I have heard a number of programs mentioned today, but I am not sure I have heard much about the rural replacement program. Can you explain a little bit about what it is, and whether there have been any funding announcements or funding allocations under that program; if not, when might we expect them?

Ms PIKE — The rural replacement program was detailed in 2006 under the Victorian Schools Plan. It provides funding for virtually full replacement of small rural schools. To date a number of schools have been completely rebuilt under the Victorian Schools Plan, under the rural replacement program, and in this year's

budget there is $16 million in the rural replacement area. That equates to 37 schools that will be in that project. It is a very important part.

There is a strong need to completely replace these schools. Some schools are getting up to $2 million, and for some schools it gives them permanent facilities for the very first time; schools that forever and a day have had non-permanent facilities will, under this program, get brand new facilities. That is what the rural replacement program is about.

Dr SYKES — Was that mentioned in the budget? I have just not picked up on it.

The CHAIR — Yes, page 312 of budget paper 3.

Ms HUPPERT — Minister, you talked a lot about the partnership between the state and the commonwealth governments in relation to infrastructure. Could you please let us know what the department is doing in terms of cooperative investment with other organisations in partner investments in schools?

Ms PIKE — Certainly. I will answer this in two ways. We are always keen to develop partnerships with other bodies in the community to contribute to, particularly, the building of shared-use facilities. There are a number of examples around the state where local government, for example, and other organisations have worked together to actually maximise those opportunities. So whether it is a shared-use library, whether it is sporting facilities et cetera, there are a lot of opportunities, and we are very keen to develop them and explore them.

Bodies do bring money to the table, which means that you get a better facility than the education department might necessarily or normally provide. There are some really good opportunities in the growth corridors for those kinds of developments.

On top of that, we have announced we are embarking on a public-private partnership for the development of 11 new government schools. These are schools that are being built in our growth corridors, largely. We have entered into a partnership with Axiom Education Victoria and it is designing, building, financing and maintaining those schools over the 25-year life of the agreement. It is an infrastructure project, bringing its expertise, innovation, creativity and management to the table, but it also creates some really unique opportunities.

As part of this program, YMCA is another partnership, and it is developing facilities which will be owned by the government. It has also been granted leases over the community centres, and it will run programs within those as well. Already we have also got early childhood facilities in a number of these projects as well.

We think this is an interesting start for our system and will be, obviously, evaluating and monitoring the progress very closely, but based on what we have seen in other parts of the world, we think that it is a very useful model. I might add though, to be very clear, that it is a capital development model, and the private sector will have no role in the running of programs within the schools.

Ms HUPPERT — Just to clarify: what you are doing is getting private investment, joint investment, into infrastructure so that the department can then finance it?

Mr RICH-PHILLIPS — What you are doing is what you opposed when you were in opposition?

Ms PIKE — That is right.

The CHAIR — Without the commentary, please.

Ms PENNICUIK — Minister, I just want to go back to a comment you made before about funding to non-government schools in response to a question from the Chair. I think you said that the budget was $470 million, to non-government schools this year?

Ms PIKE — Yes, by the state government.

Ms PENNICUIK — And in your answer you said that part of the criteria was about addressing inequality or inequity. My question is: what criteria would be used for a non-government school to get funding for infrastructure above a government school — in terms of determining the priorities, for example rebuilding a

library or some facility in a non-government school which is fairly well off, as opposed to rebuilding basic infrastructure in a disadvantaged government school.

Ms PIKE — Clearly the priority for the state government in the use of capital is for the system that we run — that is, the government school system. Nevertheless we are partners — a minor partner — with the commonwealth in providing some funding for non-government schools. We have allocated some smaller amounts of capital — but I guess they are substantial — to the non-government system, but on the criteria that is based on our priority to enhance equity. Last year we provided some $53 million in grants to non-government schools for minor capital works, around $30-odd million — —

Mr MILES — Thirty-five.

Ms PIKE — Some $35 million of that was to the Catholic school system and the balance to other, non-government schools. We wrapped fairly strict criteria around the allocation of that funding and said that it had to basically be attached to needy, non-government schools. And there are non-government schools in the Catholic system and some in the other non-government system that do provide education services to quite needy communities, and they have been supported through that program. But obviously the lion's share of capital is provided for the government school system because that is our fundamental obligation, and we are the primary funder of that system.

Ms PENNICUIK — I know we are running out of time but maybe you could take that question on notice.

The CHAIR — We have run out of time, actually.

Ms PIKE — We are happy to take it — —

Ms PENNICUIK — On the priority.

Ms PIKE — Yes, I understand that, and I will get back to you about that.

The CHAIR — Back to the committee.

Thank you, Minister. That concludes consideration of the budget estimates portfolio on education. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice the committee will follow up with you in writing at a later date, and the committee requests that a written response to those matters be provided within 30 days.

Ms PIKE — We have more copies of the blueprint.

The CHAIR — We were actually given copies last time.

Ms PIKE — No, because it was not completed last time. That was the discussion paper. I am sure it is essential reading for anyone who is interested in education.

The CHAIR — We are all interested in education. Thank you, Minister.

3.2 Children and Early Childhood Development Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 21 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms M. Morand, Minister for Children and Early Childhood Development,

Professor P. Dawkins, Secretary,

Mr T. Cook, Deputy Secretary, Office for Planning, Strategy and Coordination,

Ms J. Nagorcka, Acting Deputy Secretary, Office for Children and Early Childhood Development, and

Mr J. Miles, Acting Executive Director, Office for Resource and Infrastructure, Department of Education and Early Childhood Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of children and early childhood development. On behalf of the committee I welcome Ms Maxine Morand, Minister for Children and Early Childhood Development, 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 her chief of staff, can approach the table during the hearing. Members of the media also requested to observe the guidelines for recording proceedings in the Legislative Council committee room.

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

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

I ask that all mobile telephones be turned off. I now call upon the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of Children and Early Childhood Development.

Ms MORAND — Thank you for the opportunity to give a brief background on the work that is under way in my portfolio.

Overheads shown.

Ms MORAND — The first slide is just recapping on a decade of investment in the early childhood sector, particularly in kindergartens where there has been an increased investment of around 188 per cent in kindergarten funding. That includes the introduction of a fee subsidy several years ago which has extended the fee subsidy from $100 to $750, which covers around 25 per cent of all kindergarten enrolments.

We have also introduced cluster management, which has been raised from $4000 per location to now $7200. Participation in kindergarten remains high. We have also funded $43 million to children's centres.

My responsibilities also include a program for students with a disability and the Early Childhood Intervention Services, both of which have also received substantial increases in expenditure, with the PSD increasing by 112 per cent. We now have over 19 000 children across Victoria supported through this program. In Early Childhood Intervention Services, the government has committed $60 million in 2009–10 to support about 12 000 children.

We have also been undertaking the construction of integrated children's centres across Victoria. We have opened 49 to date of a planned and funded 95 children's centres. That chart just illustrates the locations of the integrated children's centres and also the Best Start projects across Victoria. Best Start has been really successful in indicators, including increasing breastfeeding rates and maternal and child health participation. It has really been just developing a fantastic relationship between all the providers of early years services, which has made very tangible differences to children's outcomes, and disadvantaged children particularly.

With MCH, I wanted to show members this slide because it demonstrates that there has been an increase in the participation at the key age and stage visits for MCH visits. You can see the green line there. That represents the home visits, which has gone from 96 per cent in 2000 to 99 per cent participation in the last year for which we have data which is 2007–08. The blue lines indicates the 18-month visit, which has gone from 63 per cent of all babies to 71 per cent. The last one is the 3½-year check, which at only 50 per cent in 2000 was a particular target. A particular result of the Best Start partnerships has been to increase participation to 60 per cent. We are pleased with that but we would like to see it go even higher.

Last year I presented some information on the increase in the birth rate. I just want to update members on the fact that Victoria is still seeing a very, very dramatic increase in the birth rate. You can see that demonstrated there, that we have gone from 58 875 births in 1999 to 70 313 in 2007. This is the ABS data.

The next slide shows you how that compares to other jurisdictions, which is really interesting because you can see that over that 10-year period Victoria has had a 19.4 per cent increase in the number of babies born, and compare that to New South Wales which had only 3 per cent and Queensland had 32 per cent. So there is obviously a massive variation between states.

Ms MUNT — There are obviously no televisions in Queensland!

Ms MORAND — What is going on in Queensland? I don't know!

Dr SYKES — It is not to do with blackouts, or anything to do with blackouts?

Ms MORAND — No comment.

The CHAIR — No, it is the population increase.

Ms HUPPERT — That is an amazing statistic, isn't it?

Ms MORAND — But it is fascinating that there is a significant baby boom right across Australia, and particularly in Victoria and Queensland.

Just for your information as well, there is obviously a massive variation in where the increases are occurring and you can see there, particularly in north-west Victoria there has actually been no increase in birth notifications, and in some cases it has actually gone backwards. You can see there some of the rates are quite high. Corangamite, for example, had a 105 per cent increase, but we need to caution on interpreting that because it was actually based on a very small number. There were only 113 in 2000 and 232 in the last year.

Dr SYKES — Is that birth by place of residence of the person having the baby, or the hospital where the baby is born?

Ms MORAND — Residence. The next slide shows you in metropolitan Melbourne again there is obviously a very significant variation in geographical rates. Melton has had the largest increase, 128 per cent, which is an increase of 1000 babies over that time period. Casey had the largest number of birth notifications overall, with nearly 4000 being recorded, or a 41 per cent increase. Wyndham is also one of the areas of greatest increase, with 81 per cent; Greater Dandenong, 43 per cent; Whittlesea and Hume, 18 per cent and 19 per cent. Also in inner city Melbourne there is a particular increase in birth rate: Darebin, 23 per cent; Moreland, 20 per cent; and city of Caulfield, 23 per cent. That compares to an overall state-based increase of 15 per cent.

Also over the last 12 months, we have been doing a lot of work on reviewing the children's services regulations, which are due to expire. New regulations come into effect, in fact, on Monday. We have recommended, and will be announcing later today, what the new regulations will be. Broadly it is improved staff qualifications and ratios, and mandating first aid training and a number of other things that will improve the quality and safety of all children in children's services across Victoria, and including for the first time — —

The CHAIR — You are always welcome to make a pre-announcement at our hearing, Minister.

Dr SYKES — Give us the scoop.

Ms MORAND — I will give you the scoop. It is that there is very little variation from the draft regulations. You can ask me later.

In this year's budget there was $26 million overall for early childhood and $13.6 million of that goes towards funding an additional 4000 places at kindergarten, which is obviously reflecting the increase in the number of children, as I have just been explaining to members, in the increased birth rate. This funding also ensures that the eligibility for free places remains, so the $750 subsidy remains for all eligible low-income families, which is currently around 27 per cent of enrolments.

We have also invested some additional funds into enhancing disability services and $5 million of that will be strengthening ECIS across Victoria and that is to improve the service system. A quality assurance framework will be developed, incorporating revised program standards and best practice guidelines for workers. This is actually really important because the program standards have been in place for more than a decade and it really does allow a new look at the way the programs are delivered based on today's best practice. We also provide practical assistance for boards of management and this has been welcomed by the sector.

Also $4 million will provide a package of reforms for the 0 to 18 disability reform. This is going to include strengthening regional planning, which brings together all the area services for government and non-government schools and the disability services, to drive further reform at a very localised level. We are anticipating improved coordination and planning for children and young people with a developmental delay or disability. That will partly be achieved by a common approach to assessment, so that families do not have to repeat their information multiple times and duplicate the assessments. This is actually quite complex work but it is absolutely vital and something that families and providers have welcomed.

Then finally in this section, the $4 million for autism support and $2.3 million of that will be to provide 100 scholarships for teachers and student support officers in schools to undertake a graduate diploma in autism, and that will be over four years. Also there will be more specialist autism training and mentoring, and resources will be provided to support all of the early childhood workforce. It is being done by Professor Bruce Tonge at Monash University. There will be 500 additional places rolled out this year and that is building on last year's budget of 1000 extra places in ECIS.

And finally, we are working with the commonwealth government on national partnerships in early childhood education. That supports the delivery of 15 hours of kindergarten for all four-year old children, the year before school. This is a very substantial undertaking because it is essentially an increase of 50 per cent in the contact hours with children in the year before school. We also have a $22 million partnership on indigenous early childhood development, improving outcomes for indigenous children.

In summary, we continue to deliver on our ambitious Victorian reform and also to be able to deliver on our reforms in partnership with the commonwealth government.

The CHAIR — Thank you very much for that. I might begin on that note and ask you what federal grants or funding, both output and asset, your portfolio department and various agencies, received in the budget. Can the department provide the committee with a list and description of these grants, and what accountability mechanisms, both upwards and downwards, are there in respect of these grants or funding?

Ms MORAND — The first one is a national partnership in early childhood education, which is $210.6 million over the five years. That is to support the implementation of 15 hours of preschool for all Victorian children. In fact it is a partnership across Australia. The desire is to have all children in the year before school participating in 15 hours of kindergarten by 2013. This funding is adjusted essentially for equity across the jurisdictions from the start, and it will be working towards a per capita distribution at the end of the funding round. The funding increases quite substantially in the last few years of the national partnership so that we can deliver on the commitment.

The CHAIR — Where does the funding go?

Ms MORAND — The funding will go to the department, because to provide an extra 15 hours of kindergarten obviously means a 50 per cent increase in contact hours. A lot of the cost of that will be in employing additional teachers to provide the additional hours for the four-year-olds.

The CHAIR — It goes through into the funding which the department provides to the preschools and kindergartens at the moment?

Ms MORAND — That is right. We fund kindergarten places on a per capita basis, so the per capita grant would increase on the basis of providing additional hours for the children. We have until 2013 to implement that, and in the meantime there is some need to use that money for capital to provide for expanded spaces and for some kindergartens to perhaps deliver more than one four-year-old program, for example.

Also the partnership in indigenous early childhood development is $22 million over six years. A large proportion of that will go towards the delivery of two child and family centres in Victoria. One will be in rural

Victoria and one in metropolitan Melbourne, and a committee is being put together to determine the best location for those two centres.

The CHAIR — Regarding accountability mechanisms, I presume the department will advise us of what they are both upwards and downwards?

Ms MORAND — We are actually still in negotiation on the national partnership for the delivery of the 15 hours, so the performance agreements have not been agreed at this point. I do not know if the secretary will want to add anything to that, but the bilateral agreement on the 15 hours has not been signed at this stage.

The CHAIR — Professor Dawkins, have you anything to add?

Prof. DAWKINS — Yes. As the minister said, we are still negotiating it. There will be reports over a period of time which will be showing our progress towards the 15 hours. But the way in which that progress will be reported is still under negotiation.

The CHAIR — The committee would appreciate being kept informed of the accountability mechanisms as they develop, because we have always taken a strong interest in COAG and their various reforms which continue to go forward.

Mr WELLS — Minister, I refer you to the Cairnlea Community Hub in Brimbank City Council, which you opened on 1 July last year. In your press release you stated that the hub received $800 000 in state government grants. These grants were welcomed by the then mayor, who has been named in the recent Ombudsman's report and was a member of the ruling council faction during 2006–07. It just seems to be incredibly coincidental — the exact time that the funding was received.

Ms MUNT — Here we go again.

The CHAIR — We need to deal with the forward estimates.

Mr WELLS — Yes, and I am getting to the forward estimates. Now, $800 000 is an incredibly large sum of money, given that the majority of councils only receive up to about $250 000. Can you explain how this Labor-dominated Brimbank Council received $800 000 of state government funding for this new Cairnlea Community Hub when other councils received far less? What are the accountability mechanisms over the forward estimates for the funding of children's centres, or does it just depend on the number of Labor mates in that particular area?

Ms MUNT — So you actually do not care about disadvantaged children and support for them?

The CHAIR — The minister, to answer in respect of the forward estimates.

Ms MORAND — Cairnlea Community Hub is one of 49 integrated children's centres that have been opened across Victoria since we introduced the children's capital funding. As I said in my presentation, we are committed to funding 95 centres. Originally the grants were around $250 000, but now there is up to $500 000 available, as an indication of the size of the grants to councils. But there have been grants in excess of $500 000, and one — I will get confirmation on this from Jeanette — was Wangaratta with $750 000, for example. There are other examples where the grants have been in excess of $500 000.

In addition, the grants for the growth corridors for integrated children's centres are $1.2 million. So there is a range of different amounts that the children's centre capital grants contribute towards the integrated children's centres. They have been a fantastic success. They deliver wonderful early childhood services to families that need them, and there have been great outcomes for the children and the families where these centres have been constructed.

Mr WELLS — What is the accountability mechanism over the forward estimates?

The CHAIR — That is, how are these grants accounted for?

Ms MORAND — The distribution has already occurred. The grants go to the consortium, whether it is in partnership with the local government or with the community centre. I opened one in Churchill two weeks ago which had partnership with Monash University, the council and the state government.

The CHAIR — I think if you cannot give us the information now, then clearly grants are given out and there must be some sort of agreement which they have.

Mr WELLS — There must be some sort of accountability?

Ms MORAND — It is a contractual arrangement. There is a range of accountability requirements to ensure rigorous funding, and contractual arrangements are in place. Eligible organisations, local council or community organisations — as I said, this is essentially a one-off grant towards the capital construction of an integrated children's centre.

Mr WELLS — But in the accountability mechanism how do you determine which council gets what and how much the councils put in and how much the state government puts in? How do you work out that accountability mechanism?

Ms MORAND — That is on a case-by-case basis. We have a funding round that is advertised annually, and all councils are eligible to apply for that funding. They have to meet the criteria that we put in place, which is put in the advertising round. For example, they must provide a kindergarten, they must provide child care, they must incorporate a range of other services including maternal and child health, early childhood intervention — so they have to meet the criteria that are set, which are standardised across all applications.

Mr WELLS — Can you provide the paperwork for the details around the Brimbank City Council so we can have a look at it?

Ms MORAND — In terms of the application?

Mr WELLS — The criteria and how that was met.

Ms MORAND — How they met the criteria?

Mr WELLS — Yes.

Ms MORAND — Yes, we could do that.

Ms MUNT — Minister, last year we spoke about a program called the Young Readers program, and I was wondering if you could give me some follow-up information this year about how that program is progressing, and whether there is any funding for it in this year's budget under 'Early childhood education and care', budget paper 3, page 71?

Ms MORAND — I know you have got a particular interest in this program, Ms Munt. It has been a fantastic success. It was committed in the 2007–08 budget, with funding of $2.1 million over four years, so there is funding in this year's budget to continue this program. Since the launch of the program we have delivered over 39 000 books to families at the two-year-old visit. Also at that visit parents receive tip sheets which highlight to parents the importance of early reading.

In addition at the end of last year we launched — actually in Prahran with the member for Prahran and his very young baby — what is called a rhyme-time booklet and DVD, which, again, is an invaluable resource for young families at that visit, at that young age, to remind parents that it is never too early to put a baby on your lap and read a book to them, and also to encourage parents to contact their local library. There is information in the kit that is given to parents about local library facilities, encouraging them to participate in the local library. It has been terrific. I do not know if you have visited your maternal and child health centres — —

Ms MUNT — I do.

The CHAIR — I do.

Ms MORAND — It has been a great success.

Ms MUNT — I visit even my local breastfeeding groups.

Mr DALLA-RIVA — Minister, I would like to refer you to budget paper 3, page 71. It relates to the performance measures for the kindergarten participation rate as one of the quality measures. In 2002–03

Victoria's kindergarten participation rate was 97.2 per cent. In 2007–08 the rate fell to 94 per cent. The target was set at 96 in 2008–09 with an expected outcome of 92, and the 92 per cent target is now stuck as the target into the forward estimates.

Over the past six years this government has allowed kindergarten participation rates to decline to a point where you only aspire to a 92 per cent participation rate, and I think this is particularly disappointing. Can the minister explain that consistent fall in the kindergarten participation rate and how this fits in with the government's 2006 election policy statement:

> Victoria now has excellent kindergarten participation rates — averaging 95 per cent — but we can do better.

The CHAIR — I also refer the committee to note (*h*) on page 72 — —

Mr DALLA-RIVA — Yes, I saw that.

The CHAIR — It provides some indication about that. The minister, to clarify.

Ms MORAND — Yes. There are a couple of key points to make relating to kindergarten participation rates. I am a little bit surprised to get — actually, I am not surprised to get the question from the opposition, but I would have to say you do not have a strong record in investment in kindergarten — —

Mr WELLS — Hang on, you said 95 per cent — —

The CHAIR — The minister, to answer the question.

Mr DALLA-RIVA — This is you: this is about you.

Mr WELLS — This is your responsibility, Minister.

Mr DALLA-RIVA — This is your failure. This has nothing to do with us. It's 97 per cent down to 92.

Mr WELLS — This is your responsibility.

Mr DALLA-RIVA — And you failed to live up to your election promise. So do not come at us. You are the one who has failed.

Ms MORAND — I am happy to answer the question if you give me the opportunity to answer it.

Mr WELLS — There is always an excuse, to blame somebody else.

The CHAIR — Minister, ignore the interjections. They are not to be taken any notice of.

Ms MORAND — I will try to explain — —

Mr WELLS — But when you are going along some sort of line — —

The CHAIR — Just answer the question, please. And I ask committee members to control themselves, as I have asked them in the past.

Ms MORAND — I will try to explain it so that members can understand how we have come to the calculation of 92 per cent. First of all, participation rates are reported publicly in two different ways. That is the proportion of four-year-olds participating in kindergarten as reported in *Growing Victoria Together* and also the budget paper measures, as just referred to by the member.

There is also the proportion of children using kindergarten the year before school calculated by the Productivity Commission and reported in its annual report on government services. For the Victorian GVT and the budget paper measures the proportion of four-year-olds participating in kindergarten was 92.4 per cent for 2008 and in the report on government services it was 95.8 per cent. One was for a calendar year and one was for a financial year.

Essentially we do have a very rigorous methodology for calculating the kindergarten participation rate for four-year-old children in both measures. The methodology was established following consultation with the ABS

and also DPCD. What it does is calculate participation on a proportion of the estimated population. So we know the number of children participating in kindergarten, but we do not know precisely the number of four-year-olds there are in Victoria in the year that we are measuring — say, in this year.

What the ABS does is provide us with their best estimate of the populations. How they do it is calculate it each year using the latest available population estimates from the ABS. The ABS has established a process for ensuring that the population estimates are the most accurate available, and this involves the annual figure being revised following the five-yearly census of population and housing.

In 2008 the ABS revised the population results for 2002–2006 — so it is the final set of population estimates for that period. Essentially what that means is that children were undercounted, and that population figure has now been revised. That population included the four-year-old population group. There were actually more four-year-old children than were estimated in previous ABS figures.

We have to rely on the Australian Bureau of Statistics to provide us with information on the number of children in Victoria. They review it annually and at the end of the five years, they give a final estimation of the population estimates for that period. That was last year. The participation rate that we now have is based on that latest information. Despite the fact that the participation rate in previous budget years was higher than it is now being reported, we estimate that, based on the new information from the ABS, the participation rate was actually lower than what was reported. We do our best in terms of the information that is provided to us by the ABS. We are providing information based on that. We estimate that there is a 92 per cent participation rate based on this current information.

Mr NOONAN — I also wanted to ask about the participation rate in kindergarten but specifically what the government is doing to increase participation of children from a disadvantaged background as part of this budget process.

Ms MORAND — Thanks for that question because it is something that is very important to the department, because, with the student participation rate what is, it is often the children who can benefit most from participation who are not able to participate in that kindergarten year. We believe that it is an incredibly important year in preparing a child for school. There is plenty of empirical research that backs up what is intuitive, that kindergarten is important. Therefore, we have a range of different ways that we are trying to increase the participation.

One of them is through ensuring that cost is not a barrier, so the fee subsidy was increased to $750, which are the average fees in Victoria. That means that for 27 per cent of families, children attending kindergarten can access it free, effectively. The subsidy is paid by the government. We have also expanded that to include three and four-year-old indigenous children, so that the qualification does not have to be a health care card holder. All indigenous four-year-olds and three-year-olds are now eligible to participate.

The other key issue in participation is a lot of children are now spending more time in long day care than ever before and a lot of children are starting school having spent a long period of time of their life in long day care. We are funding qualification upgrades for people working in long day care, so that there are more staff working in long day care who have the early childhood qualification and are therefore able to deliver a kindergarten program.

Also, as I mentioned, the Best Start project is working in 30 sites across Victoria, making sure that the most disadvantaged families, the most vulnerable families, are aware of the kindergarten program, are aware of the importance of the program and are provided with information on participating. We have had some success, for example, in Geelong in the Rosewall kindergarten, in getting the children to kindergarten through the Best Start partnership, working with the Geelong city council. We have been able to have a new kindergarten model which includes long day care. That makes it more flexible for the families, and the participation rate is also improved as a result of that. This kindergarten, called Rosewall, operates two long day sessions a week. It also, for example, provides meals, sponsored by Shell.

There is a range of different ways that local communities can improve the services in their local communities to help parents be able to get their children to participate in kindergarten. We would like the participation rate to increase, and we are working hard to make sure that the most disadvantaged families get access to kindergarten.

Mr NOONAN — That $750 that you referred to, has that been increased?

Ms MORAND — It is increased by the CPI.

Dr SYKES — Minister, I refer you to budget paper 3, page 27, where there is an allocation of $14 million to ensure sufficient kindergarten places are funded to meet the recent growth in birth rate, which you have already highlighted. If you then go to page 306 of budget paper 3, there is no provision of funding beyond 2009–10 in this line item. It is the top item there. As I interpret 'Meeting Increased Demand for Kindergarten Enrolments', it is $8 million in 2008–09 and $5.7 million in 2009–10. Footnote (g) on page 72 says that 'The 2009–10 target (refers to the 2009 calendar year)'. Given that you have indicated in the slide presentation there is increased birth rates, and given that on page 67 of budget paper 3 you link increased birth rates with a growing expectation of increased demand on quality childhood services, I ask the question: why is there not any provision in the budget for additional kindergarten places in the 2010 school year, which commences before this budget has concluded? How do you intend to make that allocation?

The CHAIR — I might add that footnote (d) refers to another program, but in relation to kindergarten places, Minister.

Ms MORAND — This year's budget allocation of $13.6 million for the extra 4000 places is for the second half of this calendar year and the first half of the next calendar year, which is the budget year. In the meantime we are working with Treasury on a new funding model, so that it might be just purely based on enrolment-based funding. This is essentially just work that is done between the department and Treasury on how we might come up with a new funding model. With schools and the student base, for example, the Minister for Education does not need to go back to argue for more numbers of children in schools, because it is just based on a student enrolment model. Essentially, every child who attends kindergarten in Victoria will be funded, so it is not capped. But we are working with Treasury so there is an ongoing funding based on the population. That is why we have only put it in for that period.

Dr SYKES — When would you expect that funding model to become public?

Ms MORAND — Before the next budget.

Dr SYKES — And the need arises in the period of this budget, does it not, or have I got that wrong?

Ms MORAND — No, because the funding for the two financial years is this year plus the start of the next calendar year. It is paid monthly, the per capita funding to each kindergarten.

Dr SYKES — The funding is covered for the complete financial year, which includes the first half of next calendar year, and the next budget, the 2010–11 budget, will reflect a new funding formula arrangement?

Ms MORAND — That is what we are anticipating, yes.

The CHAIR — And the money in the budget reflects the second half of the next calendar year as well, because it is a two — —

Ms MORAND — No, because the funding is for the first half of the next calendar year. Kinders run on a calendar year, so there is funding until the next budget, basically. That is when we are getting a new funding model in place. There is no cap.

Dr SYKES — So my grandkids are okay. They will be looked after?

Ms MORAND — So any child who enrols this year in kindergarten will be funded.

The CHAIR — That is why you got $8 million and the other $5.6 million next year.

Ms MORAND — That is right, yes.

The CHAIR — Thank you very much for that.

Ms HUPPERT — Minister, again a question that relates to the increase in the birth rates that you referred to in your presentation. Obviously this is going to put some pressure on the maternal and child health services. Could you please outline for the committee the initiatives to boost those services that are included in this budget? I note that in budget paper 3 on page 71 one of your performance measures relates to the number of

children enrolled at maternal and health child services from birth notifications, so clearly there is a very high percentage in your performance outcomes.

Ms MORAND — Maternal and child health services are really much-loved services to Victorian parents — mums. They are extremely highly qualified people who provide just a fantastic support to both the mother and the baby. There are nearly 900 nurses in about 700 centres across Victoria. In this budget we will continue increasing the investment we put into maternal and child health services, based on the funding boost of nearly $55 million in the last year's budget. The budget this year will be $50.5 million, which is an increase of 145 per cent since 1999.

The expansion of maternal and child health services also includes the increase in the number of families that can access the enhanced service. We are going to increase that from 7 per cent to 10 per cent. The enhanced service provides an extra 15 to 17 hours of support for the families that are most vulnerable. There are lots and lots of examples of the sorts of families that are eligible for the enhanced service, but one that I heard of recently was a newly arrived mother for whom English was her second language — in fact her English was almost non-existent. She had triplets, and her partner was overseas. That is the sort of example where maternal and child health nurses can just do so much. I think she was in Dandenong — I cannot remember. There was access to things like immunisation, giving her information about what services are available, assisting with family day care, advocacy for housing services and material aid for clothing and things like that. I think she even drove her to Centrelink to help her work out how to get access to payments. All of those around the table who have had just one young baby can imagine how difficult it would be to have triplets and not be able to communicate in your first language.

Dr SYKES — It's pretty easy!

Ms HUPPERT — Easy for you!

Ms MORAND — I can see the member for Williamstown, who has a young baby at home, nodding his head.

The CHAIR — The minister, to respond. We can leave the family stories until after.

Ms MORAND — We have also increased the funding for the Maternal and Child Health Line, which is now taking many more calls than it did in the past 10 years, with about 75 000 calls a year. We are also going to expand the service that is available for interpreting. There is a really significant boost broadly in the investment in maternal and child health services. I also forgot to mention that that also includes an increase in the unit price, which has been agreed to by the state and local governments, because of course it is a shared delivery of service. It is delivered by local government, and there is shared funding by local government and the state government.

Ms PENNICUIK — Minister, according to the court-appointed receivers overseeing the collapse of ABC child-care centres, at 11 May there were six in Victoria that were expected to close — at Altona North, Berwick North, East Melbourne, Seaford South, St Albans central and Sunbury South — and there are four essential centres with no operator yet to come forward, at Barnawartha, Broadford, Sale central and Trafalgar. I was just looking at your charts that you put up on the screen showing the birth rate increases. Some of those are located in or near those areas where there is an increased birth rate. I am wondering what your department is doing in terms of perhaps working with local government or the not-for-profit sector to ensure those centres do not close?

Ms MORAND — Essentially, the provision of child care is fundamentally funded by the commonwealth government, but we have been working really closely with the department since the collapse of ABC. In total, there has been only a very small number of centres that have actually closed in Victoria. Where they have closed, the families have been offered places at another, nearby child-care centre. As you identified, there are four centres where there have not been new owners found, and the commonwealth has agreed to continue to fund them until I think the end of June, in an effort to — —

Ms PENNICUIK — Which is not very long from now.

Ms MORAND — It is very close. It is to try to ensure that there is a solution available for those families because in those cases, I understand they are the only child-care services in the towns. The commonwealth are aware of that, and they have extended the funding and are trying to work on finding other options for child care.

We will not know until basically the work has been done with the receivers on finding whether there is any interest in continuing to provide those services by any other operators.

Mr SCOTT — Minister, I refer you to pages 287 and 302 of budget paper 3, where there is reference to the national partnership on indigenous early childhood development, and I ask: what is the government doing to increase the number of indigenous childhood accessing kindergarten services? I know you made reference briefly to that issue when you were up against a question from Mr Noonan.

Ms MORAND — The participation of indigenous children is a really high priority for the government. Historically, participation of indigenous children in kindergarten has been lower than for non-indigenous children, particularly in some communities. We know, as I have just expressed in answering an earlier question, how important that participation is to the long-term outcomes for children in all sorts of measures.

We have funded free kindergarten for four-year-old indigenous children. We have just extended that to three-year-old indigenous children as well, because by getting children in at the three-year-old kindergarten, we obviously improve the chances of a child continuing into a kindergarten program in the following year and therefore having a more successful transition to school.

I would like to give you an example. I visited Bairnsdale a few weeks ago and saw a fantastic program being delivered there. In 2007 at this particular preschool only an estimated 12 per cent of indigenous children were participating in a kindergarten program in the year before school. Together it has worked with the local indigenous community and the provider, Kilmany UnitingCare, which is cluster manager down there, and has done a fantastic job of increasing the participation of indigenous children and making sure that indigenous families understand that participation is free.

One example of how they have improved participation is that they have organised a bus which actually goes and picks up the children and takes them to the centre for the program. This is also for the three-year-old children. It has been a fantastic success and we are hoping that through the provision of free kindergarten for three-year-olds and four-year-olds, we will see a further increase in participation of indigenous children.

Mr RICH-PHILLIPS — Can I go back to the maternal and child health issue and the reference on page 71 of budget paper 3 to the performance measure, 'Maternal and child health clients with children aged 0 to 1 years receiving enhanced maternal and child health services'.

You spoke about the increased access to the enhanced service this year, but I note that the actual outcome for 2007–08 was 12.6 per cent of families receiving the enhanced service, and you expect the outcome for the current year to fall to 7 per cent, which is roughly a halving of the number of families receiving the enhanced service. My question is: why do you expect this year the number of families to have roughly halved compared to last year? You noted and the footnote refers to the Healthier Mothers and Babies initiative which provides increased access, but your new target of 10 per cent is still lower than your actual outcome for last year, which was 12 per cent. Why is that?

Ms MORAND — We have increased it from the 7 per cent target that we had in the last financial year to a 10 per cent target for this year. We are anticipating an increase. The actual participation rate is terrific. It is a great outcome that the actual participation rate was 12.6 per cent.

Mr RICH-PHILLIPS — But then it has fallen to 7 per cent for the current year.

Ms MORAND — Our funding target for maternal services is 10 per cent of families. Our target is 10 per cent, but it may exceed that as it did last year. That is the component of the entire funding that we specifically allocate to the enhanced service — it is a target of 10 per cent of the increased funding.

Mr RICH-PHILLIPS — But how come you have had a decline from last year in actual outcome to this year in actual outcome?

Ms NAGORCKA — One of the issues about the enhanced maternal and child health services is that they are intended to be for the most vulnerable families. When that program was first introduced, that was quite a change in culture for the nurses who are originally used to that universal provision, which was brief contacts with most families.

One of the things we have worked very hard on is making sure that the intensity of the service is there for the families who need it most. The target has increased to be 10 per cent of the total population — a bigger number. We do not necessarily aspire to have very large numbers of families serviced by that, but it is most particularly about the right families and making sure that they get an adequately intensive service.

There is some overperformance in that particular year that you referred to and that is balanced with the fact that we do not actually want the nurses to be pushing that number right up — by definition, the funding we provide is for a set number of cases — because that means they are seeing more people for less time. The intention is to provide an intensive service for families like the one the minister referred to with the triplets or one that might be known to child protection. That is what has been happening over time — making sure that that intensive response is there for what was 7 per cent of a smaller number and is now 10 per cent of a larger number of the population.

Mr RICH-PHILLIPS — So in actual outcomes, there have been effectively fewer needy families this year than last year?

Ms MORAND — This is the expected outcome — the 7 per cent — but we have not got the actual outcome. We are happy to report back to you.

Mr RICH-PHILLIPS — Presumably it is based on an estimate?

Ms MORAND — It is based on the current financial year.

Mr RICH-PHILLIPS — Presumably it is a reasonable estimate of — —

Ms MORAND — It is based on the target, which was 7 per cent.

Mr RICH-PHILLIPS — So you actually have not assessed 2008–09?

Ms MORAND — The year is not finished yet. I am happy to report back to the committee on the actual figures — —

Mr RICH-PHILLIPS — It would have been three-quarters finished when you put the budget together, so this is really — —

Ms MORAND — But the way we put the budget papers together is that we put the expected outcome based on the target. We are happy to report back to the committee on the actual outcome when we get it. The data is in arrears. The data will come in. In fact, it will continue to come in after the end of this financial year for some time until we fully collate the number of families out of all the families which receive maternal and child health. The number of families accessing MCH services is increasing, as I demonstrated in my presentation. The number of individual contacts has increased substantially and, out of that, our target of 7 per cent, which is now 10 per cent for the next year; we will report back to the committee on what the actual outcome was.

The CHAIR — Can I make a comment on behalf of the committee, that perhaps next rather than just putting down the target as the expected outcome — I know it is May — but perhaps the department could make an effort to have a closer estimation to the expected outcome rather than just simply putting that down.

Prof. DAWKINS — We will look into that, Chair.

The CHAIR — We might make that a commentary right across the board because budget papers are meant to try and be predictive rather than just be automatic.

Ms MORAND — We will do our best, Chair.

The CHAIR — I understand that.

Ms MORAND — But there is no centralised IT system for maternal and child health services across Victoria, so we rely on getting information from local government. We have to get the information from local government.

The CHAIR — I know it is a very distributed service.

Ms MORAND — Seventy-nine councils and another 700 locations where the services are delivered, so we will do our best.

Ms MUNT — There is an increase in demand for integrated children's centres because they are good centres and fabulous for families, and I know there is a focus on the delivery of those centres. Is there any funding provided in the budget for delivery of those integrated children's centres?

Ms MORAND — Yes. We are continuing the investment. There is over $43 million to be invested in those 95 centres. As I said, we have opened 49 and there are 20 centres that are in planning or construction, and there is still funding for the remaining centres over the next 18 months. We have really established a strong partnership, particularly with local government.

Victoria is very fortunate in the relationship that we do have with local government, which is in other states not as strong, and the partnership has been a great success in terms of delivering outcomes. I know there is one in the member for Benalla's electorate at Violet Town. There was one opened there about a year ago, and the partnership means that we combine the capital from the local government and from the state government, and sometimes other providers as well —as I said, in Churchill last week, Monash University also contributed funding to that centre.

In terms of expanding the number of services provided, because it is a partnership with the delivery of services as well, at Violet Town, from memory, it was a kindergarten and maternal and child and health services which both local government and state government are very closely involved in ensuring the delivery of high-quality services. We still anticipate strong interest in the next funding round, and in fact by next month I will be making announcements of the successful outcomes of the latest round of grants.

In addition to that, because the commonwealth has also allocated funds for children's centres, we have been able to combine funding with the commonwealth government, local government and state government as well, so there have been some really terrific outcomes in delivering integrated children's services.

The centre that I opened with Peter Batchelor in Churchill a few weeks ago combined a kindergarten, long day care, maternal and child health, a library and a neighbourhood house — all under the one roof.

That was in Churchill near the university, and it was really another example of a great partnership, and I think that has been a real flow-on success. Having these grants means that we have been able to work more closely with local government, and in the growth corridors particularly because of the demand on the number of kindergarten places and so many babies, and delivering maternal and child health services, it has been a great way of making sure that services are delivered to the families where they need it.

Ms PENNICUIK — Minister, can I take you to page 81 of budget paper 3. This is a subject that you and I have had some discussions on over the years. In the third paragraph it says:

> Students funded under the disabilities program in government schools as a proportion of the total student population.

Is that 3 per cent? The ABS figures suggest that the total proportion of students with a disability is higher — maybe around 9 per cent. Given that VCAT found against the department and called for a review of the program for students with disabilities, why is that remaining at 3 per cent?

Where does the 3 per cent figure come from when it appears that the number of students with a disability requiring assistance in schools is actually higher than 3 per cent?

Ms MORAND — In this current year we are going to invest over $400 million in the primary area of students with a disability, and that represents more than double the investment we have made in this program since 1999 — a really substantial increase in investment in this program. Funding for the program has included a component of 4 per cent growth in the program since the review of the program.

We are supporting in this year, from the latest information I have got on the number of children participating, 8422 students attending one of the 80 specialist schools and 10 000 students attending mainstream and primary schools, so that is out of a total of over 19 000 students; that is the balance of about 40 per cent in special schools and the remaining students attend primary and secondary mainstream schools.

The growth is funded in the budget. We are expecting 4 per cent growth per annum, and that will continue to be funded. This program, in terms of the VCAT decision, it did say that the program for students with a disability is an appropriate means of delivering support to students with disabilities, and that is the objective statewide criteria in assessing the eligibility for the program. Eligibility criteria is based on an international standard developed by the World Health Organisation, so it is not something the department has created itself. It is something that we use — internationally recognised eligibility assessments. The tribunal found that many aspects of the department's provision of services to Rebekah Turner were suitable, while others could be improved upon.

Ms PENNICUIK — That was not really my question. I understand all that. I see that there is the autism plan and increases in spending. My question is: why is the output measure not the percentage of students with a disability being assisted 95 per cent or 100 per cent, rather than 3 per cent of the population of students, when we know that the population of students who need it is higher than 3 per cent? I just do not understand where the department gets this 3 per cent figure. That is the crux of my question.

Ms MORAND — I repeat again my answer, that we have really substantially increased the investment in this program; we have doubled the funding of the program for students with a disability. We are undertaking a major project at the moment. The ministerial advisory committee, which reports to me, and a number of experts we have asked to be involved in that committee are developing a new eligibility assessment called the abilities index. That is a very complex piece of work and it will not be completed in time for the next school year. We are constantly reviewing the way that we are providing services, and there are 19 000 children being supported across Victoria in this program with a very, very substantial investment in supporting them.

The CHAIR — Thank you, Minister. I thank Professor Dawkins, Mr Cook, Ms Nagorcka and Mr Miles for their attendance.

CHAPTER 4: DEPARTMENT OF HUMAN SERVICES

4.1 Health Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 12 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr D. Andrews, Minister for Health,

Ms F. Thorn, Secretary,

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

Mr L. Wallace, Executive Director, Metropolitan Health and Aged Care Services, and

Dr C. Brook, Executive Director, Rural and Regional Health and Aged Care Services, Department of Human Services.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of health.

On behalf of the committee I welcome Mr Daniel Andrews, Minister for Health; Ms Fran Thorn, Secretary of the Department of Human Services; Mr Alan Hall, executive director, financial and corporate services; Mr Lance Wallace, executive director, metropolitan health and aged care; and Dr Chris Brook, executive director, rural and regional health and aged care services, Department of Human Services. I also welcome departmental officers, members of the public and the media.

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

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

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of maybe 10 to 15 minutes, as his is a big department, on the more complex financial and performance information that relates to the budget estimates for the portfolio of Health.

Overheads shown.

Mr ANDREWS — Thank you, Chair, and I thank you for the opportunity to present to the Public Accounts and Estimates Committee on what is, again, a very strong budget for health. I want to go through some background, some of our challenges and the responses that the government has steadily maintained in relation to treating more patients and providing better care.

If you look at life expectancy as a reasonable measure of the health and wellbeing of the Victorian community, it is pleasing to see that for both men and women we rate consistently above the national life expectancy. I think that is a fair measure of the general health and wellbeing of our community, noting of course that there are areas of social disadvantage and health inequalities. Perhaps we will get an opportunity to talk about some of those matters later on.

In terms of challenges we face or changes in profiles, changes in terms of the number and types of patients that are presenting for care, demand is obviously something that challenges health planners and health service professionals the world over. To give you an example of that, this coming financial year we estimate that we will treat 660 000 more patients than was the case in 1999–2000. That gives you a sense of the growth in that particular category. Obviously Victoria is growing at a faster rate than other states and territories, and that is one driver, together with steady and welcome changes and advancements in relation to medical care. Basically we can do more for patients and we can do it for longer.

There is also a challenge and I suppose a trend in terms of that cohort within the community over the age of 65, who are bit more complex to deal with. They present with multiple and complex chronic illnesses, and they do present not only in and of themselves a great challenge but a growing challenge, given that that cohort itself is growing. You will see there a graphic representation of total admissions as opposed to treatments. That does give you a sense of the steady increase off the baseline of 1999–2000.

In terms of the way our health system performs, every single Victorian can be proud of the work that our doctors and nurses do. We do rate very highly against other states and territories and indeed other parts of the world, whether it is in relation to emergency department performance, above the national average as rated by

the commonwealth government, or median waiting time for elective surgery, again above the national average as determined by the commonwealth government. We run far and away Australia's most efficient health services, and one indicator of that is steady decreases in length of stay, making the best use of what are precious resources.

I have already mentioned that growth in the number of patients presenting for care is a real challenge for us and for health systems right across the world. Those numbers in the bottom left-hand corner of this overhead give you some sense of the growth pattern, the total additional effort that is needed this coming year compared to 1999 — for instance, 45 per cent more emergency department presentations. The profile of those patients is changing as well, and I will come to that in the next slide or perhaps the one after.

This gives you a global view of the current financial year and where we think we will finish up in relation to ED presentations, total admissions, outpatient appointments, emergency patient transports — obviously referring to Ambulance Victoria — screens for preventable illness, public dental services and also the total hours of care provided in our community health sector. Those numbers, by any measure, give you a sense of much increased activity right across the system.

I mentioned a moment ago some changes in the nature of patients presenting to emergency departments, what some perhaps a while ago would have referred to as the front door of the health system. That is changing a bit, but we do see a different profile of patients presenting for care, and that throws out a challenge to us as well, both as planners and also in terms of funders. It is good news in some respects.

Fewer low acuity patients are presenting for care, and that in some way I think is an important validation of the measures we have taken both to substitute and to properly divert demand to less acute settings — for instance, our hospital admission risk program that I spoke to the committee about at length last year. I think there are now six GP co-located clinics with emergency departments — some of our busiest emergency departments. Those measures are working to give people who do not need emergency care, but nevertheless need care, proper alternatives.

In terms of urgency, if you look at the table there in the bottom right-hand corner, you have seen a complete switch — a split between 1 to 3 and 4 to 5 has gone from 32/68 to 38/62. That is a clear movement and demonstrates that we have not only more patients presenting but sicker patients are presenting, so an increase in the total number of categories 1, 2 and 3, and that, as I said, throws out a challenge to us. A real challenge for us is to provide those more complex patients with the emergency care that they need and also to have configured behind the emergency department the bed stock and other services that are needed.

Inpatient activity: again that gives you a sense of what we did in 2007–08 across dialysis separations, cardiology, respiratory separations and others. It is important to note that we had an increase in the same-day procedures. These are same-day inpatients as opposed to multi-day inpatients. When we came to government about 48 per cent of the total inpatient experience was of a same-day nature. That is now 55 per cent, and that gives you a sense as well of the changing nature of the profile of the services we offer. I mentioned earlier on important improvements in the total length of stay, and you have got the numbers there, from 3.8 to 3.3 days.

In terms of what we are doing to meet these challenges and what we are doing to properly cater for the future, you can see there a very substantial increase — now a 130 per cent increase — in terms of acute health funding, from just over $3425 million to $7863 million, a very substantial increase. Nobody could argue that that was anything other than a very, very substantial increase in the recurrent resources available to our system.

It is not just about ongoing funding, as important as that is; it is also about capital infrastructure and the asset program, about ensuring that the quality of our buildings matches the quality of care provided by our staff. You can see there, off a very low base in 1999–2000, building to substantial investments. The 2006–07 number there represents the Children's project being brought to book; 2009–10 represents a range of capital projects as well as the orange there, which is the state's important contribution of $426.1 million to the construction of the comprehensive cancer centre to be located on the former Royal Dental Hospital site in Parkville.

In terms of elective surgery, this is a very important area for us. It is important for patients the state over, and we are very keen to ensure that we continue to reduce long waits and that we continue to do more elective surgery. It is not just about volume — again, that is very important — but it is about reforming the system. There are many different ways in which we have done that, whether it is the dedicated statewide elective

surgery centre at the Alfred, whether it is the recently opened elective surgery centre at the Austin Repat campus, whether it is the soon-to-be-opened specialist orthopaedic elective surgery centre at St V's, or a range of other programs, like the OAHKS program here or the OWL program. I think I spoke to you last year about the orthopaedic waiting list program. It is all about ensuring that people get the most appropriate care. That can often mean that the elective surgery a person is listed for, they do not actually need that ultimately. They are important programs as well — the right care at the right time.

Last year, as you know, was a record year in terms of episodes of elective surgery. In partnership with the commonwealth government — there is $35 million from the commonwealth and $25 million from the Victorian government — we had a target of 9400, and we in fact exceeded that almost to 13 500 additional episodes of elective surgery, breaking the 140 000 barrier in a given year for the first time.

In terms of our workforce, obviously we are only as good as our staff and we need to always look to be employing more of them and to be properly rewarding them for the work that they do. These are well-known figures. There are almost 9000 extra nurses, and that is what the graph shows you there — from just over 21 000 EFT to just under 30 000 EFT in our time in government. Hospital doctors are up by 2500. I could quote also a whole range of allied health numbers, together with ambulance paramedics nudging the 900 mark also. Again, I would have thought that on any fair measure that is a very, very substantial boost to the workforce that is so critical and so important to providing the very best care.

In terms of budget highlights this year, there is a $2.6 billion boost across health. It does not include the Parkville money I just spoke about a moment ago. Obviously there is a substantial and well-targeted asset program. There is also just under $826 million for boosting hospital services, whether it is in emergency departments, total inpatient growth or the 9000 elective surgery episodes I spoke about a moment ago, and of course the money that we announced just after the budget in partnership with the commonwealth government in terms of the PCCC.

In the coming year, as opposed to across the full estimates, there is a $220 million boost meeting additional demand and growing the capacity of the system and again boosting some of those important substitution programs I referred to earlier. There is also some additional money to commission new mental health services — $85 million — bringing to book the full effect of the beds package I announced last year. That is very, very important obviously in terms of patient flow and giving people the best care possible. There is the elective surgery boost I just mentioned, and there is a range of other programs totalling $8.3 million. There are some blood initiatives, issues around the reform of cardiac service delivery at the Royal Children's Hospital and some other matters that make up that $8.3 million.

In terms of our COAG commitments, there are many of these obviously in a portfolio as big as this affecting as many Victorians as it does. One example, and I think it is a shining example of what can be achieved in partnership with the commonwealth government, is the Closing the Gap indigenous health NP, which totals $56.1 million when you include a range of housing and other important programs. Our spend is $47.4 million over the next four years. That is real money, new money, and it represents without any shadow of a doubt the biggest boost in terms of indigenous health and wellbeing, or welfare services and programs, that this state has ever seen. We are proud as a government not only to sign the important charter last year to sign up to Closing the Gap, but then to deliver the money that is so central to that. That will be about smoking cessation, increased physical activity, a whole range of food and dietary issues — and, again, physical fitness is an important part of that as well.

Importantly, we are about training a culturally appropriate workforce to work not just for Koori communities but as part of Koori, Aboriginal-controlled health services, and those 35 additional workers will be trained as part of this package. There is also a million dollars to expand the very, very successful Koori maternity service at a further three sites. I hope I will get an opportunity to come back to this. There is a lot to be said in this space, and it is one great example of us doing what we need to do to meet the COAG commitments.

Just quickly, in terms of capital other than for the PCCC**,** the Alexandra hospital redevelopment is very important. That was a commitment made by Labor in 2006. This is obviously in an area that has been touched by the bushfires, and we are delighted to be able to provide, along with contributions from agencies, that $19 million for a brand-new hospital and a co-located ambulance station. The Ballarat Health Service is a very important regional health service. There is a big boost there of $20 million not only to expand the special care nursery but also to bring a new range of heart care, coronary care, to the Ballarat area.

In regard to the Bendigo hospital, again, I am proud of our commitment there: $55 million for a range of works that are all about taking a step towards a new hospital. Additional capacity will be built at the Geelong hospital: a ward, a theatre upgrade and some additional mental health beds. At Warrnambool hospital we are undertaking one of country Victoria's biggest ever capital works projects in the health sector, and stage 1c is funded in this budget as well.

Finally, in terms of infrastructure more broadly, I have mentioned $426.1 million being our government's important contribution. That was matched by the commonwealth government, and we are very pleased to have been able to secure that additional funding to build what we hope will be one of the world's top 10 comprehensive cancer centres. That takes the total state and commonwealth government contribution to $852.2 million. There are other moneys involved in that, and if I get an opportunity I hope to speak in more detail around these issues.

I think the Premier may have had something to say yesterday about Box Hill Hospital. In any event a very clear statement was made on budget day around the fact that as a government we are committed to a further stage in the redevelopment of that hospital. We are committed to the redevelopment of the Box Hill Hospital; we always have been. But we do need to wait and see what sort of further support comes to the state Victoria — beyond the comprehensive cancer centre — in relation to health and hospitals funds. That may well be a subject of the budget which is to be brought down this evening.

Just in summary, I would say to you that this is a strong budget for health. Very substantial increases in terms of ongoing funding, the next important steps in terms of capital funding and some highlight projects like the Parkville comprehensive cancer centre, I think make this, by any measure, a very strong budget for us to continue to support our doctors and nurses, ambulance paramedics and others to treat more patients and indeed provide better care as we go forward.

The CHAIR — Thank you very much, Minister. Let me begin as I have begun with other ministers, by asking you to talk about federal grants, because they make up a very significant part of the state budget, and which ones you are receiving under your portfolio in your department and agencies, both in terms of output and asset issues. I would also like you to provide, perhaps on notice, a departmental list of the details of those grants and the accountability mechanisms which apply to them. But perhaps now you could talk more generally — be as specific as you like — about the grants that you get from the federal government.

Mr ANDREWS — Thank you, Chair. It is a very important question, and we might need to supplement the reply, given the sheer scale of our overall budget. The key part is obviously the national health-care agreement totalling $60 billion. It is the most important of those agreements signed with the commonwealth government. That comes into effect on 1 July 2009. Victoria obviously has a very substantial share of that.

In terms of, I suppose, other important agreements, I can give you some general comments, but again these are national partnership payments, and many of them — in fact, all of them — are the subject of implementation plans that are to be agreed between state and territory governments and the commonwealth. But to run through those broadly, the national health-care agreement is one of those; that is signed off. But in terms of the national partnership agreements for hospitals and the health workforce reform, the provision of extra money is very important to help train and support states in terms of additional undergraduate places, clinical placements and all the other supports that are necessary to train the workforce that we will need going forward.

There is also the national partnership agreement for important preventative health. As you would know, Rob Moodie, a great Victorian, has been chairing the national Preventative Health Task force. It has brought down at least one comprehensive report. It is due to do more work. Perhaps we will hear a bit more in tonight's federal budget about some of the recommendations it has made. That is the second of the major national partnership payments. Thirdly, the national partnership agreement for Closing the Gap, which I have already referred to, and our matching component is there and is a highlight of this year's budget.

Finally, we have the national partnership agreement for NEHTA — or the National E-Health Transition Authority — for the core functions of that body, as we move towards a seamless IT system, basically an e-health system that links state-funded acute care and commonwealth-funded primary care, with all those wonderful benefits of your medical records following you rather than you having to tell your story a hundred times.

I can go through each of those in a bit more detail, but it may be best if we come back to you once the implementation plans have been signed off and give you further details. Obviously the commonwealth government and our government are very keenly aware that we are fundamentally accountable to the communities we serve in terms of the spending of that money and delivering outcomes against the important agreements that were struck at COAG last year.

Again we can probably give you a greater sense of the detail of those matters once the implementation plans have been signed off. Unless the secretary would like to supplement that answer, that gives you an overview of different areas in which additional effort will be made, and we are happy to come back to you with further details.

The CHAIR — That would be good. We are particularly interested in the accountability mechanisms. Of course you have a whole range of agencies — whatever the right word is — all the hospitals and — —

Mr ANDREWS — Funded agencies.

The CHAIR — Funded agencies, and they all have responsibilities, and we are interested in the accountability mechanisms that you put on them to achieve their outcomes.

Mr ANDREWS — We will be happy to come back to the committee with that.

Mr WELLS — Minister, I refer you to budget paper 3, page 90, outputs. I am very concerned about the accuracy of these numbers, something that you have a problem with — the accuracy of data. I am not sure if it is because you are incompetent or whether you are deliberately misleading Victorians — —

The CHAIR — I would like you to withdraw that. We said this morning we do not wish to use unparliamentary language.

Mr WELLS — I was just stating a fact. What are you talking about?

The CHAIR — So I urge you to take care in your language, please.

Mr WELLS — Which part of it was inaccurate?

The CHAIR — We are trying to not use language which causes offence.

Mr WELLS — Minister, I refer you to budget paper 3 page 90 and the accuracy of these figures. On 3 April this year Kathy Jackson, from the national secretariat of the health services union, claimed it was not true that you did not know about the issue of hospitals reporting incorrect data. She said that in a meeting with you in your office and your chief of staff in January 2008 she told you about inaccurate data reported by hospitals. She further said, 'But I did not really think I was telling the minister something he did not already know. On 5 May — —

Ms MUNT — Chair, I just seek clarification on whether this does relate to the budget estimates.

Mr WELLS — Hang on; I am getting to my question.

The CHAIR — Can you get to your question about the budget estimates fairly quickly?

Mr WELLS — On 5 May in Parliament you stated that the claims from Ms Jackson were incorrect; she was wrong. What is your version of the conversation you had with Kathy Jackson in your office in January 2008 and what impact did this conversation have on the figures that have been provided on page 90?

Ms MUNT — That is a fairly long bow to draw.

The CHAIR — I rule that question out of order and go to the next question. Ms Munt?

Ms MUNT — My question relates to the Parkville comprehensive cancer centre. Last Sunday a member for Southern Metropolitan Region and I walked in the Mother's Day Classic for cancer research. I think they were very excited about this wonderful new facility, as am I for all Victorians who unfortunately suffer from cancer.

You mentioned in your introduction you would like to give some more details about that, and I am very interested in hearing a fuller explanation of the what the centre will be and will mean.

Mr ANDREWS — That is a very good question, Ms Munt. I am pleased to answer it. I am very pleased to illuminate the committee on our government's record investment in cancer and saving lives, a question about the outputs and a question about health. I am very pleased.

This investment needs to be seen in the context of the $150 million cancer action plan which we very proudly launched last year, the Premier and I. This is about supporting the growing number of Victorians who are diagnosed with cancer each and every day, sadly, and trying to do more in terms of the total number of people who sadly pass away from cancer each year — the $150 million of new money and a comprehensive action plan with hard targets around saving lives and improving outcomes between now and 2015.

It is also important that we have the capital infrastructure, the physical infrastructure to support the world-leading research and the advances in treatment, and that we build a centre where all that is good in cancer, all the great work that goes on across the cancer control community, can be brought together under one roof, and we can get the economies of scale and efficiency dividends and benefits of that, and we can build what we hope will be one of the world's top 10 comprehensive cancer centres. This is only possible because of a partnership with the commonwealth government — $426 million each, together with some additional moneys. To give you some sense of the scale of this particular project, it will not just be Australia's biggest comprehensive cancer centre, it may well be the biggest in the Southern Hemisphere, and we are very proud to have been able to provide the record support needed for this important project.

In terms of the new facility, there will be 194 inpatient beds, 110 same-day treatment places, 8 medi-hotel beds as well, noting the increasingly ambulant nature of cancer care. There will also be — and this is very important linking back to some of the targets and the action within the Victorian cancer action plan — a dedicated, I think, if memory serves, 24-bed clinical trial space there as well, which is all about trying to do more to give more patients access to the latest therapies and the latest treatments, not just for their benefit but in an evidence-building way to, in an ongoing way, develop the cancer care that will save lives as we go forward.

In terms of growing the overall size of this particular facility, if we look at how much more work it will be able to do, it will have an important capacity to treat about 25 per cent more patients than are currently treated at the Peter MacCallum Cancer Centre or at the Royal Melbourne Hospital — from about 31 000 to a capacity of around 46 500. That again is an important boost in terms of giving our cancer doctors, nurses and others the physical space that they need to treat a growing number of cancer patients.

It is also about important cancer research. An important point to note is that there will be room, there will be the physical capacity to house up to 1400 cancer researchers — again making it Australia's biggest centre for important cancer research. So whether it is in terms of research, treatment and also training the workforce as necessary — so bringing those three important parts of cancer control together under the one roof — it is a truly unique and very important project, one we are proud to support and one where we are very grateful the commonwealth has entered into this partnership with us. It should be seen in the context of the Victorian cancer action plan.

Again this is for many in the cancer community a dream come true, something they have long wished for and worked very hard for. If I can take this opportunity, Chair, to thank all those involved at all those different agencies and the many others who, for so many years, have lobbied hard and worked hard to build the business case for this particular facility. It will be one that we can be proud of because it will be one that will be central to saving lives, both now and for many years to come.

The CHAIR — Mr Wells, have you had time to reconsider in light of Mr Dalla-Riva's — —

Mr WELLS — Mr Rich-Phillips will take the next question because it appears that this witness will receive the full protection of the Chair when it comes to questions from the opposition — —

The CHAIR — That statement is out of order.

Mr WELLS — It has been a waste of time.

The CHAIR — That statement is out of order. Mr Rich-Phillips

Mr RICH-PHILLIPS — Thank you, Chair. I do want to go to the issue of the accuracy of the emergency department and hospital data, which of course is the basis of a number of performance measures in the acute health output area. It was reported last May that as a consequence of the Australian College for Emergency Medicine survey you had undertaken to conduct a review of the performance data from emergency departments. It was then reported in August of last year in an article published in the *Age* that you would not set up an investigation because, to quote, you did 'not believe that this is happening' — being the issue of phantom wards. A month after that your department let a tender for an audit of emergency department data. My question is: firstly, did you undertake that review in May as reported; and secondly, what information came to you between your statement in August that you did not believe it was happening and September, when you commissioned the audit?

The CHAIR — Insofar as it relates to the forward estimates and the forward estimate targets and expected outcomes and actuals for the VEMD — —

Mr ANDREWS — Thank you, Chair. I think Mr Rich-Phillips confuses what is the audit of the Victorian emergency minimum dataset, or the VEMD audit, with the issues raised, which were many and varied — and I will come to them in a moment — from the college of emergency medicine. The VEMD audit does not come from issues raised by the college of emergency medicine — and I would have thought members of this committee would know this — it comes from not one, but in fact two reports of the Auditor-General. And the department and I felt that it was important, in an ongoing sense, and there has been much work done on this, to, as recommended by the Auditor-General, properly audit all data in the Victorian emergency minimum dataset — that is, all emergency department data right across the Victorian public health system. So the linkage is not right.

In terms of the integrity of data in emergency departments or anywhere else, I have made a range of important changes following issues at the Royal Women's and following issues that were outlined in the Auditor-General's report. They are separate in some respects to the college of emergency medicine's concerns.

The Department of Human Services — and Mr Wallace, who has direct dealings with the college in a broader sense, may want to supplement this — has always taken seriously issues raised by the college of emergency medicine. They relate to a whole range of different issues. Principally they relate to the way in which observation medicine units work — things like short-stay units — and much work has been done through our clinical network and through a range of different processes to deal with those important issues.

To bundle those issues together with the other issues raised that underpin the VEMD audit is simply wrong. I have met with the college on a number of different occasions, and I will continue to do so. We take their concerns seriously, and we have acted to deal with the important concerns they have raised. I ask Mr Wallace if he wants to add to that.

Mr WALLACE — I just add that the college wrote to me about some issues of concern that they had. They were mainly about definitional issues and clarification of departmental policy positions. Some of those were issues like when does treatment commence under departmental policy. For example, if you are in an emergency department and you then get taken to a cubicle, does your treatment commence when you are taken to the cubicle or does your treatment commence when a nurse first comes to take some more information about diagnosis? Does your treatment commence when an ED physician actually starts some other procedures, whether or not it be medication of some form? There were those sorts of definitional issues that they were concerned about. There were also some definitional issues they were concerned about with short-stay units, which were a relatively new introduction during the 2000s when Victoria introduced those along with other states in Australia.

We had a process to work through with them. We established a process. I met with senior people from the college. We established a process with departmental officers to actually work through to clarify guidelines, to try to get better treatment protocols for a range of conditions, to define very accurately when treatment first commences and to try to get a more consistent application of departmental policy across our emergency departments.

Mr ANDREWS — Chair, can I just say that if you went to the college of emergency medicine and asked them whether they were happy with the response that the department has provided to the issues they have raised, I think they would say that they were. It is a matter for them, but I think they would say they were. We

remain committed to working through issues that they raise. There were those that were raised in the past; there will be others raised in the future. We have a very good working relationship with the college, as we do with all learned colleges, and we will continue to work with them, because their aim is no different to ours — providing the very best care.

Mr RICH-PHILLIPS — When were those issues raised by the college resolved with the college — the issues that Mr Wallace spoke about?

Mr ANDREWS — There were a range of different issues. We have, for instance, put in place guidelines around the way short-stay units operate. Can I say to you — and it should come as no surprise — that perhaps the main concern at the college of emergency medicine was to see more beds funded. I was very proud, in addressing their concern before the end of last year, Mr Rich-Phillips, to announce $321.5 million worth of extra beds. I was very pleased to meet with the college and talk about that, and it would not be wrong for me to submit that they were pretty pleased about it too. That remains an ongoing concern of the college.

We work through issues that are raised by this college and other learned colleges each and every day, and obviously we will do that as we go forward.

Mr NOONAN — Minister, I want to ask about the dental package as part of this budget, and you made reference to it in your presentation. I refer you to budget paper 3, page 317, under 'Improving access to dental care', and I note some additional places there and better access, particularly in regional Victoria. I wonder whether you can outline for us what new funding exists in this budget and how access to dental care as part of this budget will be improved as part of that funding investment.

Mr ANDREWS — Thank you, Mr Noonan. That is a very good question and one that I know is of interest to you and your local community, and indeed to all of us, but certainly in the west of Melbourne the socioeconomic factors and other issues make oral health care even more important than it is perhaps across the board.

We have worked very hard as a government in partnership with our dentists, with the other health professionals who work in the oral health workforce and with Dental Health Services Victoria to grow the total amount of money we spend in terms of oral health. We have invested something like $1.1 billion in terms of oral health since we came to government in 1999. This year alone represents a $149 million investment, and, as you rightly point to, there is very important growth in terms of providing access to those patients who have waited longest in a number of different areas, and I will come to that in just a moment.

Again, as important as ongoing funding is, building the infrastructure is also important, and we proudly have increased the total number of chairs to 373 publicly funded dental chairs across the state; that is 110 more than was the case in 1999. We have also, importantly, supported a second dental school. The University of Melbourne does a fine job, but it has been the sole trader, if you like, in terms of training dentists and others. We have supported La Trobe University to grow its courses, and that is very important, particularly given that the majority of that training is in fact conducted in rural and regional areas.

The growth that you referred to relates to that. There are obviously a number of teaching clinics and teaching chairs that will have patient flow through them, and that represents around 14 400 additional treatments over the next two years. There is also a $3.5 million blitz, if you like, to provide just under 10 000 additional treatments — in fact 9600,or 9700, or around that mark — over the next two years in those areas where we have had the longest waits. I can confirm for you that includes Ballarat Health Service, Barwon as well, and Central Gippsland. The Knox Community Health Service will share in that as well, which I am sure will be of interest to those in the outer east, and the Latrobe Community Health Service in Moe. Frankston Hospital will also benefit, and so will Peninsula Health. Southern Health at Dandenong have got a very large clinic there, and they will benefit. Also in your own local community, Mr Noonan, the Western Region Health Centre at Footscray, which does a great job providing a range of different services and supports, often to some of the most vulnerable members in your area and indeed across the state, will benefit.

I will just go back to a point I made before about the second school or the second university being engaged in the training of our dental workforce. Many of the challenges we face around time to treatment and access are about putting the right workforce in place at the right time. Putting the second school in place and supporting that was the right thing to do.

That started both in terms of the bachelor of health science, dentistry and the master of dentistry at the Bendigo campus in 2008, with an initial intake of 50 students. We have also supported some of the critical training and treatment infrastructure in Mildura, in Wodonga and indeed in Melton. Last year's budget had $13 million in capital funding for those important satellite clinics, but also I very recently announced a 10-chair training clinic which is also a treatment clinic up in Bendigo.

Again, these initiatives are important and we should fully acknowledge that this will mean that more people will get access to the dental care that they need faster than they otherwise would have, but they should be seen again in the context of more than $1 billion worth of oral health care investment since we came to government. I acknowledge and the government acknowledges that we have more to do in this space, and this package is an important step forward.

Dr SYKES — My question relates to the provision of ambulance services in country Victoria, which can be comparable with the services provided to people in the metropolitan areas. I should say at the outset that I welcome the funding for Alexandra hospital and the co-location of the ambulance station there.

The situation in country Victoria is that there is a limited number of MICA-qualified ambos stationed in country Victoria, and they are often there without actually filling MICA positions. The word has gone around that those positions are now required in Melbourne, and so those MICA-qualified people feel under threat and see those MICA-qualified people who are in country Victoria, perhaps by default, being removed from the area.

There is a second issue of the reliance on community emergency response teams, known as CERTs, to meet primary response needs in growing communities such as Nagambie. My question is: what action are you taking to address this important issue of delivering equitable ambulance services to people who choose to live in country Victoria, I guess from a budget allocation point of view but I have also heard that there may be a review of service delivery going on out there?

Mr ANDREWS — Thank you, Dr Sykes. I acknowledge your long-term interest in ambulance services, and I think we had a bit to say about this last year. As you know, last year's budget had almost $186 million in additional funding, the biggest boost that ambulance services have ever seen. From a country point of view, very importantly, we brought together the three separate ambulance services to create one new Ambulance Victoria, so that every single Victorian could get access to the very best care. The planning, policy development and service delivery have been as consistent as possible, and having them driven by one agency is exactly the right way to go. I think that country communities, both large and small, have welcomed the move. We are rolling out services not just in the outer suburbs or interface communities but in regional cities and in small rural towns. A lot is happening in terms of ambulance services.

As I said, we are very pleased to have provided that funding last year. I am happy to come back to you on notice with some further details of rollouts in particular areas, but there were around 50 additional services provided, many of those in rural and regional Victoria. In terms of MICA, you have a situation where we are in the process and quite close to being able to roll out the single responder units, those rapid responder units, in Bendigo, Ballarat, the Barwon region and also in the Latrobe Valley. That is a model of care, if you like, that people in the inner city, in Melbourne, have had for years, since the mid-1990s. We are very keen to have that rolled out — I had a fair bit to say about this last year — and to be delivering that parity, if you like, the same access to the most rapid response for a mobile intensive-care ambulance paramedic in a car, not transporting patients but treating them. I think that is a great example of where our ambulance package and our efforts in ambulance are very much about ensuring that no matter where you live you get access to the best possible care. That MICA example is a very powerful one. I am happy to come back to you in more detail around our complete asset investment program and our additional paramedics.

You would remember that as part of trying to balance the workload, last year the former Rural Ambulance Victoria, now Ambulance Victoria, took a pool of money from overtime and determined to employ an additional 100 ambulance paramedics across rural and regional areas. That is very important for smaller towns. They are progressing quite well with in excess of 80 — I think 88 of those 100 are in fact on the ground now. I can get you some more details around that and again provide you with some further details around the rollout of our ambulance package. Can I just say in terms of MICA paramedics — and I have met many MICA paramedics and I have nothing but praise for the work they do — it is my experience that MICA paramedics are very keen to work as a MICA ambulance paramedics; they are keen to do the work that they are trained for.

It may be that, for instance, as part of opening the new helicopter emergency medical service down at Warrnambool, a paramedic from another country community, a flight paramedic in this instance, might seek to go and work there to get access into that brand new service. It may be that MICA paramedics who are not doing a lot of MICA work now may move into one of these single-responder units. Again, this is a pretty dynamic workforce. It may well be also that having one service means that one barrier for metropolitan paramedics who, for lifestyle reasons, might want to go and work in country Victoria, is now gone. There is one employer; there is one service.

Again, I think there is a litany of examples where we are trying to make sure that no matter where you live you get the best possible pre-hospital emergency care and the transport services you need, whether it is through the retrieval chopper, the Warrnambool chopper, the MICA SRU rollout out in large regional centres, additional branches, additional vehicles — additional ambulance paramedics in the broad sense. I hope that gives you some comfort in terms of the issue. We are very committed to country communities, not just in relation to ambulance services but right across health care, and I think our record is a very strong one. I know that part of AV's charter, part of the clear guidance that I gave the board when we formed the single service was to ensure that we continued to provide first-class care in regional areas, and that if we could improve it, we did.

Dr SYKES — Is there any actual review of service delivery, given the concerns that there is a perceived contraction of the MICAs back to Melbourne? You have given an explanation, but is there any actual review or restructuring of service delivery over and above the larger regional communities that you have mentioned?

Mr ANDREWS — Again, there is no review that would see country communities with less ambulance paramedics or anything other than boosted services.

AV would do reviews on a whole range of different things almost each and every day. I would think that there would be review work going on around the transition from three services to one. We are coming up to the first anniversary of that. I am happy to come back to you. I am not aware of any review that would do anything other than boost services to rural and regional areas. Again that is my commitment, it is the government's commitment and I think AV are equally committed to doing that. But in terms of critically looking at the way we deploy services across the board, I am happy to come back to you on that. That is probably the best way to go.

The CHAIR — All right. We will take that on notice.

Ms HUPPERT — Minister, I am interested in the BreastScreen digital mammography rollout. As Ms Munt mentioned, she and I have an interest in improvements in the detection and treatment of breast cancer. I notice on page 321 of budget paper 3 there is a line that there will be $10 million TEI invested in that program. Can you outline how this initiative will enhance breast screening services in Victoria and improve the early detection of breast cancer?

Mr ANDREWS — That is a very important question and one that is important not only in terms of cancer care but also important to Victorian women in a broader sense. At the election in 2006 we committed to the $10 million to roll out digital technology for BreastScreen Victoria. They do a fantastic job and are very well trusted, very well thought of by Victorian women and have been so for many years.

Just in terms of background to this, this is a very important initiative but it comes on top of very strong support from our government. The BreastScreen Victoria budget has gone from somewhere around $19 million to $31 million since 1999, and we are proud to have done that, noting of course that breast cancer is the no. 1 cancer killer of women. Around 703 women will die this year in our state from breast cancer, and I think there is something in the order of 3200 to 3500 cases diagnosed newly each year. This is a very substantial challenge in a cancer sense, in a women's health sense, and indeed in terms of health and welfare for the community in a broader sense.

We should be pleased to note the five-year symptom-free rates, so five-year cancer survival rates of breast cancer have improved markedly in recent years from 74 per cent in 1990 to 87 per cent in 2004. We would hope to improve that going forward. The way in which you do that is to provide the screening to do that early diagnostic work and to provide care and support to women in an absolutely comprehensive way, and that is what the Victorian cancer action plan does.

Part of that is supporting the workforce to make the best use of the best skills and giving the staff at BreastScreen Victoria and at many private providers that will be linked to this digital technology — that is, the hardware and software we are going to fund for them — is all about making the best use of those best skills.

There are a number of sites: six major screening centres will be upgraded as well as the urban mobile screening van — we have two screening vans and they are Australia's only mobile screening vans for breast screening — St Vincent's at Fitzroy, Monash Moorabbin, Monash Casey, NorthWestern at Parkville, NorthWestern Moonee Ponds as well as Gippsland at the Latrobe Regional Hospital, and the urban van — although I note that it is better described as the second van given that it supports communities like Kyneton, Seymour, Belgrave and Cranbourne. They are all important.

As I also mentioned there will be a link through software to 20 private and other public screening services that will get supporting IT so they can link into the new digital BreastScreen service. What this essentially means is it is a great outcome for women in terms of getting their screens faster, far more detailed screens, the ability to change those images, contrast and enlarge images — things of that nature.

Obviously there is no longer a need to develop film. It is not just good for women, it is much easier and simpler. It is great for staff also; some of the very dangerous chemicals that are currently used to develop the old film will not need to be used or there will be less of them.

I think this is a win-win for everybody — the workforce and women. We are absolutely delighted to be able to provide this $10 million boost. There were some who had raised concerns about us delivering this commitment. We have always maintained that we would deliver this. We honour the commitments we make and that is what we have done here. I know BreastScreen Victoria is very pleased to have received this money, and I know women who will benefit from this high-quality service will also be very pleased with it.

Ms MUNT — Will that allow the onsite screening facilities to integrate with the local health services, too, in a digital manner?

Mr ANDREWS — That is a very good point, Ms Munt. Rather than having to develop films, send it physically via a courier or give it to the woman to take where it needed to go, which is not a 21st century way of doing things, at the press of a button, via broadband connections, through basically an internet connection, they will be able to send that image in all of its detail to whomever needs to view that.

So a radiographer in a regional centre or in the mobile van would take the shot; it is then emailed to the radiologist in Melbourne — it could be anywhere, in fact — to then read that image and make a determination about whether that woman needs further testing and indeed further care. It is all about efficiency. As I said, it is all about making the best use of the best skills noting that we do have some workforce challenges in this part of the health system. This is just about giving our dedicated professionals the tools that they need.

Ms MUNT — That is fabulous.

Ms PENNICUIK — Minister, I am looking through the big area of your portfolio, and there are some statements in the overview and throughout the budget paper regarding preventive health measures with public health and immunisation scattered through. Are you able to give us an idea as to the proportion of the public health dollar that is spent on preventive measures as opposed to treatment measures, and whether that is going to increase as we move through the years given that obviously preventive health is a good way of reducing the other cost?

Mr ANDREWS — That is a very good question.

Ms PENNICUIK — Are there benchmarks that your department looks at from around the world or anywhere?

Mr ANDREWS — I will definitely get Dr Brook to supplement this. This is very much his area but it is of equal importance to me, and the point you make is a very good one: that unless we invest more both in terms of money, time and policy effort as well in terms of preventing — and that is both primary prevention, so trying to stop people ever getting type 2 diabetes; let us use that example for instance — or secondary prevention which is about the effective management of type 2 diabetes. That is all about better outcomes for that person, their

family, their workmates, their teammates, the community that they live in. But it also better for the overall health system. This is about, if you like, safeguarding the overall sustainability of the health system.

Ms PENNICUIK — I asked the question because it is a bit hard to tell from here where we are heading in that direction.

Mr ANDREWS — The public health output group will give you a sense of a number of different things that we do. I have just been talking about prevention. It is not quite linked to BreastScreen Victoria. That is more about screening and basically detecting breast cancer — it is about preventing death, if you like. But in terms of preventing illness, from a true health prevention point of view, there are a range of different things we do. If I can draw your attention to the Victorian Tobacco Control Strategy last year. There are some tobacco-related enforcement outputs here that are measured.

As part of the $150 million cancer plan we also announced the tobacco control strategy. That talks about a range of different changes. There are changes to the law around smoking in cars. There is a whole range of things we are doing. There is also a $10 million social marketing campaign — the biggest Quit campaign that Victoria has ever seen. That is directly about decreasing the adult rate of daily smoking from 17 per cent 14 per cent.

That is about saving lives, that is about prevention of cancer, respiratory illness, coronary disease and so forth. There are many different examples. As part of the national preventive health national partnership — the NP — there will be a new raft of different measures that we sign up to. There will be consistent accountability measures between each and every state. That is important as well. I am wondering whether Dr Brook wants to add to that answer. It is an important area. It is a very good question.

Dr BROOK — There is a methodological problem in trying to put a figure on who spends what on prevention. First of all, the state's responsibility in this area lies in several different parts of different output groups. For example, within the public health output group you could classify everything as prevention in one way — that would include immunisation and would include screening programs. They are really important early detection or secondary prevention issues.

But also there is a considerable amount of money but on a smaller scale which is spent on prevention research, such as the investment of $32 million a year into the Victorian Health Promotion Foundation, funding of initiatives like Life! for diabetes and funding of Go for Your Life.

The methodological problem is that the great majority of prevention and particularly secondary prevention spending actually occurs outside of the state health portfolio. If we look at the broader Go for Your Life program, where does one count bike paths or walking tracks in parks or beside roads? They are arguably far more important. Where does one count exercise and sport programs that are not counted in health?

The AIHW has been struggling with this for years. We sit on a group which is looking at national estimates of public health expenditure. All I can say of that is we would hope that we have better methodology next year, because no-one around the country seems to have been able to accurately estimate those elements of government expenditure outside of health which are genuinely part of improving health and improving socialisation.

You may look even within different portfolios of government, perhaps some unexpected. There is the $600 million committed for the WorkHealth initiative. That is a crucially important and very big initiative. You may also look to the COAG commitment of many hundreds of millions of dollars over a six-year time frame for the national prevention partnership, which will really not roll out at a state level until three years hence. But there will be commonwealth money going into social marketing campaigns regarding obesity, regarding child health and regarding smoking within the next year.

Having said that, you have also got to consider the non-government organisations, which are actually quite fundamental here, whether it is groups like the Cancer Council, which we sponsor for subsidiary activities, as it were, in Quit or SunSmart; whether it is the National Heart Foundation; whether it is other organisations like that or whether it is in fact the common or garden media.

The direct answer to your question is: the best way to look at it is to include the whole of the public health output group within our portfolio — that is, about $250 million — and about one-third of community health expenditure which goes directly on health promotion.

Mr ANDREWS — Could I just add to that: obviously, Ms Pennicuik, if you look at pages 104 and 105 there is the health protection output group with 183.3 and then the health advancement output at 68.9. Perhaps if I was to write to the committee and to you with just a few further examples of our primary prevention, secondary prevention and the other behavioural change work that we are doing, together with some of the other diversion programs which sometimes do not make it into the basket or are not counted or called primary or secondary prevention.

They are more about demand management in the acute sector, but they do have some added benefits in terms of preventing the onset and preventing some of the really complicated and adverse impacts of multiple and chronic illness.

The CHAIR — Write to the committee, actually.

Mr ANDREWS — Yes, of course.

Ms PENNICUIK — Could I just clarify one thing quickly, Chair? Thank you, Dr Brook. I understand the methodological problems. This has been a long interest of mine, but I was prompted very much to ask it today, because I was listening to someone on Radio National this morning, a doctor who has come over from the UK who has done a lot of work on cardiac prevention. They have collected a lot of data and it is pretty well encapsulated in their health. Anyway, I will be interested to see what the minister writes.

Mr ANDREWS — I will be happy to write to the committee.

Mr SCOTT — My question is in regard to the Bendigo Hospital. In budget paper 3, page 322, the government has outlined an initiative to redevelop the Bendigo Hospital. What steps have been taken towards this project and how will it benefit the Bendigo community?

Mr ANDREWS — We are very pleased to provide support to the Bendigo Health Care Group. It is obviously a very large regional hospital, providing support and care not only to people in the Bendigo region but also right throughout north-west Victoria, as people in Swan Hill and other communities to the north-west of Bendigo look to Bendigo for the specialist care that they often need.

As you would know, as all members of the committee would know, we were — the Labor Party, that is — the only party in 2006 to commit to a new hospital for Bendigo. We proudly made that commitment. We committed firstly to provide, I think, around $2 million in planning money. In the very first budget after the election we delivered that. That planning work was done. It identified the top priority for Bendigo Health Care Group was just under $10 million for an expanded emergency department. We funded that in the very next budget after the planning work had been done.

We are now into the third budget of this term, and we have provided $55 million, an important boost. We have basically determined the site of a new Bendigo Hospital.

We have provided the moneys within that $55 million to relocate an ambulance station that currently sits within that site. There are other enabling works, but there is also an important boost that will help to maintain, expand and improve the current fabric of what I hope will soon become the old Bendigo Hospital.

All of this has been met with the acclaim of the Bendigo community. I think the people in Bendigo, particularly at the health service — doctors, nurses, the other health service administrators there — are very pleased with this outcome. It is important to note that they have worked extremely hard over the last two and a half years and even going back before then, to make the case for this investment. It is a substantial investment.

As important as it is, I think it should be seen in the context of the support we have provided to Bendigo Health Care Group and the patients who turn to it for the care that they need. It is a very substantial boost of nearly 120 per cent more ongoing funding this 2008–09 year compared to 1999. It has gone from $58 million in the current support to $127 million. That is a very big boost. It is through that support that they are able to treat a growing number of patients.

This $55 million is not the only capital support we have provided. I have mentioned the $10 million for the emergency department. There is also $7.9 million for the Amcor redevelopment of a new 60-bed nursing home out at Eaglehawk. There was also — and this is a fantastic service in partnership with Peter MacCallum — the regional radiotherapy service, regional cancer service there. It is not just one linear accelerator and bunker; there are two providing care and support to a growing number of cancer patients right throughout the north-west.

On from that, in last year's budget I know Minister Neville was very pleased to secure $13.6 million for the Stella Anderson nursing home. That is about replacing that 60-bed nursing home adjacent to the existing one in Eaglehawk, together with a whole range of other important equipment — the tools, if you like, that our health service needs. I was very pleased to open the second linear accelerator in that second bunker.

One of the very first things I did when I became health minister was to travel to Bendigo to open that. The MRI machine, CT scanner, other equipment associated with elective surgery, the PAC (picture archiving and communication) system is about putting medical records online and some of the digital imaging we just spoke about in terms of breast screen. The list goes on.

There has been very strong support for the Bendigo Health Care Group, and that is the context of this $55 million going forward. When we do the policy and funding guidelines for the new financial year, they will again receive a funding boost, as every single health service across the state has in every single year. We are committed to the Bendigo Hospital, because we are committed to the community that looks to that hospital for the care that it needs, and it is no wonder that the community is pleased with this announcement, because it is about the next step towards a brand new hospital for that growing part of rural and regional Victoria.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3, pages 89 and 90 — in particular at the top of page 90. It is under the performance measure of admitted services under acute health services, and in particular relating to elective surgery and the targets that are provided there.

I want some clarification that, given accusations about the secret waiting lists and particular issues about use of 'not ready for care' lists, which go back as far as October 2007, and further allegations raised over the ensuing year about data manipulation of waiting lists by public hospitals, can you inform the committee of the accuracy of the data provided in the forward estimates — in particular, where you are expecting targets of 90 per cent, 80 per cent and indeed 100 per cent — to ensure that those data figures are not being manipulated and, if they are and have been, can you explain what action you have taken to ensure that this does not occur in the future?

Mr ANDREWS — Thanks, Mr Dalla-Riva. This is aggregate data and the department stands by this aggregate data, as do I. Following issues at the Royal Women's Hospital and a report from the Auditor-General tabled in the Parliament a few weeks ago, I made a number of announcements, and if I can run through those for you, that will give you a sense of what I have done and what the department has done to ensure and to enhance community confidence about the integrity of the data that in so many ways represents the performance of our system.

I announced that we would do six unannounced spot audits. That work has already started, and we are well on the way to having those six spot audits completed, and I will come back to that in a moment. I announced that a director of data integrity would be appointed, a senior public servant, who would have but one role, and that was simply to oversee the audit of those six spot audits and other audit work.

That other audit work was the important completion of the VEMD data audit that Mr Rich-Phillips asked about earlier on, the full ESIS audit — that is, the elective surgery information system audit — so that is all the elective surgery data: six spot audits, ESIS audit, the VEMD audit and any other audits that we might need to do. That director of data integrity would be in charge of that process and would drive that process.

The Auditor-General's report also raised some issues at the Latrobe Regional Hospital, and Paxton Partners, if they have not already completed, are certainly in the process of completing an audit down there around those issues, and that will again go to the director of data integrity. They are the audit steps I have taken.

I have also announced a raft of measures that are important in terms of the administration at a local health service level. For instance, I have made it very clear to chairs that it is my expectation and the expectation of the community that hospitals record their data accurately and that they have systems and processes in place to ensure the robustness or efficacy of any and all data that they provide.

Around those issues I have made it clear that I will require each and every hospital and each and every health service to make a statement in their annual report tabled in the Parliament as to the sufficiency of their processes. I will also make issues of data integrity a key theme in the statement of priorities to be signed for the 2009-10 year.

That, I think, is a substantial suite of important measures, but there are more. I have also disbanded the roughly $40 million bonus pool because there was a perception among the community that people may have been acting inappropriately in order to secure additional funds. That bonus pool has gone.

A small matter but I think an important one is our change towards making sure that every health service, where a patient's status changes, that patient will receive a letter notifying them and asking them to note that their status has changed. That effectively makes each and every patient an auditor of their own care. On any fair reading of that, that is a comprehensive range of steps.

They are important. They are about making sure that the community can have complete confidence as to the integrity of the data. This is aggregate data. The department stands by it, and I stand by it. In terms of individual health services, as will be reported in the Your Hospitals report, I await the completion of those six spot audits a certification from the director of data integrity about the results of those spot audits, and then we will make further announcements around the Your Hospitals report for the first two quarters of the current financial year.

I reject the premise of your question, and I stand by the data that is before you in terms of expected outcomes as reported on page 90 and right throughout the budget papers.

Mr DALLA-RIVA — You reject what I have said, and I understand what you have explained to me in terms of the process. The first thing is that it has taken a fair time to get it enacted but you have enacted a range of activities. The target outcomes for 2008–09 are 90 per cent, and in 2009–10 they are 90 per cent in terms of category 3 elective surgery. They are the same targets for category 2 and category 1.

What I am trying to get at is that the Auditor-General has identified a range of issues. Surely you are that confident that the target measures that you are achieving for 2009–10 — —

Mr ANDREWS — The Auditor-General has found an issue at one hospital, and that is the Latrobe Regional Hospital. That does not relate to elective surgery, it relates to emergency. It was not the Auditor-General but the women's hospital itself that found an issue which was then the subject of auditors appointed by me — —

Mr WELLS — So there are a number of issues that — —

Mr ANDREWS — The way this works is that you ask the questions, and I answer them. I am trying to get to answer your question but now you are talking over me.

Mr WELLS — The issue is the accuracy of the data.

The CHAIR — The minister is answering the question.

Mr ANDREWS — I am attempting to answer the question, Chair. Do I have the call?

The CHAIR — You have the call.

Mr ANDREWS — Very good, thank you. The women's hospital itself identified issues and auditors were appointed. So this notion that the Auditor-General has found inappropriate or manipulation in aggregate data is simply wrong; it is simply wrong.

Mr WELLS — He has found it.

Mr ANDREWS — Again, you have asked your question, and I will answer the question. It is simply wrong. The department stands by this data, I stand by this data. The auditors of the Royal Women's Hospital, Paxton Partners, found — and if I can quote:

> This understatement will not translate to a material misstatement of the statewide elective surgery information and indicators published in the DHS 'Your Hospitals' report.

Mr DALLA-RIVA — So there will be no not-ready-for-care lists floating anywhere?

Mr ANDREWS — I do not think you understand.

Mr WELLS — Answer the question.

Mr ANDREWS — I am answering the question.

Mr WELLS — Just answer it.

Mr ANDREWS — I am answering the question. Patients are made 'not ready for care' each and every day based on their clinical circumstances and based on their personal circumstances. They are not judgements that are made by me, they are judgements that are made by appropriately trained staff. People who are not ready for care at a local health service level may well be listed as 'not ready for care'. In the main that is a clinical judgement, or it is a reflection of personal circumstances experienced by that particular person. That is not something that I have any involvement in. I am not quite sure about the link that you are drawing. I think I have answered the question.

The CHAIR — Okay. I think we have answered the question. We will have some other answers in the immediate future.

Minister, I refer you to page 22 of budget paper 3 where it talks about your key initiatives. They are further elaborated on in the appendix to budget paper 3. I am particularly interested in beds, both additional acute beds and new sub-acute beds. Can you tell us a bit more about that, including the recurrent funding for this going forward, because it is obviously pretty important when it comes to meeting the growing demand on public hospitals?

Mr ANDREWS — This is a really important issue. It is about growing the raw capacity of the system. Late last year as part of the, I think, fair and balanced resolution to the medical enterprise bargaining agreement we also announced a very substantial boost to the overall capacity of our health system, $321.5 million over four years — a very substantial boost. That is to fund 276 additional beds: 100 additional acute beds and 170 additional sub-acute beds. That is the great strength of our system. No other state has the number of sub-acute beds that we have.

The CHAIR — That was 170?

Mr ANDREWS — It is 170; 100 in acute, 170 in sub-acute and 6 critical-care. It is a mixture of PICU, NICU and also adult intensive-care beds. That is a very big boost. That was a 'bring forward'. Basically, that money flowed from 1 January this year, and we bring that to book. That is why some of the numbers in the budget papers refer to the five-year effect of that beds package — basically, quarters three and four of the current financial year and then right across the forward estimates.

That is a substantial boost. It will allow us to treat many more patients, indeed up to 63 000 additional patients. In many respects it is the biggest single boost to hospital capacity that I can remember having been in and around this portfolio for a number of years, but it is a very substantial boost, certainly in dollar terms.

It is not just more beds in one part of the system. As I said, it is a balanced investment. There is a bit of policy thought gone into this as well. It is not just about growing the overall capacity, it is about models of care, driving efficiency, boosting each of the component parts of the inpatient experience, acute, sub-acute, critical care, playing to our strengths if you like. I should also say there is some money around adult retrieval and also newborn emergency transport services as well funded out of this package.

If I can give you a couple of examples of what this means for local health services: if you look to Melbourne's north the Austin Hospital shares in just under $7.9 million. That opens 34 beds — 10 acute and 24 sub-acute. If you look at Eastern Health, which I am sure is of interest to some committee members, just under $3.2 million. That opens 18 beds — 4 acute and 14 sub-acute. In my local community, which I share with a number of committee members — Southern Health — it has the biggest boost across the system for our biggest health service with 51 beds. Some have been critical of this; I cannot think why you would be critical of this. The health service certainly is not in any way critical of this; they welcome it, they are delighted with it. There are 51 beds — just over $12.7 million with 23 and 28 sub-acute, and I think there may even be some additional capacity in terms of critical care.

Again, it is not just in metropolitan Melbourne. Our large regional health services have benefited in this as well. All of them: Barwon, Ballarat, Bendigo, Shepparton and Goulburn Valley and also the Latrobe Regional Hospital.

I will give you one example: Barwon Health, $4.4 million, 20 additional beds, 12 acute and 8 sub-acute. This is a package that grows the capacity of the system at each of our major metropolitan health services, not just in the centre of Melbourne but in the outer suburbs and at our big regional health services. It is about treating more patients, it is about better patient flow and it is about moving people through emergency departments by growing the bed stock that sits behind those emergency departments.

But it is not just more of the same. It is playing to our strengths, it is investing in the different component parts of the system. It is a big boost, it is the right thing to do, and it will mean better outcomes for patients both now and in the years to come, Chair. Thank you for the question. This is a very important boost.

Mr WELLS — Minister, I again refer you to budget paper 3, page 90, regarding the accuracy of figures. It was claimed in March of this year that — the minister said that the secretary of DHS would take legal advice on what action would be taken against those involved in data manipulation in Victoria's hospitals. What is the result of this advice? Has action been taken against any staff involved in data manipulation in Victoria's hospitals to ensure that the data provided on page 90 is accurate?

The CHAIR — As far as it relates to the estimates — I really think it needs to relate to the estimates.

Mr ANDREWS — It is pushing it, but I am happy to answer it.

Mr WELLS — He said he is happy to answer it, so let us see if we can get an answer.

The CHAIR — I really do think it is pushing it. You really need to be about the estimates.

Mr ANDREWS — I preface that by saying the question is pushing it, but let me say — —

Mr WELLS — Let us see if we can get an answer.

Mr ANDREWS — Have I got the call, Chair?

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

Mr ANDREWS — Thanks very much, Chair. I might ask the secretary to supplement this given that it is she who has sought legal advice. The advice is not on disciplinary action against any individual. We do not employ people who work in health services, Mr Wells. I would have thought you would know that. The health service employs people; we do not employ people in health services, and there is no allegation that any member of DHS staff has done anything other than act in a fully appropriate way in relation to data — just to clear that up.

As a matter of course, if any report comes to the Department of Human Services that has any issue of malfeasance or inappropriate behaviour, it is as I understand it rudimentary, it is simply custom and practice that the secretary would forward it to Victoria Police or get legal advice, if you like, and then take appropriate steps. I would ask the secretary to supplement that.

Ms THORN — If I can add to that, the health service in question is undertaking a very detailed review of what happened, and its board will consider the findings of that review and whatever action it needs to take in consequence of that. I did seek legal advice about: was their any reason for me to make a reference to Victoria Police because of fraud or any other activity?

The advice I have received says that in order for anyone to prove fraud, you have to prove that someone, an individual, has individually benefited from the actions. There is no reason for any of us to believe that anyone has individually benefited from the actions, and indeed the Paxton report that the minister referred to before makes it very clear that there was in fact no benefit from the actions that were undertaken.

On that basis and given the action that has already been taken by the minister both in respect of broader issues around data and about that health service, I have made a decision that there is no need to refer this to Victoria Police, because my legal advice tells me it will not pass a test of fraud.

The CHAIR — In relation to the — —

Mr WELLS — Hang on, this is my question. Do you want me to ask a follow-up?

The CHAIR — I was just asking in relation to the forward estimates and the accuracy of the figures; you have not answered that, Minister.

Mr ANDREWS — I again stand by my comments earlier on. The department stands behind these figures, as does Paxton Partners in terms of making no link between issues of inappropriate behaviour at the women's and aggregate data. This is aggregate data. In terms of individual, health service by health service, data we await the findings of the six spot audits that I have set in place and a determination by the director of data integrity, appointed by the secretary, in coming weeks. Again I stand by the data, as does the department.

Mr WELLS — Just to pick up a point from the secretary, you are saying you are confident that no-one has personally benefited and as a result of that it would not be referred to Victoria Police on the legal advice that you received?

Ms THORN — On the legal advice I have received.

Mr WELLS — That is fine. The minister, though, has scrapped the $40 million bonus staff pool because — —

Mr ANDREWS — No, it is a pool to treat patients, Kim. It is not a staff pool. It is not a bonus pool for executives.

Mr WELLS — So there was no extra funding — —

Mr ANDREWS — No, it is to treat patients.

Mr WELLS — I am actually asking — — you the question about — —

Mr ANDREWS — It is a bonus pool for health services to treat additional patients. It is not a personal bonus pool.

The CHAIR — All right, I think you have answered that one.

Mr ANDREWS — Which I think you probably already knew.

Mr WELLS — I was just asking the question.

Mr ANDREWS — It is wonderful theatre, but I think you already know that.

Mr WELLS — I was just waiting for you to answer the question to make sure we were very clear about it all across the board.

Ms MUNT — Minister, could I refer you to page 104 of budget paper 3 under the heading of 'Health protection'. It is my understanding, and you can tell me if I am wrong, that the first confirmed case of H1N1 influenza has just been determined in Australia. Can you please advise me how you are addressing this particular issue; what measures are being put in place?

The CHAIR — And what measures are in the budget too, Minister?

Mr ANDREWS — Thanks, Chair, and thanks, Ms Munt, for the question. It is a very good question. This is a real public health challenge and one that has got a lot of media attention and a lot of policy attention as well in recent times, not just here in Australia but indeed right across the world. Ms Munt is correct to say that Australia now has its first confirmed case. A 28-year-old female who is actually a New South Wales resident travelling from Los Angeles to Brisbane was swabbed at the airport as part of the positive pratique process that has been put in place by the commonwealth government at each of our airports.

She was later found, using the good offices of the World Health Organisation collaborative at the Victorian infectious diseases reference lab, funded and supported by our government, to be positive for H1N1. It is what

is called a weak positive — that is, she was no longer infectious. It is also believed that she was at no point infectious while she was on the plane, having been ill on or about 27 April, having flown and arrived on 7 May.

As I understand it, there was a range of contact tracing measures put in place. She was, if you like, quarantined to home, but now that order, or that process, has been lifted. So that is a great outcome for her. It is also great for public health more broadly. But it does show you that what has consistently been said by the chief health officer, Dr John Carnie, by the federal minister and by the federal chief medical officer, as that person is known, that this would ultimately arrive here, was in fact accurate.

There has been a whole range of processes and different pieces of work done and different arrangements put in place. First of all, the most important thing in dealing with these pandemic threats is to have the full cooperation of the Victorian public. The Victorian public has been fantastic in coming forward to get tested — those who had a relevant travel history and those who had flu-like systems — and that has been very important, and the full cooperation also of the Victorian community and the Australian community in terms of time delays at airports, the thermal scanning and all those different systems and processes that are time consuming. I think people have been very accommodating and have understood that this is a serious public health issue.

In terms of steps that we have taken at a Victorian level, the chief health officer has written to all general practitioners informing them of these issues and giving them a sense of what the processes and protocols are. He has also written to various health professionals who work in our health and hospital system. They have been updated regularly, either through circular or through the DHS website, www.health.vic.gov.au. There have been many detailed briefings. Of particular importance are briefings with senior clinical staff from the 16 designated hospitals that have got negative-pressure rooms and that have got other services and supports and protocols in place to deal with a pandemic.

We have also ensured that a proper protocol existed between private pathology providers, GPs and the Victorian Infectious Diseases Reference Laboratory so that we did not have samples going missing, it was a properly coordinated process and we could have an accurate picture at any one time of how many were being tested, how many were negative to H1N1 and how many were pending. As I have mentioned, we fully cooperated by providing public health nurses and other staff as part of those positive pratique arrangements at Melbourne Airport, and we have also been very keen to do all that we can to properly cooperate with the commonwealth government.

Politics ought not come into these matters, and it never does. These are issues for the whole Victorian community and the whole Australian community. We are very pleased to have been able to provide substantial support in past years around the Victorian health management plan for pandemic flu — things like the upgraded at VIDRL, things like our own $4.5 million stockpile of medical supplies, not to be confused with the national stockpile that has something like 8.7 million courses of Tamiflu and similar antivirals and other medical supplies, and also very substantial investments around negative-pressure rooms and other physical facilities that are important in terms of dealing with a potential pandemic threat such as this one. Again we are on high alert, if you like. We are at phase — Dr Brook?

Dr BROOK — We are at delay phase.

Mr ANDREWS — It is important that we continue to do the work we are doing, but what is really important is that if any Victorian has got a travel history and has symptoms: visit your doctor, visit the hospital, ring Nurse-On-Call, get tested and then we will provide you with the care that you need.

Ms THORN — If I could just add to that, as an example of the alertness, one of our very senior staff had occasion to take his very small daughter to the Children's yesterday with flu symptoms. In the course of the examination it emerged that she had probably caught the flu from the child of someone who had recently returned from the United States. She was automatically treated separately and differently — you might call it mystery shopping; he was not intending to do that. The hospitals are certainly on alert and keeping their eye on anyone who attends with symptoms and examining not just their immediate family but who they are in contact with.

The CHAIR — Thank you, Secretary.

Mr RICH-PHILLIPS — Minister, you spoke earlier about additional funding for BreastScreen Victoria. I would like to ask you about the targets on page 105 of BP 3, which show a reduction in the target population

screened within the specified time frame for breast cancer. The target has been reduced from 60 per cent in 2008–09 to 56 per cent in 2009–10, and there is a footnote which states:

(b) 2008–09 expected outcome reflects the higher demand for breast screening services and ongoing workforce pressures. 2009–10 target has been revised to align with the current national average.

My question is, firstly, what does the reference to 'workforce pressures' mean and why would you be reducing the target to a national average?

Mr ANDREWS — This is a good question. Obviously there are pressures in this system, and I did allude to those a moment ago, in terms of the radiologist and radiographer workforce and others that are involved in this. I will get Dr Brook to supplement this answer in just a moment. He is most expert in these matters.

That is why, can I say, the investment of $10 million in terms of digital is so important, as I said earlier, in making the best use of the workforce we have, together with a range of other initiatives. We spend $40 million a year on a whole range of different workforce programs. I announced very substantial boosts only a couple of weeks ago in terms of rural and urban specialist posts for the next couple of years. There is a lot of activity in terms of training not just the generalist medical workforce but the specialist workforce as well. That is not just our responsibility, it is also the commonwealth's, but there is no doubt that there are workforce pressures, together with the fact that we have a growing cohort of women — that is, the target group of women between the ages of 50 and 69 is getting bigger and bigger each year.

Whilst our funding as a state government has grown, as I said before, from around $19 million to $31 million and there have been things like digital and some service delivery changes like the two vans and things like that, the commonwealth's contribution has remained reasonably stable. We would like to see that perhaps go up over time. There is a challenge here. One of the ways you meet it is through things like digital, through the other workforce programs that we have put in place in a broad sense, but also the Victorian cancer action plan — although it is towards the end of these forward estimates — funds 20 000 additional breast screens. This is a very important area, but it is challenging because the cohort is getting bigger and bigger each year. There is a review, as I understand it, of mammography or breast screening services that is currently being run by the commonwealth government, and we will eagerly await that. I think that probably answers the question in broad terms. But I will ask Dr Brook to supplement that.

Dr BROOK — Thank you, Chair. There is an Australia-wide shortage of both radiographers and radiologists in providing this and a number of other like services. This is a very big program. Ideally, every woman between the ages of 50 and 69 is targeted for mammographic screening every second year. It dwarfs any other radiological program of its type. It is a very big program. Not all women wish to participate, so the national objective in this arena is in fact only 60 per cent participation because it is not anticipated that every woman will participate.

The minister's statement about the nature of what is happening here is absolutely correct: it is something of a squeeze play. The cohort of women who are reaching the target age range of 50 to 69 is growing considerably as the baby boomer group moves through, and the capacity of the system to be able to respond to that is in fact quite limited. Things that we are doing, along with other jurisdictions, include looking at different models of workforce provision, so that rather than relying only on radiographers, who are the biggest problem group, we can look at a differently trained workforce, a more specifically trained workforce, under supervision, to look at better ways of using the available radiology — that is, the people who read the films — workforce. There are a number of ways that can be done.

That can be done through, and I think it has been discussed, using the benefits of modern technology and compressing data and being able to transfer images from one place to another where they can more easily be read. I do not think we should underestimate just how significant the provision of the first mobile digital service in Australia is. Using basically Telstra 3G — without the ad — we are able to transmit large packets of information such as have never been appreciated before and get a service performed in, say, Shepparton, read in, say, St Vincent's and almost instantly answered.

We are making use of that. There is a major review of what is called BreastScreen Australia, which is the overarching program, and we understand that the final report of that is with the commonwealth at this point in time, but it has not been publicly released. We are hoping that the reason for delay in its public release is because the commonwealth wishes to invest further in this area, but that is their call, and so we are not in a

position to confirm that. We actually have some significant issues to work through ourselves to try and generate more services to meet the growth in population in this area.

Just to remind you, this is a screening program; this is a program for women who have no symptoms, who do not have a family history of or think that they have breast cancer — for them going to other services is recommended. This is for people who are entirely asymptomatic, so as long as we can get this sorted we hopefully lose very, very little. That would be the ideal — that there is very little slippage in the program.

Mr RICH-PHILLIPS — Can I conclude from both your answers that the decline in the expected outcome for the current year which was expected to be 55 per cent versus the 60 per cent target last year reflects a constraint in supply for breast screening services?

Mr ANDREWS — I think what has been alluded to is a constraint in supply of an appropriately trained workforce. There is no constraint in supply in terms of funding, for instance, that is provided to agencies.

Mr RICH-PHILLIPS — No, availability.

Mr ANDREWS — It is the availability of the staff we need in order to provide these services. I will just add this: Dr Brook mentioned the mobile van, and I recently had the opportunity to be briefed on that van going into a number of remote indigenous communities if we have such a thing. We probably do not, technically, but some communities in rural and regional Victoria that have large numbers of indigenous women, and it is such a powerful example of where smart investment can really drive changes in culture, changes in outlook. That mobile van has now visited that particular community twice, and it is not just about breast screening; it is a whole range of health services, whether it is cervical screening, running tobacco cessation programs — all sorts of women's health programs now that run from that van. It is only possible because the van is there, so it should not be lost on anyone, the significance of that. It is a really important investment; we are really proud of it, and BreastScreen Victoria did a wonderful job with it. That is the rural one; there is also the urban one as well.

Mr NOONAN — My question follows on from the comments you have just made, because I wanted to ask a question about indigenous health on which you also presented us with some information in your overheads. I think you described it as the biggest boost the state has ever seen in this area. So with reference to budget paper 3, page 39, which outlines the National Partnership on Closing the Gap in Indigenous Health Outcomes, I wonder whether you can explain how the government is investing to achieve this outcome and what the government is expecting to achieve as a result of that significant investment.

Mr ANDREWS — That is a very good question, Mr Noonan. There are many fine words spoken about these issues, and words are important and it is important to say and to be clear about the fact that we all as a community are really concerned and fundamentally committed to closing the gap, the 17-year life expectancy gap, which is no different whether you are in Fitzroy Crossing or in downtown Fitzroy. These are as much issues for Victoria as they are for remote Western Australia, the Northern Territory or Queensland. It does not matter where you are in Australia, 17 years is the life expectancy gap. That is shameful, and again as I have said many times about many different issues, we can often be well measured by the way in which we provide for the most vulnerable — our Kooris, our indigenous men, women and children, can I say. With that life expectancy gap we do not measure up very well at all.

There are some good programs, and we are proud to have supported them, certainly during our time in government and I am sure there were equally good programs under the previous government. Whether it is the Koori maternity service or a range of other targeted programs to support indigenous citizens in terms of chronic disease, whether it is in general terms policies and programs that may make particularly our rural and regional health services but also our urban health services more culturally appropriate, I think there is a good story to tell here.

But fine words are one thing; good policy and good intent is one thing, but it is the funding that makes the real difference. I am really proud to be able to say that this year's budget delivers nearly $47.5 million as part of our contribution to the national partnership — concrete, important steps forward, whether it is in terms of smoking cessation, birth weight, diet, physical exercise, alcohol and other substance abuse; a whole range of different supports and programs that I think will pay dividends and will really empower indigenous citizens through improving their overall health status.

If I can just give you a couple of examples of programs we will be able to grow as a result of this additional funding before I talk about workforce to wrap up: this year — only very recently, a couple of weeks ago — I was pleased to go out to Dandenong North just outside my own local electorate and celebrate the 10th birthday of Koori Maternity Services. This is a really important program; one we are very proud of and one that is delivering results. It is about midwife and team-based care, where Koori women who were previously often getting no antenatal care at all and would present, for instance, to a metropolitan health service whilst in labour, are now getting access — a vastly higher number are now getting access — to the antenatal care, the birthing care that they need, and also importantly for their health and the life opportunities of their baby, the post-natal care that they need.

I will give you one practical example of what that means for Koori women and their babies. For participating mothers something like 85 per cent of babies born in this program have a birth weight of over 2500 grams. To compare that, it is a mere fraction of that if you do not participate. So this is all about really tangible outcomes, better outcomes for the mother, for the baby and indeed for indigenous communities in a broader sense. That is just one example. That has celebrated its 10th year. One million dollars of this money goes towards expanding that for a further three sites. That is literally, over a period of time, hundreds and hundreds of indigenous babies and their mothers better supported than they previously were.

I have spoken about smoking cessation. Just recently I announced outside these moneys — but, again, it is another example of our absolute commitment to these issues — $1.5 million over three years for two important demonstration projects that are about better integrating primary and other disease management care with a proper evidence base. All too often we do not have the evidence base we need in terms of indigenous health — what works, what will not work, how you make the case for further investment? Those demonstration projects are an important part of that, both the one at VAHS in Fitzroy and the one up in Mildura at the co-op there.

Again, as I said at the outset, words are one thing and they are important, but practical investment, effort and energy in partnership with the commonwealth government really is the key to closing that gap, to making a dent in that, to doing more to empower people. It is all about dignity, it is all about looking after the most vulnerable, and often our indigenous communities are the most vulnerable across our state.

I will just finish by saying in terms of workforce, as I said before, whether it is in terms of breast screening services or so many other parts of the health system, we are as good as the staff that we can recruit, and we are as good as the staff that we can keep in our system. So having the right staff in the right place is really very important — even more so when it comes to providing culturally appropriate care, not just for indigenous consumers but also those from a culturally and linguistically diverse background in many different ways, but certainly in terms of indigenous health care and providing culturally appropriate care, where there is trust, where there is support, where there is a bond and where there is a confidence to come forward and get the care that is necessary.

This package also supports the training of 35 of those staff to work in Aboriginal-controlled health organisations. That again should not be underestimated in terms of the power of that, again as we look to close the gap and provide better and far more appropriate care and, in turn, better outcomes for indigenous men and women and children across Victoria.

The CHAIR — Thank you for that, Minister.

Dr SYKES — Minister, my question relates to the tables on pages 89 and 90 of budget paper 3. It goes to the issue of areas of underperformance in achieving some targets and yet the preparedness of the government to commit more money to those sorts of programs. For example, on page 89 at the bottom of the page, you have 'Emergency patients transferred to ward within 8 hours'. For 2008–09 the target was 80 per cent and the expected outcome was 69 per cent. Similarly on the top of page 90, for 'Semi-urgent (category 2) elective surgery patients admitted within 90 days' the expected outcome was only 74 per cent compared with a target of 80 per cent. What is the situation there? You are getting underperformance compared with targets. Is that because of lack of money or is it because of lack of efficiency? In other words, is just throwing money at it going to solve the problem, or is there something else that needs to be addressed?

Mr ANDREWS — Dr Sykes, it is important to — —

The CHAIR — Minister.

Mr ANDREWS — Sorry. It is important, Chair, to acknowledge that we are faced with a situation where more people are presenting for the care that they need, increasingly. I spoke in my slides about the notion that that sort of acuity profile is changing. So sicker people are coming to us to get the care that they need. These targets are about trying to drive improvement. These targets are meaningful targets, but no-one has ever said that they are easy; no-one has ever said that they can be easily achieved. What I have always said is that my aim is to try to deliver improvement, to try to treat record numbers of additional patients and to treat them faster. That is not an easy thing; it is not an easy thing at all.

My real task, Dr Sykes, is to make sure that our doctors and nurses and the other dedicated professionals in the system have the resources that they need — and you alluded to money, and money is always important. That is why there is 130 per cent more money in the system today than on the very first day that we came to government. There is always more to do, there are always challenges, whether it is in relation to the workforce, in relation to the infrastructure, in relation to the — —

Mr WELLS — More to be done.

Mr ANDREWS — Yes, there is more to be done, with record funding from this government.

Mr DALLA-RIVA — More to do, more to be done — —

The CHAIR — Ignore the comments, Minister.

Mr ANDREWS — Dr Sykes has asked a very serious question.

The CHAIR — Please continue to answer it.

Mr ANDREWS — Dr Sykes, what I would say to you is: these targets are important; they are about trying to drive improvement. The two that you mentioned, for instance, if you look at — I think you referred to the bottom of page 89, which says 'Emergency patients transferred to ward within 8 hours'. If you look at the 2007–08 actual and the expected outcome in 2008–09, that is a 2 per cent increase — from 67 to 69 per cent. I fully admit that that is below the 80 per cent. But the other point to remember is, of course, that many more patients have been treated within the clinically appropriate time, given the total growth in the number of patients who are actually presenting for care. So there is more money, there is a real commitment — from the government, from the department, from individual health services and from the doctors and nurses who work in them — to achieve these targets and to bring about improvement. That indicator shows important improvement.

I think you also mentioned category 2 elective surgery and if you look at semi-urgent elective surgery, I think was the one you raised Dr Sykes, you look at the 2007–08 actual it is 70 per cent, the expected 2008–09 outcome is 74 per cent. Again, I fully acknowledge we have not met the 80 per cent target, but we are seeing improvement all the while we treat more patients in terms of elective surgery, record numbers of additional patients, as I alluded to in my presentation earlier.

Ms HUPPERT — I refer to the Nurse on Call program that you referred to in one of your previous answers. In budget paper 3 on page 89 we have been given the output for acute health services. We know that the Nurse on Call program has been designed to assist particularly with lower acuitive patients. Minister, could you give the committee an update on how Nurse on Call is operating?

Mr ANDREWS — That is a very good question, Ms Huppert. We have, as you know, supported Nurse on Call and Nurse on Call today has taken more than 1 million calls. It is a trusted resource, a trusted source of health information and advice. What it means is that more people are ringing to get the advice and support that they need. That is all about empowering people, giving people the information in a timely way. That is important.

What is also important is that it effectively saves time, saves resources, saves effort in our emergency departments and in our public hospital system. Previously, before Nurse on Call it would be not uncommon, in fact many thousands of calls were made each and every month, each and every year, to local emergency departments, seeking the information, the advice, the assistance that Nurse on Call can provide now, discreet and separate from the emergency department.

It is a very trusted resource, a trusted service. I note that a recent customer satisfaction survey indicated that 99 per cent of those who responded were satisfied with the service they got, so it is very highly and well thought of, and that is important.

I mention again that there is an issue about saving time and saving resources; making best use of our hospital resources, in terms of them providing care rather than providing information to people. I am advised that since Nurse on Call first began, just under 21 700 hours have been saved that would otherwise have been nurse time, other emergency department staff, and other health service staff — that is 21 700 hours saved that they have not had to spend on the phone providing advice, they have been able to get on with providing care to people.

That represents just over 2700 days in terms of effective time. That is another way of looking at it. It is a great service for individuals, for families, but it is also a great service for the health system more broadly.

I think that was seen very clearly throughout the heatwave that we experienced earlier this year when Nurse on Call and other telephone-based diversionary programs, if you like, to substitute for acute health care and the misuse of those important resources, coped very well and was a great source of comfort and advice to people.

In terms of bushfires, not so much during bushfires, but in the weeks and months afterwards, Nurse on Call has been a powerful resource there as well and most notably, as I referred to earlier, the H1N1 issue, there have been many calls to Nurse on Call as well, seeking advice.

So whether it is about the individual, the family or the health system and the sustainability of the health system, Nurse on Call is doing very well and we are very pleased to celebrate its birthday recently, and to celebrate more than a million calls. In fact, I am advised, for the record, that there have been 1 072 725 calls at last count. It is working and it is working very well.

Ms PENNICUIK — Minister, I am wondering will the government be providing resources to implement the recommendations of the *Rural Directions for a Better State of Health* report in relation to maternity services? And are you expecting any more rural and regional obstetric units to close in 2009–10, and if so, which ones?

Mr ANDREWS — This is a very topical question. The commonwealth government is currently conducting a maternity services review that has been the subject of a lot of press attention and stakeholder attention. There has also been, in our own media, recent reports around one particular rural and regional service that had to temporarily close because of senior staff going, one to sit his fellowship exams and another one that was simply on annual leave.

What I would say to you is that individual health services make very difficult decisions about the services they offer in their local area. They are charged, as individual statutory authorities, with providing safe and relevant care. Sometimes there are shortages of relevant workforce, sometimes it is simply the number of women seeking to birth at a given health service.

There is simply not enough demand to either retain the right staff or to give staff who are willing to continue to work there enough recency of practice and enough throughput, if you like, to keep their skills up. Those boards do have to make, in those circumstances, very difficult decisions at a local community level, and some of those decisions have been made.

Again, I think every health service, both executive but also the board, takes those responsibilities very seriously. The safety of the patient has got to come first. It is only if you can provide appropriate and relevant care that you would seek to offer that care.

I will get Dr Brook to supplement this. This is an area of expertise for him, in terms of his responsibilities with Rural and Regional Health. Whether it is the rural maternity initiative, whether it is last year's baby-boom budget in terms of capital works across the states and in the outer suburbs but also the very substantial growth funding — I think, if memory serves, $40 million across the four years — in terms of additional capacity, we are providing more women with choice, albeit there are challenges in some communities, and safety has always got to drive those issues; and it has got to be the main consideration.

I think boards and their senior executives discharge those functions, which are very difficult, well, and they are today supported in record terms. Never before has a state government provided more support for rural maternity services than our government does. We can always do more and we are committed to doing that.

Dr Brook might be able to add, just in terms of any trends, and any other comments he might want to make.

Dr BROOK — We did have some discussion about this last year, as you may recall, but I think it is important always in discussions of rural maternity to have a context in which to place the picture of rural maternity services.

People talk a lot about closure of rural maternity services, but they do not talk about the 43 health services that continue to provide maternity services — that is, births — across rural Victoria, and the seven hospitals that, while not providing births, do actually provide antenatal and postnatal care in their local community and refer to a reasonably close hospital for antenatal care.

Whilst it is true that there are services which have over time, for demographic reasons almost exclusively, not continued with maternity services, I think we can take great pride in the preservation and enhancement of rural maternity services to the extent that we are able. In fact, 85 per cent of women giving birth in rural Victoria choose one of 17 bigger hospitals, so there is an element here of personal choice, not just whether a service is available or not.

The main determinant of whether a hospital can or should provide obstetric services is most often not doctors. I have made this point a number of times. It is actually the capacity of the hospital to field a team of midwives, and to do that properly you need to be able to have three shifts of midwives in continuity. Three shifts of midwives does not sound much, but if you are a very small community with a very small hospital, and if that community has a workforce profile which is itself ageing, then that becomes a major problem for it.

Of course you need to have doctors who provide care, and if you are going to provide any form of complex obstetrics, you need to have some form of anaesthetic coverage and an operating theatre and the like. None of those things is any use unless both doctors and nurses have appropriate recency of practice, especially midwives.

As the minister said, what we have done in relation to rural maternity services, quite unlike other jurisdictions, is rather than saying, 'Here is a number' or 'Here is a place', we say, 'We are prepared to offer you what the sort of capability requirements you need to think about are; and if you have those capabilities, then certainly we will support you in the provision of the services that are appropriate for your local community. But if you determine that you do not have those capabilities — and one of those capabilities might be, for example, can you cope with an emergency and how would you would deal with that emergency; if you determine that or if your doctors quite genuinely are struggling because they themselves are growing old and they cannot field an out-of-hours group — then there are all sorts of local issues that might determine whether somebody does or does not'.

But when it comes to the major regional hospitals; when it comes to the further 11 or 12 major sub-regional hospitals, all of them provide vibrant obstetric services. That is not to say that we have not had some times — for example, a brief period at Seymour, and most recently a very brief period at Portland — where the services had to withdraw from low-level obstetrics for a period. We then try and offer all the support we can to recruit staff, whatever the case may be.

Mr ANDREWS — It is important to note, Chair, that the Seymour example is a very good one, where through a lot of hard work — and the department was involved in that — we have now got birthing services back at Seymour hospital, and that is very important.

What I would say is that I am happy to write to the committee around the rural maternity initiative, which is a wonderful program that links women, and often small country health services, with larger country health services and with a medical and midwifery workforce in teams to provide choice and provide care.

There are a lot of really great examples, particularly in the Goulburn Valley, over in the far west of the state as well, where we have some very great outcomes where we have linked the hubs both ways, if you like — larger hospitals, which themselves are not big, with smaller health services, team-based care, obviously for low-risk pregnancies: that 70 per cent are low risk. It is not just a matter of reading some report written by

somebody, and I am pleased to do it, it is speaking with mothers, speaking with midwives and with doctors in those communities, and they are very pleased with the outcome. Chair, we might provide you with an update on how the RMI is working.

The CHAIR — Thank you for that.

Ms PENNICUIK — My question was: were you expecting any to close? I accept the answer you have given, particularly Dr Brook's, but I would like to know: are you expecting any more to close?

Dr BROOK — Are you asking: are there any planned closures or restrictions? No, there are no planned closures. The only recent issue we had was at Hepburn health. That is a decision that hospital has made where it is very close indeed to other service providers. We do not have any program of closure of obstetric services at all — quite the reverse.

Mr ANDREWS — There were literally, in that example, a handful of women who were seeking to birth at Hepburn.

Mr SCOTT — My question is regarding palliative care, and I refer the minister to page 89 of budget paper 3, which indicates the output 'Palliative care bed days'. Can you outline how the government is supporting patients requiring palliative care through inpatient and home-based or community based care? I will declare a slight conflict of interest in that my mother has worked in this particular area with the mentally ill over a long number of years, but not in palliative care.

Mr ANDREWS — That is a very good interest to have to declare. That is a great question from Mr Scott, and I acknowledge his long-term interest in these matters. Providing dignified end-of-life care and support, not just to the consumer, the client or the patient but also their loved ones is all about empowering people. It is about giving people choice; it is about really supporting people at their most vulnerable, and there can be no time when you are more vulnerable than in those last weeks, months and years, even, of a terminal illness.

Cancer is often the focus of palliative care, but it is not just cancer, it is a range of other important conditions, and across the board we have been pleased to boost palliative care hours and palliative care bed days but also to support greater choice in terms of palliative care, whether it is inpatient or acute services or what is referred to as community palliative care.

There has been a substantial boost there as well. What we know from talking to consumers, from talking to their loved ones — from listening, basically — is that people want choice; they want to die in the place of their choice, and they want to be supported to do that. That is not an easy thing. That is a very big challenge, particularly in the outer suburbs and particularly in rural and regional areas. We have proudly supported that choice, whether it is through infrastructure investments — Wantirna Health in the member for Scoresby's electorate, or if not, very close to it — —

Mr WELLS — Very close to it.

Mr ANDREWS — The old Wantirna drive-in site, a fantastic facility — 50 per cent subacute beds for aged care, 50 per cent palliative care beds — with the co-location of outer eastern community palliative care, a fantastic facility from the ground up. It is about choice; it is also about recognising the new model of the way palliative care is offered. It is often referred to — people will go in for a tune-up, if you like — as episodic care. It is not necessarily one block of care. People go in, get the care that they need, and that kind of sustains them for a period of time. There will come an end-of-life period, and that can be inpatient or at home.

What I am saying is more money, brand new and important facilities, more choice and innovative models of care, innovative ways of providing what really is so important to so many people. In terms of additional hours, there is an important boost in the budget this year. One example is $1.7 million for palliative care funding for Melbourne Health which will support in your own local community, Mr Scott, out in Melbourne's north, 10 new palliative care beds at Melbourne Health. That will provide around 3000 additional palliative care bed days. It is very substantial; many patients and their families will get the support they need through that model.

This year — in 2009–10 — we will invest around $80 million on palliative care across all different settings. It is not just about direct care; it is also about medical and nursing, often nurse practitioner consulting services, so putting in the expert workforce. This is a growing discipline and one where there are certain needs, and you

need to have the skills and expertise to provide this care. It is a very challenging environment to work in and we are very grateful to a growing workforce. But those moneys include workforce strategies as well.

I did note that it is not just about cancer. There are many other conditions to which palliative care is important but the Victorian cancer action plan did provide a $3.6 million boost for these services as well as some workforce supports, particularly in rural and regional communities, noting that that is very important to providing care and to providing options.

Whether it is a fact that by 2011 we will provide a minimum of five medical palliative care trainee opportunities each year in accredited palliative care training facilities, or things like the nurse practitioner program which we have supported and will continue to, there are many different examples, many different ways in which we are supporting with not only additional funding but also additional training opportunities. We have the right workforce as well as capital works to grow these services because we know how important they are to people, often at the darkest hour in their lives.

Listening to the consumer voice is very important as well, and we do that to try to make sure that we build the best possible service system.

Can I say that it is not just in Melbourne or the outer suburbs, regional Victoria really has benefited not just in cancer, but that is a leader in it, in terms of additional effort around palliative care, and we remain committed to growing the overall funding that we offer, growing the workforce, growing the supports that we offer to both inpatient palliative care and also community-based palliative care.

As I said before, the most vulnerable and how you provide for them can sometimes be a fair measure. I think this is a good outcome but one where we can do more and indeed we are committed, through the VCAP and through other processes, whether it is in terms of paediatric palliative care, whether it is in terms of the overall palliative care framework which we are in the process of looking at, together with budget outcomes. I think there are some good stories here of providing support to people when they are at their most vulnerable but we can always improve; we can always drive better outcomes and we are committed to doing that.

The CHAIR — Thank you, Minister.

Mr DALLA-RIVA — I refer the minister to budget paper 2, page 49 and if I could have a look at the last PowerPoint slide.

Overhead 'Investment in health infrastructure' shown.

Mr DALLA-RIVA — Just in the last dot point, Minister, and budget paper 2. It relates to the use of cash resources and the application of cash resources, in particular the Box Hill Hospital redevelopment proposal. I understand from the Premier's presentation yesterday, in which there was reference to the Box Hill Hospital being a consideration, I want to get some clarification into the forward estimates.

There are two lines in terms of 'net investment in fixed assets' and 'expenditure on approved projects', which are $4.5 billion and $7.1 billion et cetera. Under that is 'capital provision approved but not yet allocated', and that is in the forward estimates of $262 million in 2010–11.

I am trying to get some clarification from you, given that you have said 'committed to a further stage'. I would assume you obviously have some money allocated. Where is it within the budget you are proposing it would come from? Is it from expenditure on approved projects or is it from capital provision approved but not yet allocated? Depending upon which one it is coming from, when do you expect the rollout of the Box Hill Hospital to proceed?

Mr ANDREWS — Can I say to you, Mr Dalla-Riva, that issues around the allocation of unallocated capital are not matters for me. They are matters for the Treasurer, and I think you had him before you for 3½ hours this morning; the Premier before you for about that time yesterday, and I understand there was a debate about these matters, as there usually is. It is not for me to unpack unallocated capital or to rebuild the budget for you. That is not my job. What is my job is to ensure that we have the best possible fabric, the best possible facilities right across the state.

Mr DALLA-RIVA — I am talking about Box Hill.

Mr ANDREWS — I will come to Box Hill. We have consistently said that we are committed to the redevelopment of the Box Hill Hospital. Stage 1 is completed — very important. In terms of further stages, as the slide shows there and as a media release not from me but from the Premier and me on budget day made very clear, we remain committed to a further stage of the redevelopment of the Box Hill Hospital.

Mr DALLA-RIVA — So it has not come out of — —

Mr ANDREWS — It is not for me — —

Mr DALLA-RIVA — It is not in the approved projects?

Mr ANDREWS — Hang on. Let us read the slide 'awaiting details of first round funding allocated by commonwealth government from the health and hospitals fund'. That is very clear. We are awaiting — and we will only have to wait a few more hours — in relation to the commonwealth budget to see not just whether there are allocations for this project. That point is making a broader point. What are the moneys that will come to our state for health?

Indeed it will not just be health that people wait on tonight; it will be a whole range of other important infrastructure projects — from the Building Australia Fund, from the education fund I think, from all manner of different funds that the commonwealth government has set up.

What is clear is that there can be no doubt that this government is committed to the redevelopment of the Box Hill Hospital.

Mr DALLA-RIVA — When?

Mr ANDREWS — There is no doubt about that.

Mr DALLA-RIVA — I have asked you pretty much — —

Mr ANDREWS — Would you like me to read the slide again?

Mr DALLA-RIVA — Yes, read it.

Mr ANDREWS — 'Awaiting details of first round funding'.

Mr DALLA-RIVA — That is great.

Mr ANDREWS — Could I be any clearer?

Mr DALLA-RIVA — But I have also given you the forward estimates on page 49 of budget paper 2, there are — —

Mr ANDREWS — And I have indicated to you that it is not for me to unpack those issues.

Mr DALLA-RIVA — So I gather from your statement, Minister, there is no state funding in the forward estimates for this statement here?

Mr ANDREWS — How can you gather that?

Mr DALLA-RIVA — Because I have just asked you the question! I have asked you the question about expenditure on approved projects. You said there is none for Box Hill and the provision — —

Mr ANDREWS — The allocation of unallocated capital is not a responsibility of the health minister. Can I put it to you with the greatest respect that that does not mean what you have just said it means.

Mr DALLA-RIVA — But you have not answered the question that I asked.

Mr ANDREWS — It is not a question for me to answer. It does not fall within my responsibility.

Mr DALLA-RIVA — So who should answer it?

Mr ANDREWS — The witness you had before you for 3½ hours this morning, Mr Dalla-Riva. If you did not have the presence of mind to ask him, that is not my responsibility.

Mr DALLA-RIVA — I guess there is more to be done in this committee. The realities are that Box Hill Hospital is not going to get developed.

Mr ANDREWS — You want to do a bit of work on your questions, because it is not for me to answer for the Treasurer. I have made that point.

Mr DALLA-RIVA — You have got all this money allocated and you are not going to do it, you are not going to build it. It is just more spin. There is no money. You are waiting for Rudd money again.

Mr ANDREWS — Where this has finished up, Chair, is where Mr Dalla-Riva always hoped it would — that is, him being able to make a claim that this government is not committed to the redevelopment of the Box Hill Hospital.

Mr DALLA-RIVA — You are not.

Mr ANDREWS — In saying that, he is wrong.

The CHAIR — I want to ask you about major trauma patients. I refer you to page 89 of budget paper 3. You will see there, under 'quality major outputs and deliverables', 'major trauma patients transferred to a major trauma service'. There are percentage targets there. I just want to ask you: what in the budget do you have to deliver that particular output and to support trauma services here in Victoria?

Mr ANDREWS — Thank you, Chair, that is a very good question. Can I say to you that I think all of us across the state are very proud of the work of our trauma surgeons, our other medical staff, nurses. But can I single out — sometimes it is unfair to do this — our ambulance paramedics, particularly our flight paramedics, both rotary and fixed wing. We are all proud of the work they do. We see it on television. There are many different TV shows that are dedicated to this really important part of the overall health care system. We can be very proud of the work that they do, but it is important to support them, and it is important as well to gather evidence and see what the outcomes of that investment mean.

There are about 2000 major trauma patients treated at one of the state's major trauma centres every year, noting we have three major trauma services — the Children's, the Royal Melbourne and the Alfred. On from that, though, under some work — to give credit where it is due — that was done by the previous government and implemented by our government under the RoTES review, there is an integrated system, a statewide system, where you get properly escalated levels of care.

The whole health system works together to provide you with the trauma care that you need no matter where in fact the injury occurs — noting that it is not just motor vehicle, it can be an industrial accident; it can be any manner of different issues.

The CHAIR — Bushfires.

Mr ANDREWS — Bushfires, indeed, and I will come to that in a moment. Great staff, the best trained in the world, very strong support, a proper service framework where the whole system does not operate as individual health services but truly as a system, including ambulance and really substantial outcomes, really important results. You see those numbers reported in the budget, as you referred to them.

The bushfires — there were around 800 fire-related emergency department presentations and about 130 fire-related admissions. Within that number there was a cohort of very seriously injured people. The Alfred, both in its capacity as one of the three statewide trauma services but also our burns centre and one of Australia's leading burns centres, provided care to 21 of those most critically injured patients — 9 in intensive care and 11 in the burns unit.

We saw the pictures of the Ambulance Victoria choppers landing on the helipad at the Alfred, transporting those critically ill patients. Ambulance Victoria was a very important part of that. That is just one example of the kind of support that the Alfred and its contemporaries can offer.

Importantly — and this bears out the example around the system working together — in order that the Alfred could focus on those burns patients, the Royal Melbourne Hospital stepped up and took much of the trauma load, the non-bushfire-related trauma load that the Alfred would normally have had to share. The Alfred stepped up in a true system-wide sense and created the room, if you like, for the Alfred, both the ICU and other services, to cater for those critically ill burns patients.

I am very pleased to note that, as announced in the budget, there is a $1.1 million boost— a modest boost, but it will be of real importance to the Alfred burns unit — to upgrade the very important facilities there. These are inpatient facilities up on the ward as distinct from the ICU. That is an important development around improving infection control. We know people who have got very severe burns are the most prone to infection. It is about improved patient amenities and also some support around rehabilitation facilities — their own dedicated gym, for instance.

We are very pleased to have supported trauma services, pleased to have implemented and supported in an ongoing way a really good policy framework — it is a great system — and also to give all the component parts of that system the support that they need.

To give you a couple of further examples, in due course we will open the biggest ever emergency department redevelopment in the state's history at Melbourne Health — one of our state trauma services. Earlier this year I was really pleased to officially open the new Alfred intensive care unit — $25 million; an absolutely magnificent facility with more space, three dedicated pods to do the cardiothoracic transplant work, trauma and the non-trauma work; so three discrete areas, a lot of preparation and a lot of research. It is a fantastic facility to work in and provide care to the most critically ill.

I have already mentioned in answer to Dr Sykes' question earlier around air ambulance services that there will be not one but two new emergency helicopters — one adult retrieval, neonatal and also paediatric — but also putting the additional chopper down at Warrnambool and also providing ongoing support for the fixed-wing fleet — nearly $46 million. The list goes on and on.

The beds package I spoke about before is also about growing our capacity. The budget papers again do not show investment but they show above-target outcomes and we are very pleased with that. The real credit belongs to our dedicated workforce across the spectrum of trauma care who work in such a high-pressure environment, such a personally challenging environment, providing care and saving lives.

Mr WELLS — In relation to the Royal Children's Hospital project, given the claim in March of this year by the project director that there would be an additional $150 million in extra design and construction costs and, further, that the Auditor-General raised a concern that a $35 million donation expected to come from the Royal Children's Hospital Foundation and underwritten by Babcock and Brown International has not been paid by the due date, can the minister show us where in the budget papers these funds have been accounted for?

Mr ANDREWS — Let me indicate that there are some who have a very long history of criticising this project.

Mr WELLS — Who are you referring to?

Mr ANDREWS — Nobody in the Labor Party.

Mr WELLS — Who are you referring to?

Mr ANDREWS — We have funded this project — —

Mr WELLS — Who are you referring to?

The CHAIR — Can you allow me to chair this, thank you very much.

Mr WELLS — Who are you referring to?

Mr ANDREWS — You know who I am referring to.

The CHAIR — The minister, to answer the question.

Mr WELLS — I have asked you a question. Just tell me who you are referring to.

The CHAIR — Please do not interrupt.

Mr ANDREWS — We are proud supporters of this project. This is an important project. Mr Wells quotes from the Auditor-General's report. He fails of course to mention that the Auditor-General made it very clear that this project is on time, is on budget, is a first-class project and represents best value for every single Victorian.

Mr WELLS — Are you going to start addressing the part of my question, please?

Mr ANDREWS — Again, you have asked your question and I will answer it — —

Mr WELLS — You have given me the spin and the rhetoric. What I want is an answer to my question.

Mr ANDREWS — I hardly think — —

The CHAIR — Just a second, Minister. Mr Wells, could you desist from interruption?

Mr WELLS — He made an accusation about who supported and did not support it, so you must expect interjections when the minister is going down that path. Are you going to bring him back to answering the question?

Mr ANDREWS — I am answering the question. If I can get a word in, I am answering the question.

The CHAIR — All you are doing is causing problems for Hansard and interrupting. The minister to answer the question please, without assistance?

Mr ANDREWS — Thank you, Chair. I hardly think the Auditor-General is into spin. I am quoting from the Auditor-General. I am referring to the Auditor-General.

Mr WELLS — No, I am accusing you of the spin.

Mr ANDREWS — I am referring to the Auditor-General who finds that this is a best-value project and is a first-class project and one that we as a government are absolutely proud to have been able to provide support for.

The premise of the question is that a payment from Babcock and Brown has fallen due. It has not fallen due. That is the advice I have. What is more, my department is working with the board of both the Royal Children's Hospital Foundation and the Royal Children's Hospital itself around these issues, and we are very confident that there will be no shortfall in relation to this project. The Auditor-General himself finds that the project is on time, is on budget and is a first-class project — and one we are delighted to support. Again, others have been critical of this project. I am not one of them. I am a proud supporter of it and the first-class paediatric care that it will offer.

Mr WELLS — With respect, the first part of the question was in relation to the blow-out in costs of $150 million in extra design and construction costs.

Mr ANDREWS — There is no blow-out. I have just indicated to you that the Auditor-General finds that it is on time and on budget. Could I be any clearer?

Mr WELLS — So you are saying that there is not a $150 million blow-out in extra design and construction costs?

Mr ANDREWS — What I am saying to you, Mr Wells — —

Mr WELLS — Is that a yes or a no?

The CHAIR — The minister to answer, please, without assistance.

Mr ANDREWS — Mr Wells, I can hardly be clearer. If you do not want to take my word for it, that is fine.

Mr WELLS — It is just that you have trouble with numbers. That is why I am querying you about it.

Mr ANDREWS — Do I? Tell us about the unallocated capital? How are you going with that? Have you got capital and recurrent worked out yet?

The CHAIR — Thank you, Minister; that is unnecessary.

Mr ANDREWS — Let's be very clear about this.

Mr WELLS — What are you talking about? Unallocated capital? We have moved on from the Box Hill Hospital. Unallocated capital in regards to Box Hill Hospital — —

Mr ANDREWS — There is no $150 million.

The CHAIR — Mr Wells — —

Mr WELLS — He is asking me about unallocated capital. What has that got to do with $150 million for the Royal Children's Hospital?

Mr ANDREWS — Have you worked it out yet? There is no $150 million issue, as you describe it.

Mr WELLS — What are you on about?

Mr ANDREWS — Do you want an answer or don't you?

Mr WELLS — What's the $150 million?

The CHAIR — Mr Wells, thank you. I do not wish for any more assistance from you. The minister to concentrate on the answer, please, without any distraction.

Mr WELLS — Thank you. It is about time you brought him back to the question.

The CHAIR — Just a second. I have said six times in the last five minutes to you, Deputy Chair, stop interrupting, and as soon as I asked the minister to answer the question, you again interrupted, so I ask you once again to desist, please. The minister to answer.

Mr ANDREWS — Mr Wells has referred to, as he sees it, a $150 million shortfall. If he is not prepared to accept an assurance from me that that is not the case, then he need only read the Auditor-General's report that was tabled in the Parliament last week, which clearly he has not done. He has read only the bits that have been provided to him by the shadow minister. It is on time and on budget.

Mr WELLS — So are you saying — —

Mr ANDREWS — The Auditor-General is saying that.

Mr WELLS — So there is not a blow-out of $150 million. Are you saying that there is not a $150 million blow-out at the Royal Children's Hospital?

Mr ANDREWS — Read the report.

Mr WELLS — Are you saying — I am asking you the question.

The CHAIR — The minister has answered question.

Mr ANDREWS — I have answered the question.

Mr WELLS — Can you summarise what he said, then?

Mr ANDREWS — On time and on budget. That is my answer.

Mr WELLS — You are not very good at numbers; that is why I thought I would check it.

Ms MUNT — You have referred in passing to the ambulance services in Victoria. I would like to refer you to budget paper 3, page 93, that details a range of performance measures, outputs and deliverables. Can you please outline what the government is doing to ensure that Victorians continue to have access to the highest possible ambulance services?

Mr ANDREWS — Thanks very much, Ms Munt. This is an important question and these are important services, as we have already alluded to I think in the context of trauma and some other answers, particularly for rural communities, but right across the state. As you know, last year, the biggest ever boost of nearly $186 million, 258 extra paramedics, new and upgraded services right across the state, both in the air and on the ground. I have already referred to some of the air ambulance investments.

That additional money is very important and it is appropriate, given that our paramedics, the best paramedics in the world, are in fact responding to record numbers of cases — 706 000-odd last year. That is 29 500 up on the previous year. We have also seen that paramedics are spending more time in terms of case time with those they are caring for, and that is indicative of both an expanded scope of practice for our ambulance paramedics, but also people perhaps needing more care. There are many challenges across ambulance services, and it is not easy to provide the world's best pre-hospital emergency care and transport, but that is what our ambulance service does, with support from our government.

In terms of progress towards the rollout of those investments, I think it is fair to say we have made very good progress — that is, Ambulance Victoria has — with the additional funding that we have provided. Just topical today in relation to the air ambulance discussion we have been having, the important retrieval chopper for neo-nates, for paediatrics and adults, so linking people almost exclusively in regional Victoria with the specialist care that they need in Melbourne is up and running, is going, and is providing that service 24/7. It is the first time we have had a 24/7 statewide retrieval helicopter. That is hangared out at Essendon in a new $20 million-plus, purpose-built hangar out at the Essendon Airport. It is the fifth chopper. When we came to government there were but two, and there was a cloud over one of them. There are now five, or there will be by June, when Warrnambool comes on line. I was very pleased to be able to visit a little while ago the Warrnambool Airport to see progress on the hangar and the ambulance branch, and that will be a reality, thanks to this government's support, later this year.

Mr WELLS — If it wasn't for Napthine, you would have never done it. You were so opposed to it every step of the way.

The CHAIR — Without assistance.

Mr ANDREWS — Hot air does not build these things — from Mr Wells — it is investment — —

Mr WELLS — You were dragged kicking and screaming.

The CHAIR — Without assistance!

Mr ANDREWS — And it is only this government that has provided the money to make the south-west chopper a reality. On from that, I have mentioned fixed-wing upgrades as well. Also, in terms of road crews, we are making good progress against those 258 additional paramedics and the additional services that we promised last year.

There is also an important commitment around fatigue, managing workload, as well. The former Rural Ambulance Victoria had committed to 100 additional paramedics funded out of less overtime, if you like. We have made very good progress. As I referred to before, 88 of those 100 are now in stations, in branches, providing care and, if you like, better balancing the workload, particularly in rural and regional areas.

In terms of capital works our investment is second to none: new stations or improved stations right across rural Victoria and right across metropolitan Melbourne. I was pleased to be in your local community not that long ago to open a brand-new branch there. Again, there are literally too many for me to mention, Chair. In the electorate of almost every member of this committee there are substantial boosts in terms of either upgrades to existing ambulance stations or new branches being put in, and that is indicative of the record funding that we have provided to the now Ambulance Victoria to do that.

Can I just finish by saying that there is one other very important investment in the budget. Ambulance is a small component of it. This would not have escaped your attention, Chair. As you would know, there is $56.2 million for an upgrade to a second emergency services telecommunications authority, if you like a second ESTA; not just in Tally Ho in your local electorate, but there will be a second mirroring call-taking and dispatch centre in Ballarat. That is part of the $56.2 million and ambulance shares in that. That completes, or will complete, the upgrade of common call-taking and dispatch services between both metropolitan ambulance and rural and regional ambulance. That has been a very long process. This piece of infrastructure is central to that and, whilst ambulance is a small part of the overall $56 million, I think it will be to the benefit of consistency and to the benefit of patients who need emergency care in rural and regional areas. I suppose it also provides redundant capacity in the event that there is a need to supplement the Melbourne-based call-taking services that ESTA runs not just for us but for other emergency services as well.

I am very pleased, Ms Munt, to provide you with that update, a very consistent rollout of additional paramedics, additional services, new branches, vehicle replacement and air ambulance upgrades. We are getting in there and AV is doing the hard work to roll out the money, and that should be of comfort to all of us. This government has provided the funding, and AV as the service is wasting no time in delivering additional services and I think some forecast improvements in ambulance response times. I hope a further improvement in ambulance response times will be closely linked to the additional asset investments that we have made.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the funding for the HealthSMART platforms. I remember in the budget last year there was some output funding over four years for what was described as the rollout of the HealthSMART systems, as distinct from the installation or setup of them. Can you tell the committee, please, if hospitals and/or health services are being funded for the ongoing maintenance of those platforms and the training of their staff; and are all health services and/or hospitals implementing the HealthSMART platforms?

Mr ANDREWS — What do you mean by maintenance, ongoing operating costs or physical maintenance of hardware, or — —

Mr RICH-PHILLIPS — Essentially, ongoing operating costs.

Mr ANDREWS — Okay. I might provide some general comments and then Mr Wallace can perhaps supplement those in some detail. This is an important project. When we came to government there was very, very poor IT right across the health system. I am not making a point about it; I am simply saying it is a fact. It was very, very poor after a lot of underinvestment for a very long period of time. We made a decision that a common IT architecture was very important, and that the efficiencies that would come from that meant that substantial investment was the right thing to do.

I note that the Auditor-General brought down a report last year that made it very clear that whilst this project was over time it was within the budget that had been allocated, and he confirmed, I think, as do most fair-minded people — as I am sure you do, Mr Rich-Phillips — that this is a good project to be investing in. These services are very important in terms of modern and efficient health care.

In terms of support to health services, you are right; there were allocations last year. As you would understand, the rollout of HealthSMART is a complex process. I am happy to provide an update to you around each of the different HealthSMART applications, whether it is in relation to the Oracle finance and supply management information system that is operational in eight health agencies, or the rural and regional FMIS — if I can be permitted to abbreviate — which is operational at 15 campuses. If we go to PCMS, which is patient and client management system — the iSOFT system — it is operational in six health services, and four more are to be implemented. The implementations are under way. Just to be clear about the point I made a moment ago about the 15 campuses within the Gippsland region, it has been rolled out in those 15 campuses.

To go on to community health, the client management system, or Track Health, as it is known, is operational in 17 community health services; a further five stand-alone community health agencies are at various stages of the implementation. In terms of radiology and imaging, the PAC system I referred to in an earlier answer — the picture and archiving communications system — which is a very powerful tool, has been implemented in six health services. That is a very complex business, but it is important and powerful in terms of efficiency. Statewide-shared infrastructure is currently supporting over 28 000 users across 31 health agencies from an imaging and radiology point of view.

In terms of human resources, so payroll and rostering, the HR management system — Frontier, as it is known — is operational in seven health services and paying over 50 000 health workers each pay cycle. Similarly, rostering is embedded across a number of different health services as well and being further rolled out.

I can go on to ambulance and we can have a long and I hope informative discussion about the Victorian ambulance clinical information system, or VACIS, as it is known, replacing paper with a tablet where basically data is entered roadside, bedside, and so on and so forth.

There are other benefits in relation to dental. I can go on further around the rollout of this important program. We remain committed to it. It is a complex process and I have made it clear that this had my close attention in terms of meeting the milestones within the overall project, and I remain committed to that, as does the secretary. In terms of drilling down into individual supports for health services, and particularly in the context of last year, perhaps Mr Wallace can provide us with an update.

Mr WALLACE — The specific answer to the question, 'Are we funding health services for operating costs?', the simple answer is yes.

Mr RICH-PHILLIPS — And training?

Mr WALLACE — Training is usually involved as a project cost. Project costs involve the implementation team and training that goes on of health staff, so that is usually considered an implementation cost. The operating costs: we are running shared services for most of the applications, so there is additional funding that is going in to cover the costs of shared services. It was always a sharing arrangement, but the funds that were provided in the budget last year have been allocated to meet those costs.

Mr RICH-PHILLIPS — At the health service level?

Mr WALLACE — That is correct, at the health service level — with the understanding, with the shared service providers, sometimes the funding is going into the shared service provider because the health service is not incurring the costs, it is being incurred in the shared service provider.

Mr RICH-PHILLIPS — Is there an expectation that all health services will take up HealthSMART platforms?

Mr ANDREWS — Part of a common architecture is having that architecture common to as many participants as possible. There are some legacy that are ready to be replaced, there are others that are not. There are some investments that have been made quite recently. It is not a matter of replacing things that do not need replacing, but it is the mission of this project to have a common IT architecture in place. That is not easy; it is very challenging, but there is a good team in place, there is a sound budget and, as the auditor finds, worthy work that, whilst it has had its time challenges, is operating within the budget that was allocated.

Mr NOONAN — I want to ask a question about workforce investment. I note from your presentation literature overall numbers since 1999, but in budget paper 3, page 91, there is a list of outputs for the training and development of health workers. My question really goes to whether you can outline how the government will use the budget in order to recruit and retain health professionals and, in light of Dr Brook's earlier answer to Ms Pennicuik, perhaps with somewhat of a focus on country Victoria in your answer.

Mr ANDREWS — Thanks, Mr Noonan. I think this has been a bit of a theme today, that training the right workforce, employing them at appropriate rates and then keeping them in areas of need and deploying them as efficiently and effectively as possible really is a very large part of the story of providing modern health care. These are big challenges for us. I think it is important to acknowledge that we have a partner in the current commonwealth government toward meeting these challenges. Admittedly at the end of the previous federal government's term we did get some support around the Deakin medical school, but we had to take some pretty unusual steps ourselves as a state government to support that, which is pretty much an unheard of investment.

Workforce — can I say there is a big challenge across the board, not just in rural communities but in the outer suburbs often as well. To attract and retain the right profile staff is a challenge there also. So this budget provides a very substantial boost. In terms of clinical placement there is more than $70 million to support clinical placements of medical students, nursing students and also allied health students. That is very important.

There are obviously costs involved in training the biggest undergraduate cohort across those three areas that we have ever had. It is an entirely good problem to have. We have got more medical students, for instance, then we have ever had, through the Melbourne-Monash consortium, the third school at Deakin and other programs, other growth.

Barwon, as the third medical school, is operating very well, and we know that a very substantial number of the undergraduate — sorry, they are actually postgraduate students there; it is a degree beyond their bachelor's degree — I think, from memory, around a third of those students are from rural and regional areas. All of them are having the majority of their training in rural and regional settings. As we know, if you train in the country, you are more likely to work in the country. If you then put the additional overlay of having been born and having lived in the country — if you are from the country — then almost certainly you will go back and practise in rural and regional areas.

So there is a big challenge, but I suppose we had an important win, if you like, in terms of securing the third school, and that was one challenge dealt with. Now that throws up additional challenges in terms of clinical placement and hours, in terms of recurrent funding and also capital. You have to have the physical space to be able to train those doctors, and so on and so forth. But they are all good challenges to have to meet, and there is a good, strong budget outcome this year with more than $70 million in terms of clinical placements.

There is also a whole range of other important measures that again are about building on our record. You do not recruit 9000 extra nurses unless you are committed to giving our health services the budgets they need to do that important work. You do not recruit 2500 extra hospital doctors if, again, you do not have a commitment to the patients they treat. There is a lot of money and a lot of numbers used in health, often to describe investments. That is a great way, I think, of describing where that money goes to: thousands more highly trained staff treating record numbers of patients and delivering better outcomes — and not just in the city but in the regions, in small communities right across the state. So the additional training places, the supports for those additional clinical placements, supporting 4500 med students, 12 000 nursing students, 600 dental students — I think I neglected to mention them a moment ago — and 6500 allied health students right across the state, that is a very substantial boost.

I did mention earlier on in another answer that last week I made some announcements around $21 million for strengthening medical specialist training posts. More than half those allocations are in the bush: 57 out of the total of 111, that I think goes to 113, are in fact in rural and regional areas, so half of those. That is a good outcome for country Victoria.

Again, there are many other things I could talk about around our consistent investment in workforce, particularly in rural and regional areas. We know it is a big challenge, we know it is important and we are committed to working with our partners, with those health services locally and with the commonwealth government, not just in health but in terms of education and training as well, to ensure we have the right workforce in the right places, providing the right care, with all the other associated linkages that make that possible.

Whether it is HealthSMART and telemedicine or digital breast screening, as we spoke about, there are many different ways you can support clinicians to do their work in areas other than urban Melbourne, and we are committed to always looking for those. Dr Brook, did you want to add to that at all in terms of rural workforce strategies?

Dr BROOK — Thanks, Minister. The only comment I would make is that you made reference in your question to initiatives to support workforce in the areas — I do not know whether you actually referred to maternity, but you talked to our earlier matter.

Mr NOONAN — I just referred to your earlier answer, where you did make reference to maternity in particular.

Dr BROOK — The minister has talked very strongly about the initiatives that are occurring at the entry level, but there are a number of initiatives that are also occurring at the graduate level. I just draw your attention to two of them that are specific to maternity. As part of the rural maternity initiative $1.4 million is allocated this year, and it will continue, specifically to support maternity in-line training and continuity-of-care models — very important to maintain team-based approaches in the larger, particularly regional and subregional, hospitals.

A total built up over a couple of years of $950 000 — just short of a million a year — now goes on specific postgraduate medical positions, which we have really tried to boost so that people training in obstetrics, whether they are specialists, of which there will be five posts, or general practitioners, of which there will be six posts, actually receive their training in rural Victoria for all the reasons described with the expectation that they will find the lifestyle very attractive and they will actually stay in rural communities, where certainly they are welcome.

The CHAIR — There is food for thought there for you.

Dr SYKES — Minister, my question relates to the collection of performance data. I apologise for having missed some of the session, and it is possible that you have covered in part the question I am about to ask.

I understand that hospitals are required to make performance data reports available to DHS in relation to their activity for the compilation of an integrated performance and activities report, which may form part of the budget papers — budget paper no. 3. I am asking if the minister can briefly explain the purpose of this report, the integrated performance and activities report, and make available to the committee the reports since July 2008 which have been produced and/or sent to hospital networks or other relevant stakeholders. It is about the exercise of pulling together the information to underpin your budget reports, discussing that and making some of it available.

Mr ANDREWS — Dr Sykes, there is a whole range of performance monitoring frameworks and other reports that are provided. I am happy to take some advice on that. There are obviously issues about audited performance and unaudited performance. We have annual reporting, we have *Your Hospitals*, we have the budget papers, we have any number of different reports that are about monitoring the performance of health services — and business units within health services even — and then they are pulled together to provide aggregated data.

Some of those are about recording performance, some of those are about driving improvements in performance and some of those are about finding outliers, if you like, to then go and work with them and, based on that evidence, to fix problems and provide additional supports. I will get some advice on that particular reporting framework. I would say to you that it is one of many. Again I am always loath to provide commentary on unaudited information. I would need to get some advice on whether I would be doing that in making any further commitments to you.

The CHAIR — Thank you. We have time for two more questions.

Ms HUPPERT — Minister, I have a question about immunisation. On page 104 of budget paper 3 there are a number of major outputs specified around the area of immunisation which indicate that Victoria's childhood immunisation rates have consistently met targets. Can the minister advise the committee how the government will continue to be a national leader in this important area of public health?

Mr ANDREWS — This is a very good question, and I am very pleased to be able to provide the committee with an update. We did have a similar discussion last year. I am very pleased to be able to provide an update and say that we have continued our national leadership. We are the only jurisdiction Australia-wide to consistently record 90 per cent immunisation rates or above for the three key milestone vaccinations — 12 months, 2 years and 5 years. That is something we can all be very proud of.

In celebration of that milestone and also to commission a new statewide immunisation service at the Royal Children's Hospital, I was very pleased recently to be there with Sir Gus Nossal — not only Victoria's chief scientist, but a Nobel laureate and someone of great standing and someone who knows more about these issues and the clear public health benefits that come from an immunisation and vaccination program than perhaps anyone. About 5000 children are vaccinated there each year. This is part of a modern health system. This is part of protecting not just those children but protecting all of us. The lower the cohort of unvaccinated individuals at any age, the lower the risk of latent diseases, latent viruses and latent conditions coming back with quite catastrophic consequences. Whether it is in terms of whooping cough or measles, there are many and quite recent examples where we have had those two conditions — pertussis and also measles — on the rise. That is another example of why vaccination rates at this high level serve all of us well. People are free to make a choice, but I and others are free to make the case that this is a good thing to do. We are very pleased to say that

more than 90 per cent of kids are getting those three milestone shots and all the public health benefits for them and for the rest of us that come from it.

I will give you another example of where we have seen really strong improvement. It is around meningococcal C. If you look back at 2001, very early on in our term of government, there were 88 cases in that year and 10 deaths that were notified and were directly attributable to meningococcal C. We put in place the statewide immunisation program. Across 2007 and 2008 — I think that is calendar years — there were only two reported cases, and pleasingly there were no adverse outcomes. Certainly there was no mortality recorded as a result of meningococcal C confirmed cases. That is just one example of the power of the these programs.

We are very keen to continue to work with our partners, the commonwealth, around this. This is perhaps the most cost-effective and important public health measure — and modern health-care measure — that any government could put in place. It perhaps picks up on some of the points that Ms Pennicuik was making before about the need to perhaps focus more on the prevention of ill health rather than just the treatment of illness.

Ms PENNICUIK — Minister, my question follows on from the question from Ms Munt on the ambulance service and the partial answer you gave, or a comment you made in your answer about fatigue. A longstanding issue of concern to me is the relationship between working hours, shift work, fatigue, and occupational health and safety. I know that in negotiations for its enterprise agreement the Ambulance Employees Association of Victoria wants to increase the rest break from 8 to 10 hours, bearing in mind that a break of 10 hours still means you have worked 14 hours, which is not recommended, particularly for night shift.

Mr ANDREWS — You are rostered on for 14 hours.

Ms PENNICUIK — You are rostered on for 14 hours, but you only get 10 off; but if you get 8 off, you are rostered on for 16. But given the research and the knowledge about fatigue and its effects on health and safety — and we know particularly that about 20 per cent, if not 25 per cent, of road accidents are attributed to fatigue — the government and Ambulance Victoria should be moving towards that longer rest break. I want to know what is happening there.

The CHAIR — As far as it relates to the estimates, of course.

Ms PENNICUIK — So far as it relates to the estimates.

Mr ANDREWS — It is a very good question. Its principal relationship to the estimates, Chair, is that the budget papers in many different ways chronicle the substantial investment that we have made. It is through extra paramedics, extra vehicles and extra services that you can better balance a growing workload. That is not to say the workload is not growing. I went through some numbers before that show very substantial growth not just in code 1s and 2s but also some of the non-emergency work. Right across the board our paramedics are doing a fantastic job, with record support from us.

In terms of fatigue, there are a range of different approaches and policies and different measures that Ambulance Victoria has put in place. I am happy to take this on further notice, and I can give you a further answer, but I think you would be interested to learn that there are 24 teams with blended rosters. That is all about removing consecutive night shifts. In the main, ambulance paramedics work a 10-14 roster, and if you can break up the two consecutive night shifts, that is to everybody's benefit. Some progress has been made there.

There is the issue of additional operational staff, whether it is those already committed out of the 258, or the 88 out of the 100 in rural areas. That is again about sharing the workload as much as we can, albeit a growing workload. There is also an important measure introduced by Ambulance Victoria — formerly it was a MAS initiative — and that is the call referral service, where those who have rung 000 for an ambulance, thinking that was the appropriate thing to do, but not needing an ambulance, are then referred off to the call referral service. They are referred a bit further than the Nurse on Call service; it is not just advice or information. They can be referred on to a medical locum service so that a doctor can visit them; they can be referred to RDNS; they can be referred to any number of drug and alcohol service providers or mental health service providers. That basically dealt with the best part of 30 000 cases last year. That is case load that otherwise, through an abundance of caution and through the dispatch grid, would have made it to an operational branch. It would have been a call-out, albeit one where, when the paramedic arrived, it would be clear at that point that it was not as coded. That is about removing — I will not call it unnecessary work — but it is about simply appropriately

triaging and categorising calls. That is about lightening or sharing the workload, if you like, and making sure there is an appropriate response.

Education and training programs around forums to engage the staff around fatigue issues have been a feature in recent times. There have been some meal break management initiatives as well, including specific meal break cars; and some staggering around start and end times for rosters, and certainly start times, so you have more meal break windows, greater opportunities for meal breaks, and so on and so forth. I am happy to write to the committee, or perhaps have AV write to the committee around these issues.

We are committed to a fair, reasonable and balanced outcome with our ambulance paramedics. There have been many hours of talks. The industrial relations commission is perhaps the way to go. We are certainly urging the union to be involved in a mediation with the commission. It is unwilling to do that; that is a matter for it. But we have a proud record of supporting our paramedic workforce. This is but one of a number of issues that have been raised, and we will continue to support them.

The CHAIR — Thank you, Minister. That concludes consideration of budget estimates for the portfolio of health. I thank the minister and departmental officers for their attendance today. Where questions have been taken on notice, the committee will follow up with you in writing at a later date, and it requests that written responses to those matters be provided within 30 days.

Mr ANDREWS — Thank you, Chair.

4.2 Housing Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 18 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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,

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

Ms M. Crawford, Executive Director, Housing and Community Building Division, and

Mr K. Downie, Director, Policy, Strategy and Communications Division, Department of Human Services.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of housing. On behalf of the committee I welcome Richard Wynne, Minister for Housing; Ms Fran Thorn, Secretary of the Department of Human Services; Mr Alan Hall, executive director, financial and corporate services, Ms Margaret Crawford, director of housing and community building; and Mr Ken Downie, director, policy, strategy and communications, all from the Department of Human Services. Departmental officers, members of the public and media are also welcome.

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

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

According to past practice, the transcripts and PowerPoint presentation will be placed on the committee's website. Following a presentation by the minister committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial performance information relating to the budget estimates for the portfolio of housing.

Overheads shown.

Mr WYNNE — Thank you very much, Chair. I am pleased to be here today with my colleagues to present in relation to the housing budget. We have got two slides that I will briefly go through. The first slide really paints the picture of the budgetary situation that we are in. The National Affordable Housing Agreement was resolved in November 2008 at COAG by the heads of government. That, of course, is the successor to the commonwealth-state housing agreement. As members of the committee would know, we have had the commonwealth-state housing agreement now for more than 50 years, and it has served both the states and the commonwealth extremely well. We have got $1.4 billion in the base funding over five years with indexation. But the budget now reflects COAG's decision in November to create the new NAHA, and we have one base source for commonwealth funding.

I think in that context, Chair, it is a good result in terms of the base proposition for housing going forward. It does mean we can integrate our programs to an even greater degree than what we have in the past, and we do not need to talk about SAAP initiatives separate from housing initiatives, like transitional housing. We can focus on delivering projects, I think, in a more comprehensive way.

As part of that, the social housing NP was also negotiated in November, which delivers $99.2 million, delivering 488 social housing units. Similarly, Chair, in November we had the homeless national partnership — $104.8 million over four years for homelessness, with some very ambitious targets that were established between the commonwealth and the states, basically, as is indicated there, to end rough sleeping by 2020 and reduce homelessness by 50 per cent by 2020. These are quite significant targets. As members of the committee would recall, this is the first time that you have had a national leader signing up to really significant targets in relation to reducing homelessness. I think it is fantastic leadership that has been shown by the Prime Minister himself. His commitment, I think, is a very genuine commitment in relation to reducing homelessness. These are ambitious targets, but we are certainly committed to them as a Victorian government.

The remote indigenous housing national partnership is there. As you know, Chair, this is the first time that we have had Aboriginal housing transferred back to the states as part of the agreement. We have indicated to the commonwealth that we accept the national partnership, but we will not be absorbing in the order of 500 properties back into the state portfolio. We will be supporting local indigenous cooperatives, which in fact now manage those properties, to continue on that path. Other states, in fact, have taken those properties back into their housing stock. We have taken the alternative and, in our view, the right policy setting — that is, to

maintain those properties within the cooperative sector, the Aboriginal housing cooperatives. In fact if those organisations do not wish to continue on with the management of those properties, Aboriginal Housing Victoria is a potential management source for them.

The really huge big-ticket items, of course, Chair, are the Nation Building and jobs plan. This is $1.5 billion that is being provided to Victoria as part of the national share to construct 5000 social housing units. Again, this is a very ambitious target where we are expected to have delivered 75 per cent of those units on the ground by December 2010. The other component, which I know has been very welcomed, is the near enough to $100 million — $99.2 million — for urgent maintenance benefiting in the order of 5600 properties, and I am happy to elaborate on that further during my presentation.

Just briefly, neighbourhood renewal, as members of this committee know, is a huge success story of this government and one that I am pleased to see with a further $17.1 million for neighbourhood renewal going forward. The NRAS scheme I am happy to elaborate further on as well. Funding for the first 3000 properties is assured, and already in the order of 918, I think it is, incentives have been allocated.

Chair, that is the broad brush of what the budget looks like going forward. Of course I am happy to elaborate further in detail.

The CHAIR — Thank you, Minister. Around 55 minutes has been allocated for questions. I would like to begin, as I have begun with other ministers, by asking what federal grants or funding — both output and asset — will your portfolio, department or agencies receive in the budget, and can the department provide the committee with a list and description of these grants, including what accountability mechanisms there are in respect of these grants, both upwards to the federal government and downwards to the people who might supply services?

Mr WYNNE — There are two components to our funding. The first is internally-generated funds through the activities of the housing department itself, but the broader funding to housing is through the national partnerships we have that I have already indicated here today. Essentially, working our way down the page, we have the core funding, the $1.4 billion, which, as I indicated, is the new national affordability housing agreement, the successor to the CSHA, which also incorporates supported accommodation; the homeless national partnership, the $104 million over the four.

The indigenous housing, as I indicated, is a new program which has now been assumed back by the states. That is, in effect, a capital program over the five years to upgrade the level of amenity for the 500-odd — what are called — CHIP houses, managed by Aboriginal organisations. There is the Nation Building program, a huge amount of $1.5 billion for the construction of housing.

That will be very welcomed over the next few years, with near enough to $100 million for renovation of public housing properties; and the NRAS scheme, which members of committee will recall is a joint scheme where the federal government has set a target over five years to put into the marketplace 50 000 units of private rental accommodation. This is probably, I would have thought, the most significant impetus into the private rental market, certainly in our time, because it means that this product will go into the market at 20 per cent below the market value for the areas where people are investing in.

In return the investor will receive a grant of $2000 from the state and $6000 from the commonwealth government for that 10 year period, so an $8000 subsidy to have that property in the marketplace for that 10 year period. Obviously the investor gets the rent from the property, less management fees and so forth, and any capital gain at the end of that 10 year period. So it is $2000 from the state government.

The commonwealth has indicated that if the program is as successful as they think it will be, they will look at doubling it again, so over 10 years you could, in effect, see potentially up to 100 000 units of private rental accommodation going into the market. For Victoria, just on population share, if it rolled over to a second tranche we would be looking at getting 25 000 units into the market.

That will make a really significant difference to freeing up what people I am sure are well aware is an incredibly tight private rental market. While things have eased off a little bit and the private rental vacancy rate at the moment is in the order of 1.4 per cent, it was at 0.9 per cent, so it has eased back a little bit. The truth is if you are on a low income and are living anywhere within 10 kilometres to 15 kilometres of where we are today,

you cannot get accommodation; you cannot get into the private rental market, and that is a really significant problem going forward.

We very much welcome the NRAS scheme. We think it is a good initiative and one that the government is very much partnering with the commonwealth on.

The CHAIR — Thank you, Minister, will you give a list of these and a description, particularly going forward over the life of these, and the accountability mechanisms? We would appreciate that.

Mr WYNNE — Yes, we would be happy to do that — in detail.

Mr WELLS — Minister, I refer you to page 320 of budget paper 3, where it refers to Nation Building — which you have been discussing — Economic Stimulus Plan: New Construction Stage 1 and social Housing National Partnership, both of which state that the significant proportion of these properties will be delivered and managed by the not-for-profit housing association sector.

As housing associations are not required to house the most vulnerable of tenants first and are also, as they openly advertise for tenants on incomes up to $87 400, who have the ability to pay higher rents, this raises concerns about the availability of properties to some of Victoria's most vulnerable tenants, such as those on a disability support pension, those with mental illness and other extremely low-income earners.

How will you ensure that people on disability support pensions, those with mental illness and extremely low income earners have access to properties through the housing associations, and how will the extent of the access be monitored and reported? Does the department have the necessary assistance in place to provide transparent data about housing allocations?

Mr WYNNE — Thanks, Mr Wells, that is an excellent question.

Mr WELLS — Thank you, and there will be a lot more to come.

Mr WYNNE — It is a good question because it goes to the heart of the ongoing development of housing associations. I talked in the past, as you know, about the importance of having an alternative not-for-profit provider. It is part of the government's broader strategy to develop the not-for-profit sector.

We have eight housing associations currently registered, and they are required to report to the registrar of housing associations on their activities going forward. We transferred, as you know, last year a significant number of properties to housing associations which have been, in effect, under community management by housing associations — in the order of 500 properties — at no consideration, to boost their balance sheet, to give them capacity to borrow going forward.

As I have indicated publicly, we do intend to split the allocation of the federal funding basically 50–50 between housing associations and the public housing sector — so that is 50 per cent in housing associations and 50 per cent to public housing, which is my department. In that context we have also indicated that all housing associations must take residents who are public-housing eligible, and they have to take 50 per cent of their tenancies off the public housing waiting list.

Mr WELLS — So that will deal with the issue of the 87 400. That will be only the other 50 per cent.

Ms MUNT — I refer you to budget paper 3, page 84. Under 'Significant challenges facing the department in the medium term' you have listed the facilitation of the provision of short and medium-term accommodation to victims of the bushfires in February. You briefly touched on the response in your introduction, but I was wondering if you could please elaborate on what you are doing to respond to the needs of bushfire victims in relation to housing.

Mr WYNNE — I am sure members of the committee were looking at last night's news. It is hard to believe that it is 100 days since the bushfires ravaged the state. We all know the scope and severity of those fires. In a very appropriate response from both sides of the Parliament the shadow Minister for Housing— I think she might be here — and I visited a number of bushfire-affected communities, along with the federal Minister for Housing, the Honourable Tanya Plibersek, to really see the devastation of those fires. Dr Sykes is here; it has been up in his part of the world. It was really quite overwhelming to see communities completely devastated.

The secretary of my department is here with me, and she would attest to the extraordinary efforts that were undertaken by DHS as a whole. We put in place for the first time the case management process, which was really to work with communities not just through the initial crisis but in fact work with communities on an ongoing basis as they sought to start to repair their lives. Now, 100 days in, we have the temporary villages at Marysville and Flowerdale, and Kinglake will be coming on in the next short while.

From the point of my department, we have had really overwhelming support from the community, particularly in very practical ways in terms of offers of support from people who were prepared to provide rooms and indeed provide their holiday houses. We have a huge number of caravans that are available to us, and we have used those as people have sought alternative accommodation, and of course public housing and the private rental market were important elements of that as well.

After the first few days I think it would be fair to say that we have delivered a really significant level of support to all of the bushfire-affected people from a housing perspective. As people know, over 2000 houses were lost in Victoria. All victims who requested emergency accommodation have received it — all who requested it. Over 1300 families have been assessed for housing need, and we of course have made available all of the public housing stock within the broader regions of all the fire-affected communities. We have made available 560-odd caravans and a number of movable units.

As I think members of the committee would be aware, the government is undertaking a very significant cleaning program, and the reports on the news last night were only slightly inaccurate: they talked about, I think, 1000 blocks having been cleared. I am advised today that it is in fact better than that: it is on the order of 1300 blocks, so they are well advanced on that work. I think the planning processes are being smoothed out. This is an unprecedented situation we find ourselves in, but going forward I can indicate to the committee that my department, the Office of Housing and DHS more generally through its case work efforts continue to work with all of those fire-affected communities, and we will continue in that effort.

Mr RICH-PHILLIPS — I take you to page 120 of budget paper 3, the measure of 'Average waiting time for public rental housing for those clients who have received early housing allocation …'. The target for this year is a waiting period of seven months. In 1999 that same measure was 2.8 months. In 2003 the Auditor-General, in his report on public sector agencies, made some comments about waiting times, and the response from the Office of Housing then was that, 'the Office of Housing has advised that a number of initiatives have been developed to ensure that the early housing waiting times target on a statewide basis of four months continues to be achieved'.

In 2003 strategies were put in place to keep it to four months — it has now gone out to seven months. Why? Why has it increased seven months, do you expect it to continue to increase, and what strategies have been put in place to prevent it increasing further?

Mr WYNNE — This is reflective of what is an incredibly difficult housing market that we are experiencing. Normally you would get a greater churn of people through public housing as other options open up for them, but the practical reality is that the market is incredibly tight. As I indicated earlier, the rental market, while it has eased off a bit, is still at 1.4 per cent and it is unlikely to improve. That is not just reflective of the Melbourne metropolitan area; it is reflective of the broader regional rental market as well.

For many people public housing has played a really significant role as a stepping-off point to other housing options. But when those other housing options are closed off, the whole system basically tightens up. Emerging migrant communities, particularly, use public housing to get themselves established; they are a classic example, and I think I have talked about this in the past.

The high-rises have played an incredibly important role in that respect, where public housing is often the first port of call, particularly for migrant communities coming into Victoria, and they use it as a point to stabilise their families, get employment and then move on to other housing options, whether in the private rental market or indeed in home purchase. That whole system has closed down because the options going forward for people are severely diminished. The total allocations have declined — I think you talked about 1999, Mr Rich-Phillips?

Mr RICH-PHILLIPS — Yes.

Mr WYNNE — From 11 000 in 1999 to 6000. So that tells you, really, that gap, about how the whole system has tightened itself up.

You asked what the options are going forward. I guess there are two elements to that. The first element is obviously the NRAS scheme. We think there is really serious potential here to loosen up the system by the subsidy scheme that is a joint federal-state scheme, the $8000. In that context we were a bit slow out of the blocks in Victoria. People were still trying to come to terms with what this was all about, what this new scheme was, but I think we should have confidence that there will be a significant take-up in this next tranche, which is being offered out now.

Particularly with some of the larger investment vehicles, the superannuation funds and so forth, who in the past have sort of looked at this and said, 'Well, housing, is this really where we want to be?', I think we can have some optimism that the slower start-up in Victoria will catch up in the next tranche of offers.

The other element of it, self-evidently, is the core-based funding that we have got through the NAHA, which is the general business of the provision of housing, but really the massive stimulus is the Rudd government's $1.5 billion. That is going to put 5000 units on the ground and 3750 of them will be on the ground in the next 20 months.

That is a significant improvement, and as I said earlier, if the Rudd government is re-elected in future terms, it has indicated that over the next five years it will look at putting a further 50 000 units through the NRAS scheme as well — again, 25 000 units. That is a big number; that is a very big intervention in the private rental market. If you think about that — remember it is mandated at 20 per cent below market value — it really starts to offer opportunities for people who want to use public housing as a stepping-off point and get into other housing options going forward.

I think we should remain optimistic, because I think the settings are good. I think the policy settings are right and the investments that are being put into public and social housing and the not-for-profit sector will reap benefits going forward and will loosen up the public housing system.

Mr RICH-PHILLIPS — Have you got targets in the forward estimates to reduce that waiting period of seven months?

Mr WYNNE — The targets are, as indicated here for 2009–10 — —

Mr RICH-PHILLIPS — Seven months.

Mr WYNNE — Again seven, yes.

Mr RICH-PHILLIPS — Out to 2012–13 or whatever?

Mr WYNNE — There is a lag with this so it does take time to get the product on the ground. Obviously we do not want it to be seven; we want it to be significantly less than that but we have to measure it year by year.

Mr NOONAN — Minister, I wanted to ask a question about the homelessness national partnership. You provided some information in your presentation about it, and I think you described the targets as ambitious. I do not think there would be anyone on this committee who would think that to have ambitious targets in homelessness areas is not important. Given that $104.8 million is allocated over the next four years of the estimates period, I wonder whether the minister can outline what the funding under this partnership agreement will do for those in greatest need?

Proceedings interrupted.

Mr WYNNE — Thanks, Mr Noonan. You have raised with me the question of essentially what we hope to achieve with the national partnership in relation to homelessness. It is made up a number of elements. Firstly, there was a white paper target to reduce homelessness by 20 per cent by 2013, and our government had signed on to the national partnership target of 7 per cent. The white paper also seeks to deal with, again, I think, a very laudable target to end rough sleeping by 2020.

If you talk to those people in Victoria — and I will go into some further detail about how the funds are being allocated — who are very experienced in the homeless area, they would regard the response by Victoria as the most sophisticated of any state in Australia. Certainly in my time as Minister for Housing in the last 2½ years it has been very clear to me that Victoria does have an extremely sophisticated response to homelessness. Indeed

from the point of view of a comparison with other states we are a long, long way ahead. Can I also say that the rough sleeping problem is not as acute in Victoria as in other states. That is generally accepted as being a statement of fact, particularly when you deal with other states.

The $104.8 million is basically split in a number of ways. We have $36.3 million for boosting prevention and early intervention, and that was one of the key outcomes of the white paper. It is really about saying, 'You have to do a lot at the front end to try to support people at risk of falling into homelessness'. Obviously we have a significant amount there — $52.57 million — to improve and expand services to homeless persons, and $15.8 million for what we are categorising as breaking the cycle of homelessness.

The other two really important initiatives here — and I want to talk in some detail about these — are $15.6 million to be allocated to mental health reform and $1.6 million of new funding to be invested in the court integration services. In relation to the mental health one I want to draw the attention of the committee to the really groundbreaking work that we are doing with the Common Ground proposal down in Elizabeth Street. We talked about that, I think, Chair, last time around.

This is essentially the proposition which says that if you not only provide a person with secure, stable accommodation at an affordable price but you also wrap around them services to support their tenancy on site, whether it be drugs and alcohol, mental health, employment and psychiatric services as well, people can and do get better. The experiences of that have been drawn from our learnings from New York where in fact, as I think I talked to the committee about last year, I visited a number of Common Ground facilities there.

It is not just visiting those facilities; the really important thing that we learn from America is from its longitudinal studies. They have done studies of people over a length of time where they have said, 'If you intervene here and you invest at this point in a person's life and you support that person, the cost to the public purse going forward is infinitely less than if you just let them ricochet through the system' — through the mental health system, through the public hospitals, through the casualty wards, the ambulances, the prisons. The cost to the state is infinitely more.

Their classic case study — I cannot remember his name — was Million-Dollar Murray. Million-Dollar Murray lived on the streets of New York, in Times Square. It was costing the state of New York $1 million a year to keep him on the street, because of all his interventions through the public system. Once people intervened with him, got him secure housing, got him the supports around him, he cost the state of New York something in the order of $17 000 a year. It is a self-evident truth, but the key from the point of view of the American example is that they have done these really detailed longitudinal studies.

When you go to Treasury and you have to argue the case, in America they say, 'We do not have to argue about that any more, because people understand that intervention here is going to get you this result over here and save the state enormous amounts of money'. It is just simply a statement of fact, whereas here we still do not have that work done. In America they will argue about how much of a quantum of money you might get through the budget, but no-one is going to argue about that being the right intervention to take.

The Common Ground I think is going to be a terrific example of where we really integrate those services in effect across the whole of DHS. The Department of Human Services is absolutely fundamental to the success of the Common Ground. We will be doing longitudinal research on this as well, so that we will be in a position, if we are here having this conversation in five years time, to track where people are at and the cost of that intervention versus what it would have cost the state to do nothing. In that respect we will not only do Elizabeth Street but we will be looking for other opportunities to do smaller Common Ground-type proposals in other parts of Victoria as well.

The other quick one I just wanted to indicate was a really excellent example of an intervention with young people. We launched just last week a program with one of our housing associations, Yarra Community Housing, and the AFL. Down in Hoddle Street, just near the corner of Hoddle and Victoria streets, we have just opened a development of 21 units, where there was a partnership between Melbourne Citymission, Yarra Community Housing as the housing provider and the AFL.

The AFL is going to play a hands-on mentoring role with homeless young people to get them out of the cycle of homelessness and to really engage them in the most positive elements of what AFL football has got to offer to people, not in terms of people playing sport as such but role models and leaders. The AFL Players

Association, through Mark Bolton in particular, has been absolutely fantastic in putting this proposal together. We very much look forward to it as another intervention with young people as a model towards preventing homelessness.

I think that is a good space for us to be in. It is a substantial amount of money and they are ambitious targets. But I would reiterate that Victoria has got, without a shadow of a doubt, the most progressive and far-reaching strategies around homelessness of any state. I would also indicate that we want to develop a new homelessness strategy going forward. I announced a couple of weeks ago to the homeless sector that we want to refresh our thinking, make sure that we are on the right track, learn from other experiences both within Australia and overseas as to what works and why it works and to really bring the homeless service providers along with us in that. We will be starting on the development of consultation around a new homeless strategy going forward in the next few months. You will see that emerging as well, Mr Noonan.

Dr SYKES — I refer you to budget paper 3, page 120, and the output measure for the number of properties to be acquired during the year, which shows a figure of 3430.

I also draw your attention to the total number of dwellings, which is expected to increase by only 2415, from 74 532 to 76 947. The discrepancy between these two figures is over 1000 properties. It appears that the government intends to dispose of 1000 properties during the year. My question is: does the government have a strategy for acquisitions and disposals, can the minister outline the strategy, and can the committee have a copy of the acquisition and disposal strategy document or any documents that outline strategies in this area?

The CHAIR — The figures show there will be a discrepancy of about 200, not 1000. The minister, to answer.

Mr WYNNE — In relation to the 76 947, Dr Sykes, that excludes crisis and transitional housing as well, so they are not counted in there. In 2008–09 we disposed of about 750 rental housing units. We will dispose of in the order of 900 properties in the 2009–10 year. They are basically properties that are past their economic life or properties that simply cannot be rented because nobody will take up those rentals.

As you know, Dr Sykes, a third of our stock is in regional Victoria. You know very well, as you drive into any of those big country towns — in the lead-up to your good city of Benalla, as you and I know very well — a lot of the public housing is on the fringe of the city. Some of that is quite difficult to rent, not necessarily in Benalla but more broadly in some of the regional cities, and a lot of it is quite downgraded. The beauty of what we got through the maintenance money, the $100 million, is that we have had the opportunity to inject quite a deal of money into upgrading properties to breathe some life into them going forward.

In that respect the near enough to $100 million — the $99.2 million — for urgent maintenance will breathe life into a lot of properties which we might have looked at in the future and said that some of them will have to be disposed of as well. With the investment of $20 000 or $30 000 to upgrade the kitchen and do some carpeting and painting, you can potentially get out of some of those properties in the order of another 10 to 15 years, and I think that is a good thing. But where we clearly have properties that are past their economic life or we simply cannot rent them, obviously we will dispose of them.

Dr SYKES — Can I just get clarification on the strategy, Chair? I understand that reason for disposing of properties, Minister, but there also seems to be a strategy of disposing of strategies in smaller communities, and in my area I refer to places like Longwood, Murchison and Bright. I understand it is on the premise of the inability for tenants in those locations, particularly if they are complex needs tenants, to access the necessary support services, which you have highlighted as being so important in public and social housing.

Mr WYNNE — Absolutely.

Dr SYKES — In selling those I think there is an intention to focus on housing in the larger communities, presumably on the premise that the support services are there.

Mr WYNNE — Yes.

Dr SYKES — That might be contended because there seems to be pressure on the services. So I come back to my question: is there a strategy, particularly factoring in the issue of availability of support services, and is it possible for the committee to have access to documents that relate to that acquisition and disposal strategy?

Mr WYNNE — Clearly the disposal strategy is a matter of sensitivity in terms of the market situation, so I would be reluctant to provide that, but more broadly I am happy to provide the committee with the broader overarching strategy — —

The CHAIR — The rationale, that sort of thing.

Mr WYNNE — Yes, the broader overarching rationale and that sort of thing, but there are market sensitivities around the disposal of properties, obviously.

Dr SYKES — In what you provide I would be particularly interested in this issue of ability to deliver services to these social housing tenants. Often they have complex needs. They are leaving their extended families, they are leaving their social network, they are leaving their support services and they are coming to communities where they do not necessarily have any affinity and they put a heavy demand on support services that are arguably quite severely overloaded. So everyone is a loser as distinct from everyone being a winner.

Mr WYNNE — Indeed you and I have had separately in — —

Dr SYKES — Some discussions on that.

Mr WYNNE — A number of discussions about that. Not surprisingly, the broader policy setting of the government is to ensure that these units are very well located. In that context we do have a number of developments in regional Victoria which are very poorly located and inaccessible to the larger towns where the services are, so we are looking at those fairly critically as well. The broader proposition you put is right and it is one that we will be happy to provide you with the rationale — —

Dr SYKES — I just make the point that just because it is a larger town does not necessarily mean it has the service capability to deliver the services required by clients that often have complex needs.

Mr WYNNE — I understand, indeed, but we are doing developments in Bacchus Marsh and Ballarat; we are doing them all over regional Victoria, as you know. I understand that, but really the key here is that disposals are about where a property's economic life is finished and we cannot get a tenancy taken up. But your broader point I am happy to take — —

Dr SYKES — So you will provide us with some broader information for a start?

Mr WYNNE — We will, absolutely.

The CHAIR — We appreciate that, Minister.

Ms HUPPERT — Minister, I refer you to page 120 of budget paper 3 and to the outcome under 'Quality':

Percentage of neighbourhood renewal projects that have achieved active resident participation in governance structures

which sounds like a very interesting measure. Could you please outline what progress has been made in addressing the needs of disadvantaged communities through the neighbourhood renewal program and what is intended through the budget period?

Mr WYNNE — I have talked about this before. Neighbourhood renewal is a fantastic program that goes from Latrobe and Wendouree and East Reservoir, Delacombe and Doveton. We have 19 existing sites right across metropolitan and regional Victoria. It is truly one of the success stories of the government, because it is an investment in both the social and physical fabric of communities. If you think about that, for communities that often happen have been left behind, this really has lifted those communities up. The interlinking of both physical and social outcomes through the program is, I think, quite a phenomenal success story. Let me give you a couple of examples.

This has been the evaluation of neighbourhood renewal. I will give you a brief snapshot. We have had a 4 per cent reduction in unemployment in our neighbourhood renewal areas, a 12 per cent increase in further education and an increase in community participation. Although there have been some conversations in some neighbourhood renewal areas about the reduction in crime, I think overall the reduction in crime has been quite significant.

The CHAIR — It is 27 per cent in my area.

Mr WYNNE — There you are, Chair. There are some people who debate that, but I can say — —

Ms MUNT — It is greater in my area. Do you want me cite mine?

The CHAIR — Minister, our apologies for the distraction.

Mr WYNNE — It is the sort of program, I must say, Chair, that does elicit very positive responses.

The other element of it is the link of neighbourhood renewal to social enterprises. A large number of social enterprises have developed, which are often linked to community hubs and Men's Sheds. They are really energising communities and giving people for the first time a sense in which there is really a future for them going forward. Whether it is heading back into training leading to employment, there is a sense in which people through a social inclusion agenda feel that they are now back and part of the community and valued by the community. It is really one of the most powerful outcomes of neighbourhood renewal.

Obviously the upgrade of the stock is really important. The opportunity particularly for young people to get employment is fantastic. Things like fencing programs, gardening programs and maintenance are important things, often for young people who have never been employed in some of these areas, and that is a fantastic thing.

When you talk to them you get this incredible sense of pride. They will take you around and say, 'I built that park' and, 'I built those new fences there'. There is a real sense in which they are back again and engaged in their community. I think it is a wonderful example of where relatively modest levels of government investment have created huge outcomes, both in the physical and social fabric of the communities.

I also indicate that we have two new neighbourhood renewal sites that were announced in the budget. We indicated we would have two new sites, and I am pleased to advise the committee that two areas that by any measure have been on any of the social indicators require this level of support will be funded — one in Maryborough and the other one in Flemington, the high-rise area in Flemington. Flemington in particular has a significant conurbation of public housing; it is one of our biggest public housing estates. It has had some significant issues over the years, so I am pleased to provide that information to the committee.

The CHAIR — Thank you very much for taking the opportunity to make announcements during our hearing, Minister.

Mr WYNNE — It's a pleasure.

The CHAIR — I am sure you will provide us with the appropriate press release.

Ms PENNICUIK — Minister, the boost to social housing in the budget is a welcome step. Can you clarify the time frame for delivering the 5000 new houses? Also, given that there is a shortage in public housing properties at both ends of the spectrum — that is, in one-bedroom properties for single occupants, or larger properties for larger families, in particular new refugees with large families — can you let me know what the proposed breakdown of those 5000 is? What percentage would be one-bedroom and what percentage would be larger four or five-bedroom ones?

Mr WYNNE — The acquisition target is 75 per cent of the 5000 by 2010, with the other 25 per cent by the end of 2012, so there is a tailing off of that.

Ms CRAWFORD — June 2012.

Mr WYNNE — June 2012. Thank you, Director of Housing. The stock will largely be acquired on the basis of the waiting list. The waiting list is essentially one and two-person households. That does not mean, though, that we will not be acquiring or building some larger stock as well. It will be skewed essentially so it is reflective of the waiting list.

In relation to the larger families and indeed the larger refugee families that you talk about, I am pleased to say that over the last couple of years, particularly in the western region, we have built a number of five-bedroom properties, obviously with larger lounge rooms and so forth for people to recreate in. Also what we have done,

which I am particularly pleased about, is use the high-rise flats in a much more creative way. We have a number of large families living in the high rises. We have knocked out the adjoining wall between two units to make six-bedroom units, which is absolutely sensational. We have piloted that down at Alfred Street in North Melbourne in a block there. There are some technical issues from a engineering point of view as to how many walls you can punch out.

Dr SYKES — A house of cards — a bit like the budget!

The CHAIR — Without assistance, please!

Mr WYNNE — I cannot remember how many we have now, but I think it is four or five of these five and six-bedroom units. For some of the emerging refugee communities, this has been just a fantastic outcome. Indeed, as the secretary points out, the other option we do have available is movable units as well, so that if you are in public housing and you have an extended family, you can get a movable unit to put at the back. We will have some very innovative movable units in response to the fires, which we are testing at the moment.

One is under construction up in Dr Sykes's area, and we are very much looking forward, subject to assessment of that particular product, being in a position to purchase a further number of those movable units, which will be an excellent outcome in terms of the larger families. But the high-rise stuff is fantastic — really good.

Mr SCOTT — Minister, I refer you to table A.5 on output initiatives at page 315, budget paper 3. Could you please provide the committee with a update on the National Partnership Agreement on Remote Indigenous Housing as it affects Victoria?

Mr WYNNE — Yes. As I indicated earlier, we got about $30 million over 10 years. Victoria does not qualify for remote indigenous housing support, because according to the commonwealth we do not have defined remote indigenous housing. However, we have in the order of 500 commonwealth-administered houses — this is known as CHIP (community housing and infrastructure program) houses, which were previously fully funded by the federal government, and 20 organisations have these houses.

As I indicated earlier, they are all run through cooperatives like Framlingham, Warrnambool, Brambuk, and Rumbalara in Shepparton — the bigger organisations. Some that are quite small have got perhaps only half a dozen houses, and go through to some of the larger ones that might have 30 or 40 houses in their stock.

What we are seeking to do over the next two years — and as I indicated earlier, we do not want to have this stock back in the state system; we want Aboriginal communities to manage their own stock and to grow the stock over a period of time — is to get those cooperatives registered as housing providers, which then gives them accessibility to funds, and also obviously the renovation money will be available for them going forward. We are progressively working in that conversation with the cooperatives to get them registered over the next two years.

That is a good space for them. We are very pleased to have the stock back within a Victorian context, because they really have been removed from the broader housing conversation here in Victoria, because they were directly federally funded.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3, page 120, in relation to long-term housing assistance. I understand that each year the Office of Housing produces a report called 'A summary of housing assistance', which outlines all the services delivered under the performance indicators that are there?

Mr WYNNE — Yes.

Mr DALLA-RIVA — I understand the summary gets released on a yearly basis?

Mr WYNNE — Yes.

Mr DALLA-RIVA — An issue was raised under FOI, and the request was initially refused on 4 May; and then you issued a press release on 12 May, saying it had been publicly released on that day. There are a couple of issues. One is how you actually release this in the forward estimates. I am trying to get clarification in terms of your press release on the day. The third dot point at the end of the press release says:

> The supply of affordable housing stock is also at an all-time high, with more than 78 000 social housing properties across Victoria — up from 77 456 last year.

I am trying to reconcile it with the forward estimates. What the budget paper says does not seem to match with what you have indicated in your press release of 12 May. I am trying to work out whether there is another measure in terms of what is provided in your 'summary of housing assistance' as opposed what is provided in the forward estimates? I am happy to provide you a copy of your press release to you.

Mr WYNNE — I obviously do not have the release with me at the moment, but I am happy to provide Mr Dalla-Riva with the following response. The 'summary of housing assistance', which, I indicated, shows that social housing in Victoria is at an all-time high. We had in the order of just over 78 000 dwellings as at June 2008.

As Mr Dalla-Riva indicated in his question, we did have some delays in producing the report because of the need to address a number of changes. The first was to ensure that we reported accurately the effect of asset conversion; and, secondly, to ensure that the reporting reflected the changes to community housing — that is, the end of old programs and a new standardised approach.

We generally publish the summary in March the following year for the financial year, but sometimes it is as late as May. We want to try to be timely and to accurately reflect the situation. That certainly was our goal: to ensure that it was both a timely and an accurate response.

Mr DALLA-RIVA — The final thing is the link. I understand it is meant to link to the document. It is not connecting at the moment, so maybe you can see what the reason is.

The CHAIR — There may be some reasons such as social housing including housing provided by housing cooperatives, but the minister should be able to clarify that.

Mr DALLA-RIVA — Yes, if you can clarify it, and check the link as well.

Mr WYNNE — Yes, I am happy to provide that.

The CHAIR — Thank you, Minister. I also thank Ms Thorn, Mr Hall, Ms Crawford and Mr Downie for their attendance.

4.3 Community Services Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 19 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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 P. McDonald, Executive Director, Children, Youth and Families,

Mr A. Rogers, Executive Director, Disability Services, Department of Human Services; and

Mr J. MacIsaac, Executive Director, People and Communities, Department of Planning and Community Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of community services. On behalf of the committee I welcome Ms Lisa Neville, Minister for Community Services. I also welcome Ms Fran Thorn, secretary; Mr Alan Hall, executive director, financial and corporate services; Mr Paul McDonald, executive director, children, youth and families; and Mr Arthur Rogers, executive director, disability services, Department of Human Services; and Mr James MacIsaac, executive director, people and communities, Department of Planning and Community Development. Departmental officers, members of the public and the media are also welcome.

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

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

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

I ask that all mobile telephones be turned off. I might add that mobile telephones should not be used — I think there was an occasion yesterday, from what I am advised — to actually take photos. I remind people in the gallery that they should not be using mobile phones to take photos.

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

Overheads shown.

Ms NEVILLE — Thank you, Chair. I want to take the committee through some of the key areas within the community services budget, looking at some of the achievements and some of the reform areas to date and going forward as well. I will focus on some particular areas. It is quite a broad-ranging portfolio, so I will not be able to go through all the areas of the portfolio in detail.

The first area is children, youth and families and out-of-home care. Over the last few years the government has been systematically reforming our child protection system, with a strong focus on prevention and early intervention, which has substantially contributed to the stabilisation of child abuse substantiations in Victoria. This has been backed by massive new investment of $136 million, with substantiations falling by 7.2 per cent in Victoria, compared with a 143 per cent rise across Australia. The reforms, combined with strategic new investment, have resulted in lower growth and substantiated cases of child abuse again in 2007–08.

The rollout of our early intervention family services model, which is known as ChildFIRST, is contributing to the reduction in child abuse substantiations. I am pleased to advise that in February of this year we were able to complete the full rollout of the ChildFIRST sites, which now sees ChildFIRST being offered right across the state one year ahead of schedule. Demand levels and referrals for ChildFIRST are running at predicted levels of about 6000 referrals a year.

Over the last 12 months the government has focused significant attention on our out-of-home care system. The reforms that we have undertaken at the front end — that is, the reforms I have just spoken about — have contributed to reductions in substantiated abuse, but also reductions in the number of first-time entrants into the out-of-home care system. In fact, we are running at an eight-year low.

We have around 5800 children in care, compared with New South Wales which has 13 000. However, there are changes that are impacting on demand in this area. Children are now staying much longer in care, and that is for a number of reasons. There is better targeting, so that we are getting to the right families and the right

children, but also greater complexity of family needs that impacts on issues confronting children in care. This requires new ways of responding, continuing to focus on strategies to support families and kids to keep them out of care where we can, and better being able to respond to the complex needs of kids in care and improve their life outcomes. This is an issue that the government will tackle with the same innovative evidence-based reform that we did in relation to notifications and reports. The 2009 budget outcome is another step in our new approach to this important issue.

The budget invests $160 million over four years. This includes around $125 million to look at the issue of demand and quality in our out-of-home care system. This includes money to strengthen families, through family mentors providing intensive in-house support to families, particularly targeted at the 0–2 and the 13–16-year-old age group. There is $89 million to reshape the care system, including funding to respond to predicted caregiver growth; funding for greater placement diversity, for example, things like recruiting up to 100 practitioners to provide intensive care in the home; and money to improve quality through things like therapeutic treatment services.

The budget also provides money to upgrade residential care facilities to provide more home-like environments; $14 million over four years to expand the capacity of after-hours child protection services, expand coverage of our Streetwork Outreach Service and make improvements in the central after-hours assessment and bail placement service. The budget also provides $10.45 million to expand our sexual assault services, ensuring that we can provide additional counselling for around 1330 children a year.

If I can move on to concessions, this year we have again increased our water and sewerage concession cap to ensure low-income families are able to manage the anticipated water price increases. This is $42 million over four years to increase the cap from $189.70 to $216.60. This year we are also substantially increasing funding for our WaterWise program to assist low-income Victorians to reduce their water consumption with water conservation audits and appliances.

Moving on to disability, this government has continued to invest in and improve disability services in line with the goals of the 10-year state disability plan. Last year, we made the biggest ever single investment by a Victorian government in disability services, with a increase of $233 million over four years.

As a result of this and previous commitments, we are making major progress on a number of fronts. We have seen a significant improvement in the system's capacity to address client need, as shown in the graph up on the slide, which shows the lowest levels of registered need for supported accommodation and community support since 2006.

The disability support register fell by 15 per cent in the period from June to December 2008 and has fallen by over 24 per cent since June 2006. We are providing greater choice and more self-directed supports for clients, and funding for this area has increased by 207 per cent since 1999–2000. And we have seen the closure of Kew Residential Services, seeing 475 clients move to more appropriate community accommodation in the community.

We are also continuing to invest in a viable disability services sector through price increases like those, most recently, in attendant care services, specific assistance to help NGOs to make the transition to more self-directed funding approaches as well as practical assistance around training and service quality.

As a result of these achievements the latest report on government services by the Productivity Commission report shows that Victoria has higher or comparable levels of access to key services such as supported accommodation, in-home support to live in the community and respite services.

This slide shows the priorities over the next 12 months, which I will just skip over, and I will then show how the budget is going to meet some of those priorities.

This budget builds on the commitment we made last year and in previous years to improve disability services. It provides an additional $86.9 million over four years, which is a 9.6 per cent increase in funding for disability services from the 2008–09 period, and includes $9 million in the children and early childhood portfolio for early childhood intervention services. This investment represents an increase in the disability services budget of 125 per cent since 1999–00, including the 207 per cent increase in the individual support budget and the 83 per cent increase in the budget for supported accommodation.

This budget builds new service capacity with an additional almost $30 million over four years to continue to expand access for people with a disability to individual and flexible support in the community. The Transition to Employment program is provided with new funding of $16.7 million over four years to support and enhance a service to assist more young people with a disability who are leaving school to find employment or access further education.

The budget also supports further industry reform, with $12.5 million to assist community service organisations to improve their capacity to undertake strategic and business planning and move to more self-directed approaches. There is also $4 million which was provided in 2008–09 to respond to cost pressures.

The budget also delivers on other major programs, with $10 million in 2008–09 for stage 1 of the My Future My Choice program, and this budget provides an additional $13.8 million to develop 13 purpose-built facilities for 58 young people living in or at risk of entering residential aged care.

The budget also provides an additional $5 million over three years to establish community-based, co-located facilities where disability supports are integrated with other community services.

Further investment in services will also flow from additional funding of $21.6 million under the National Disability Agreement. This will assist in providing additional individual support and respite services, although it is true to say that Victoria still carries the lion's share of disability funding, providing over 80 per cent of our total resources. The combination of last year's money, this year's money and also the National Disability Agreement money will see an additional $77 million in 2009–10 alone.

This year we have also invested to support the implementation of the autism state plan. The state plan was a result of extensive consultation with families of children with autism and a partnership approach with Autism Victoria. The autism state plan will be released very shortly. The budget commences funding for a number of critical areas that families had identified with us as requiring urgent attention. There will be additional money for our mental health services to provide better diagnosis and support among children and adolescents with autism.

There is also money in education to improve the support for preschool children and young people of school age who have autism and to provide staff development opportunities. This, of course, builds on our change in government policy last year which acknowledged that autism spectrum disorder is a neurological impairment under the Disability Act, and $2.75 million was provided at the time to help families and carers to access information, peer support groups and parent and carer support groups and to help them plan and provide case management for their children with autism.

Briefly on bushfire recovery, the government has almost $1 billion committed over the next couple of years in relation to bushfire recovery. In relation to the Department of Human Services it is around $75 million, which is going to critical services like the case management service, community development officers and the ongoing role of community support hubs, which are replacing recovery centres. We are also playing a role in the distribution of the bushfire appeal funds, and just over $60 million has been paid out of that fund to date.

Mr WELLS — But that surely is not in total. That amount would have been updated, surely. If the total amount paid is $60 million — there would be more than that paid out of the bushfire fund, surely?

Ms NEVILLE — About $3 million is paid every day; about 150 grants are paid out each day. The big grants out of the bushfire appeal fund are, firstly, the $50 000 grant, which is for contents and also for rebuilding; and then there is the needs grant. When people apply they get the immediate $15 000 for the contents. They are then required, as required by the bushfire appeal fund, to provide conformation that they have received financial advice before the remaining $35 000, or the needs-based money, is paid out.

The CHAIR — We will take up the issues in questioning. The minister, to finalise her presentation.

Mr RICH-PHILLIPS — Are you suggesting there is still around $290 million — —

The CHAIR — Can we finalise the presentation first and get the details later?

Ms NEVILLE — I will go through it in detail, if you like, during questions.

The CHAIR — That would be great.

Ms NEVILLE — I will not talk about this, Chair — I am just conscious of the time — but in my portfolio there is also youth justice and family violence.

The CHAIR — Both of which are actually quite important issues. Minister, I would like to begin by asking you, as I have asked other ministers, what federal funding in grants, both output and assets, will your portfolio department and various agencies receive in the budget? Can the department provide the committee with a list and description of these grants going forward? What accountability mechanisms, both upwards and downwards, are there in respect of these grants?

Ms NEVILLE — As you know, last year COAG agreed to a number of funding agreements — both national partnership agreements and SPP agreements — across a number of areas in health, schools, disability and affordable housing. I will not go into full detail — I will provide the list — but I will touch on each of the agreements under my portfolio areas.

There are four principal agreements with the commonwealth. In mental health there is the federal funding that is received as part of the national health care agreement, which comes into effect on 1 July. We also receive funding under the national perinatal depression initiative, which is a jointly funded program between the state and the commonwealth. We also receive funding under the COAG national action plan on mental health. The mental health output group also receives funding from the Department of Veterans' Affairs for services provided to DVA clients, and that is on a contractual basis between DHS and DVA.

The drug outputs group receives federal funding under the public health outcome funding agreement and illicit drug diversion initiative. This is particularly targeted at those in the justice system or those being released from the justice system with drug and alcohol problems. Under disability services we receive funding through the new national disability agreement and the associated disability specific purpose payment which came into effect on 1 January this year.

In 2009–10 commonwealth funding to Victoria through the disability SPP will be $208.2 million, which incorporates the previous funding provided under the CSTDA of over $148 million. There are also other bilateral agreements with the commonwealth in the area of disability, disability assistance package respite, targeted support and the young people in nursing homes program. That will see an increase of about $15.5 million for the disability assistance package in this year. Around 16 per cent of the total disability budget is through some sort of commonwealth agreement. There is also an agreement in aged care under the national partnership of aged care assessment services. There are federal grants, and this year it will be about $18.6 million. Under the national partnership for home and community care, federal grants in 2009–10 will be around $282 million, an increase of 6.8 per cent from last year.

The accountability agreements apply across government, as well as some specific reporting measures that exist within each of those agreements. The broader accountability and performance measures are set out in this intergovernmental agreement on federal financial relations. There is also accountability for expenditure of national SPP which will apply to disability services under schedule D of the IGA. That requires us to spend the money within disability services, but does not require us to spend on particular things, although we do need to report against particular outcome measures. Also, each state and territory treasurer provides a report to the Ministerial Council for Federal Financial Relations within six months of every financial year.

The CHAIR — We are also interested in accountability downwards for the federal money as it is distributed to organisations et cetera, so I put that one on notice. Just to follow up on that one, I know there has been a change to the federal grants and a lot of them have been rolled up into a smaller number now. You mentioned quite a few there; have some of these been rolled up in the new process under COAG into a smaller number of programs?

Ms NEVILLE — All of these remain as separate agreements.

The CHAIR — So there is no movement on that to change that in the future through the ministerial council?

Ms NEVILLE — There is some discussion around some at the aged care end, but that is still to be resolved by COAG.

The CHAIR — Thank you, Minister.

Mr WELLS — Minister, I refer you to budget paper 3, page 109, in regard to the pricing review. The government commissioned PricewaterhouseCoopers to review cost drivers and prices for out-of-home disability services, and it reportedly stated that the sector is currently underfunded by more than $50 million. As minister, can you guarantee that disability organisations in this state will not fail financially as a result of withholding and failing to implement your own report into funding of the non-government disability services?

How do you justify presiding over the decline in the disability sector, closure of programs and closure of possible organisations? I am wondering if you could provide the report to the committee and confirm that the report did say there was an underfunding of $50 million.

The CHAIR — The minister, to answer insofar as the question relates to the forward estimates.

Ms NEVILLE — The government acknowledges how important it is to have a sustainable disability services sector. We are moving to a more individual approach, but within that we need a disability services sector to continue to provide the high quality services that it does to so many people in our community and their families. That is why we have put in place a number of key measures to assist in maintaining their sustainability.

Firstly, we have undertaken two major price reviews. In 2008–09 agencies providing in-home disability services were provided with $9 million in funding for a price increase for attendant care services. This funding was provided as a result of the independent consultant's report, which demonstrated that the cost of delivering in-home care was above what we had previously been paying. In 2008–09, as the member of the committee has mentioned, the department engaged PricewaterhouseCoopers to undertake a review of the out-of-home service prices. The report is being considered by the department in conjunction with other information on price issues which has recently been provided by a group of community service organisations. We are continuing to discuss these issues with the sector. However, in this budget there is an additional $4 million to be delivered in 2008–09 specifically to assist agencies in addressing cost pressures, upgrading infrastructure and developing — —

Mr WELLS — Do you mean 2009–10?

Ms NEVILLE — It is yet to be delivered. They will be provided with the money in the 2008–09 period. Secondly, we are putting in place a range of industry assistance with the provision of additional $3 million in this budget, or $12.48 million over four years, to assist day services to transition to more flexible individualised funding models.

They are concerned about the cost of that, and this additional funding will assist them, particularly around some of the information technology development. The funding builds on the money that we provided last year — another $3 million to assist them in moving to those self-directed approaches — and we provided money to assist the sector to upgrade amenities and accommodation standards.

We are also working with the sector on a number of things around industry plans, industry development and training initiatives, and we are also developing a workforce strategy with the sector given that the workforce is a critical component of delivering our disability services. Finally, we are providing annual price indexation to service providers through the department service agreement system. The department will index agency prices at 3.14 per cent over the three years to 2011–12 to assist agencies to meet the cost pressures and continue to deliver quality services. On top of that, $2 million each year will be provided to community service organisations to enhance their service capacity. This indexation has been welcomed across the community sector organisations.

Mr WELLS — So, can you confirm that the report — —

The CHAIR (to Mr Wells) — Can you ask your question through the Chair, please?

Mr WELLS — Through the Chair.

The CHAIR — Mr Wells?

Mr WELLS — Minister, the two parts of the question are: will you release the report to the committee, and can you confirm that the underfunding was $50 million through the PricewaterhouseCoopers report?

Ms NEVILLE — As I indicated in the answer firstly, there is another report and other information that has been provided by disability organisations to the department. It has other information that goes to the question of price, and we are working with the sector both about that information as well as the information from PricewaterhouseCoopers. My discussions with the sector have been focused on the fact that it is their right for us to be talking together about both those reports before we do anything further with that PricewaterhouseCoopers report.

It is information that the community service disability organisations provided. It is their information and they are entitled to work with us on that information first. Secondly, can I just say that there is a range of information in that document and there is no consistent information that would suggest that there is a price that could easily be set for a range of services, and we need to continue to work that through. Some of the cost pressure issues — —

Mr WELLS — You will not deny there is underfunding of $50 million?

The CHAIR — Thank you, Mr Wells. The minister to answer? Are you finished, Minister?

Ms NEVILLE — Yes.

Mr WELLS — But what about denying the $50 million underfunding?

The CHAIR — I think the minister has given an answer to that twice now.

Ms MUNT — Minister, in your opening presentation, you touched on bushfire recovery. On page 284 of budget paper 3, under the heading '2009 Victorian Bushfire Response and Recovery', there is a range of programs and initiatives detailed under the Department of Human Services. Could you just expand on how the government's response has actually been implemented in bushfire-affected areas?

Ms NEVILLE — I think the events of 7 February will remain with us for a very long time. I think the loss of lives, families and communities has touched all Victorians and all Australians and many across the world. I think it is something that we have never before seen or lived through, and unfortunately I think we are reminded regularly of the tragic statistics and all the people who sit behind those tragic statistics.

After the fires the efforts of DHS were focused on how we could support individuals and communities to recover, and help them to rebuild their lives. That has involved immediate direct relief in the short term but also planning and resourcing for the longer term assistance. I have had the opportunity to visit many of the bushfire-affected areas, both immediately after but also since that time. It is hard not to be affected by all that we have seen and all that the survivors have gone through, but I think set against this tragedy has been enormous community spirit. I think that gives us confidence that we can assist people to rebuild their lives.

As I said, the budget provides almost $1 billion over five years for various services in infrastructure as part of the government's response to bushfires. Of this, $106 million has been allocated to the Department of Human Services to focus on emergency relief and services that provide the longer term support that families will need. Money has been allocated for grants to individuals and for housing support, health and wellbeing programs, and coordination of regional response and recovery activities.

Once the immediate threat had passed, we took on the lead role in the recovery process. From the initial emergency response through to developing and implementing new and longer term recovery plans, the Department of Human Services has been working across a broad range of areas, whether it has been providing emergency shelter and accommodation, material aid, financial assistance, public health information, as well as coordinating medical services and psychological assistance — they were the initial priorities of the department in the immediate aftermath of 7 February. This work has been long and demanding, and at its height we had over 600 departmental staff who worked on immediate relief responses, mainly indirect relief and recovery efforts. Approximately 200 staff remain actively involved.

Given the scale of the event, we established for the first time in Victoria a case management service. It is a joint initiative with the commonwealth government. It became operational within a week of the fires and is

providing one-on-one support for families. It has been a massive task. We have 72 agencies which are involved. We have nearly 400 case managers assisting just over 4000 families and individuals, and the budget has allocated $70 million over the next two years to continue to offer that support.

The needs of registered families vary from simple requests to very long-term and complex issues, and case managers are responding to those. In further recognition of the long-term recovery efforts that we need to be involved in, we have moved from recovery centres into what are now called community hubs in the 10 most affected communities. The hubs will continue to provide services that the communities need. They will vary according to the individual community needs, but will for example have Centrelink, other financial advice, DHS, the Victorian Bushfire Reconstruction and Recovery Authority, and advice on rebuilding and building permit processes.

We have employed dedicated community service hub captains who will be playing advocate in local communities to ensure that we can resolve issues and problems, not only for individuals but for communities as a whole. Of course, as we would always do after a disaster of this sort, we have employed community development officers across communities. We have also been involved in the direct financial support through the emergency grants. You can see the amount we have paid out in emergency grants — $12.9 million. We were also involved in the psychosocial response, immediately with funding for counsellors and specialist mental health teams were involved. Back in March we released *Renew — A Psychosocial Response to Bushfires*, which is providing additional support to communities and individuals who are struggling with trauma in the aftermath of the events of 7 February.

It is very important that we continue these efforts. This will be a long-term effort for the Department of Human Services, but also for the government as a whole. As people physically rebuild, our role is to assist them in that process by helping them to emotionally rebuild their lives.

Dr SYKES — Minister, I would like to follow up on the bushfire recovery program. The $353 million — we are talking the Red Cross-managed appeal?

Ms NEVILLE — Yes.

Dr SYKES — How much of that money has actually been announced as having been allocated — $250 million, or something like that?

Ms NEVILLE — Yes, over $200 million has been committed, and pretty much each week the appeal fund is announcing new grants. The Winter Needs Grant was announced last week.

Dr SYKES — You have got $353 million in total donations received, over $200 million announced as committed and $60 million delivered. I think you would be aware that, certainly to me as a local member, there are lots of expressions of frustration and angst about the gap between announcement and delivery. One of the causes of frustration is that people have to provide their personal details repeatedly for different assistance. I am wondering whether you have got some strategy in place to address this lag phase, in particular a simple concept like one central database through which data can be accessed for all grant applications.

Secondly, as you are aware, there has been a major concern about certain groups falling through the cracks in terms of available assistance measures. In particular in relation to the Red Cross-type public appeal money there has been a problem with making that money available to people whose property is owned in a business entity, particularly farmers. If you had one central database, would you be proactive and use your data to identify clients' needs to develop modified assistance measures? Keeping in mind this is public donation, at an arm's length from government. Would you then be contacting clients who had a need and saying, 'We have now addressed your need, and we encourage you to apply for such and such a grant'? In other words, there is a lag phase, there is angst and frustration. What are you doing about fast tracking that and helping those people who, as you know, are still very, very stressed?

The CHAIR — A rather long question over there!

Dr SYKES — It is a matter of providing the background.

Ms NEVILLE — I think I have got it down.

The CHAIR — You've got that?

Ms NEVILLE — I think I have got it. I just want to be clear that the Department of Human Services does not set the criteria for the grants. We administer the grants according to the criteria and the eligibility established by the Appeal Fund. That is where our role comes in. To explain the process for the large grants, as I have said before, people might be entitled to the rebuilding grant, which is $50 000, and some might be entitled to the additional needs-based grant — for disability or whatever it might be.

If we take the $50 000 grant, which is broken into two figures; one is for contents and one is for rebuilding. When people apply, one of the criteria set by the fund is that people are required to get financial advice. It is a large amount of money and advice is needed on how to manage that money. The banks, National Australia Bank for example, are offering free advice. The advice has been established, but that was one of the criteria.

What we have been doing with the bushfire appeal fund is that for the first $15 000 people applied and that was paid out straightaway. Basically people are assessed and the money is committed. We then have to wait until that financial advice information comes through. We do not see the financial advice; we just need proof that financial advice has been sought. Once that comes in it is paid out. There is a lag time in there, but that is one of the criteria we are required to follow. As I said, it varies a bit but we pay out $3 million to $5 million a day as those grants come in — —

Dr SYKES — Is that increasing exponentially, or is it a constant line?

Ms NEVILLE — Yes, it is absolutely going up.

The CHAIR — There is a graph for you.

Ms NEVILLE — See you can see it there.

Dr SYKES — That is quite exponential.

Ms NEVILLE — It is going up quite substantially. Basically people put in an application with all the details, the financial advice and all of that, and the grants are paid at the most within three days. It is turned around very quickly.

On the issue of how we make it as easy as possible, because this is certainly one of the issues that people confront, having to fill in forms. Firstly, there is the case manager's role in trying to assist people in doing that. Secondly, if we get application forms that do not contain all the information, we will do everything we can before we have to ring that person to try to get the information. We might look back through the database, we might look at a form for another grant application, we might ring the case manager — whatever we can do to minimise the need to ring a person and say, 'You have left a gap on your application form'.

Our first step is to do that. Secondly, if in the processing of that grant we notice that somebody has not applied for another grant, we will pay that grant as well. So they have this application form and clearly they are eligible for another grant, we will notify them to say, 'We are also paying this grant'. Case managers also have the ability to check on their individual client on the database and say, 'Okay, you have applied for X, Y and Z. This is what's being paid for you. You haven't applied for this, so we're going to put in an application for that'.

We are trying to make it as simple as possible. In the emergency relief stage, people were paid without IDs, they were paid without information. It was critical we got that money out to people as quickly as possible, and they were paid on the spot. Obviously the bigger the grant, we need to just make sure they are going to the right people and we are trying to make that as simple as possible whilst ensuring that the money is going to the right people.

Dr SYKES — Just a couple of clarifications.

The CHAIR — Very quickly. You can always ask another question later.

Dr SYKES — Chair, we have had it put to us on a number of occasions that this is a very significant event in the history of Victoria.

The CHAIR — I understand that.

Dr SYKES — The recovery phase is extremely significant. I have a lot of people contacting me, raising their concerns. I would like to get it very clear in my head so that I can give them clear feedback, and I have opportunity to get that from the minister.

Minister, in relation to these larger grants, the turnaround time from submission to payment is in the order of three days?

Ms NEVILLE — If all the documentation is there.

Dr SYKES — And in terms of the data management, are people still being required to fill out different grant forms or do you have the central database that you can look at, doing a lot of the form completion for them and they have to fill in only two or three blanks?

Ms NEVILLE — Case managers will work with people to fill in forms. As I said, if somebody has a plight, so we have somebody's information and we realise they have not applied for everything they can, we do not require them to fill out forms. We will pay that money. If we have their information, we will just pay out that money — notify them, but pay out the money.

Dr SYKES — One last clarification. Survivors are given a one-on-one case management service, but one case manager can look after up to 7 or 10?

Ms NEVILLE — That is right. It is based on a disaster model. The way that we try and do it is we have what are known as inactive cases, where people say 'We don't need a case manager any more', but they are still allocated to a case manager and they get rung regularly. Then people will have around 10 active cases.

Dr SYKES — Are you about to rotate off the case managers? Is the group that has been employed finishing up and is another group about to be employed or are you rolling over the contracts or what?

Ms NEVILLE — We are rolling over the contracts. So the only changes will be that Centrelink staff came in for a period of six months and we are working to replace those, but the intention is to try and have consistent ongoing case managers.

Dr SYKES — That was a concern out there that it looked like one group finishing and 'Oh, my God, we're going to have to go through this with another person'.

Ms NEVILLE — No.

Dr SYKES — Thank you.

Mr NOONAN — Minister, I refer to budget paper 3, pages 38 and 39 under 'Supporting people with a disability'. One of the line items in this budget under the enhanced facilities is $14 million for 13 new purpose-built houses to enable the relocation of young people with high-care needs from residential aged-care services to more age-appropriate facilities. I wonder whether you can advise on the progress of this initiative and any further details that relate to the forward estimates period?

Ms NEVILLE — As I said earlier, this is a COAG bilateral agreement that we have with the commonwealth, known here in Victoria as My Future My Choice, and stage 1 commenced on 1 July 2006. The aim of the initiative is reduce the number of young people living in a residential aged-care facility by either assisting some to move out or preventing others actually having to enter an aged-care facility in the first place.

Over 215 people aged less than 50 living in residential aged care participated in individual planning and assessment that identified what their preference was: was it to move out of the residential aged-care facility into an alternative living arrangement, remain in the residential aged-care facility with enhanced disability support? About 70 per cent of participants indicated that they wanted to move out of the residential aged care.

In addition we have been working with young people and their families and assisting them through individual support packages and other accommodation options other than that provided under My Future My Choice. The figures are encouraging, so in July of 2006 we had about 221 younger people living a residential aged-care facility; in April of this year that had reduced to 187. That will continue to reduce. This is both those who are currently there as well as preventing new people coming in.

Today I will also announce that land has been secured to build three facilities. There is a $1.5 million house in Altona for six young people, which will be managed by Yooralla; a $1.3 million house in Frankston, again for six people, and again that is state and commonwealth money; and a $1.2 million house in Geelong for five young people, to be managed by Scope. I will also be announcing the providers who will deliver 10 new services as part of stage 2. I will be announcing that today.

These innovative new purpose-built accommodation services are being established to provide more suitable options for those who seek alternative living arrangements. In 2007–08 the Victorian government allocated $10 million in capital funding to assist in the establishment of these facilities, and that enabled the commencement of stage 1, which is going to provide places for 46 young people.

The first of those services opened in Balwyn in February 2008 — I think the Chair was there — allowing six people with an acquired brain injury to move out of residential aged care. I think you would agree, Chair, that the young people and their families were pretty excited about the move, and it certainly is making a real difference in their quality of life.

In this budget we have announced a further $13.8 million to facilitate stage 2 of the service development which will deliver supported accommodation options for 58 people, and a number of these services will be in rural and regional Victoria. So in total 104 new accommodation places are scheduled to be completed, including those I have mentioned. There are the 6 places in Balwyn and 18 new places during 2009–10, and I have mentioned a couple of those.

There is construction about to commence also in Alphington and Glen Waverley; there is also a new house in design work in Grovedale. There will also be another 70 new places in 2010–11 which will be in Noble Park, Geelong, Horsham, McKinnon, Altona and Frankston — which I mentioned — Ballarat, Shepparton and Bayswater. The new houses are either in the planning or design phases. We are currently in the process of sourcing land in the western suburbs, northern suburbs, Wodonga, Bendigo, Berwick, Bairnsdale and Moe.

On top of this a total of 19 younger people have been assisted to exit residential aged care. They have either returned home with additional supports through the individual support packages or exited to supported accommodation options. To date 44 younger people have been diverted from entering aged care through the provision of the individual support packages.

Over 100 younger people who remain in aged care, either by choice or because they are waiting for an appropriate option to become available, are receiving support packages, aids and equipment to enhance their quality of life. The support packages, for example, are used to ensure they can access the local community. It might be that community buses are used, they can go home on weekends or they are assisted in maintaining family and social relationships. It might be particular equipment in their rooms that make them able to live more independently in their aged-care facility, or it might be new wheelchairs.

All of those sorts of things are improving the lives of those young people who remain in residential aged care. I think this is one of the really critical initiatives that we have at the moment with the commonwealth government. It is already making a real difference to young people who are required to be in some form of supported accommodation. I think over the next two years we will see significant shifts in the numbers of young people in residential aged care.

Mr RICH-PHILLIPS — Minister, I would like to ask you about indexation and community services. Before you put those slides up on bushfires, can you just confirm that the 393 case managers is the number going forward and that that level will be maintained?

Ms NEVILLE — We are trying to do some planning on that at the moment, because it is a bit hard to predict. Not everybody will require a case manager for the whole two-year period. At the moment we are looking at the issues coming through and the needs of families, and trying to make an assessment based on that. We have committed to continuing to provide over the two years case managers for those families who need it.

Mr RICH-PHILLIPS — You said in your presentation that you have agreed to indexation of 3.14 per cent and that that was welcomed by the sector. I know that in the lead-up to the announcement in the budget the National Disability Services, which at that time was expecting 3.34 per cent, issued a statement. NDS asserts that:

> … the disability sector is unable to continue to survive on price indexation of 3.34 per cent in the context of a history of underfunding, inadequate price indexation and productivity cuts.

Over recent years disability organisations have absorbed countless new regulatory requirements. It went on to say that NDS has voiced strong concern about the approach of the government which did not allow for adequate consultation with the sector. NDS also referred to the Allen Consulting Group's report, which forecast a requirement of 4.2 per cent indexation to maintain service levels. Given that you have come in lower at 3.14, and as NDS said, a lot of organisations have additional regulatory requirements upon them, how do you expect service providers to maintain service levels with an inadequate level of indexation?

Ms NEVILLE — I will just review the process for the NGO pricing indexation process. Firstly, it was this government that established the three-year funding agreements. It was something that the community sector always wanted — to have certainty going forward around their funding and to have price indexation certainty.

Mr RICH-PHILLIPS — Going from the inquiry to this committee; it happened in 2001.

Ms NEVILLE — We did that back in 2003. We have been in the process of negotiations. There has been a price index working group which has contained or involved all of the key people of organisations — VCOSS, National Disability Services, the Centre for Excellence in Child and Family Welfare, VICSERV and Jesuit Social Services. They have all been involved, working in partnership with us to resolve the issue of price indexation.

Can I say that the Victorian Council of Social Service publicly stated how pleased it was with the outcome in relation to price indexation. In fact, overwhelmingly, all members of that working group were very pleased about the outcome in the context of the downturn in the economic cycle.

If you look at how indexation is set, it is a mix of both wages and also CPI. There is a formula that we use and that we have used in all of our funding agreements with the community services organisations. Based on the economic conditions and projections going forward, the indexation is one that community services organisations recognise will provide a really critical role in ensuring their sustainability going forward. And 3.14 per cent is an improvement on the last indexation and is well and truly able to meet the expected CPI costs and wages costs going forward.

Mr RICH-PHILLIPS — What about the increased regulatory burden for disability agencies?

Ms NEVILLE — As I have said already in my presentation, this year we have provided — which we did last year as well — another $3 million to assist disability organisations to move towards more self-directed approaches. Certainly our focus rightly — absolutely rightly — in the area of disability is on ensuring that our system is focused on the needs of the individual and their families, not on the organisations. But in that context we need to make sure our organisations are also sustainable. So we are providing additional money for them to assist them with information technology and to assist them with regulatory burdens. We have got $4 million to assist with cost pressures around transport issues — all of those things. That is about making the sector sustainable whilst ensuring that our primary driver in all of this is delivering the services that families and carers — families and people with a disability — want and choose.

That is what individual support packages are about. That is what direct payments are all about. It is a challenge, and that is why we are working with the sector, providing them with the resources, working with them to actually shift the way that they operate in order to meet the needs of people with a disability.

Mr RICH-PHILLIPS — Given the government's own wage forecast came in at 3.75 per cent of the budget, why have you agreed on indexation of 3.14 per cent — substantially below the government's own wage forecast?

Ms NEVILLE — The government wages policy is 3.25.

Mr RICH-PHILLIPS — The wages forecast is 3.75.

Ms NEVILLE — The wages policy going forward is actually 2.5, but obviously what the budget figures show is the play-out of EBAs that have been agreed to prior to the new wages policy.

Mr RICH-PHILLIPS — The Treasury estimate for the Victorian economy is 3.75 per cent for wages growth, but you are saying your indexation is only going to be 3.14?

Ms NEVILLE — Except the indexation is not a formula that says 'wages policy'. It has proportions that take account of wage increases and it has a proportion that takes account of CPI, so it is 85 per cent of wages and the rest is on CPI — —

Mr RICH-PHILLIPS — It would be heavily weighted on wages, though, wouldn't it?

Ms NEVILLE — So based on that formula, and if you look at wages policy and if you look at CPI, the figure of 3.14 going forward is a good outcome, and the community service organisations have agreed it is a good outcome. They sat at the table with us. It is a partnership arrangement of reaching a sustainable price indexation to support the sector going forward in the delivery of the services that they provides.

Ms HUPPERT — Minister, I want to refer you to page 40 of budget paper 3, which refers to the new funding which is being provided for additional services for children who have been removed from the care of their parents due to abuse or neglect and placed in out-of-home care. Could you please outline for the committee some details of this funding and what the new services will provide in the forward estimates period?

Ms NEVILLE — As I spoke about in my presentation, we have been undertaking substantial reform and investment in our child protection and family services areas. We have had new legislation and new initiatives; we have really targeted the front end of our system. The results of that have been substantial, with the reduction in substantiated abuse. But in addition to that, the results of that investment have also seen us as being at an eight-year low for the number of children who are entering our care system for the first time. However, there are demand pressures, and that is what this budget is all about — demand and quality pressures.

The budget allocates all up $160 million in this area, and of this $134 million is focused on our out-of-home care system, or what I would call the back end of the system. Our focus is on supporting families through intensive support, to try to drive down demand, to try to ensure that those children who can live at home safely with the extra support are provided with that, and that is particularly targeted at the 0 to 2 and the 13 to 16-year-olds. Our focus is also on how we improve the quality of care for those children who cannot live safely at home. It is not just about new funding but is signalling a new direction in out-of-home care, which we have developed with our partners in the community service organisations.

The priority actions, just to go over those again: $19 million, which is about piloting the family mentor system, which is intensive in-home support for those families who might be at risk of a child entering our out-of-home care service; we have $23 million to recruit up to 100 practitioners over the next four years to provide specialist care to kids with particular challenging behaviours who might benefit from that; we have $47 million over four years to redesign our care system to deliver greater placement options and particularly to meet the diverse needs of adolescents; we have $18.9 million over four years to secure more foster and kinship care placements for children removed from their families; $13.9 million will be provided over the next four years to improve the funding to community service organisations who provide general residential care; we have $10 million to upgrade residential care units, for which we want to draw on new building designs to deliver more homelike environments in our residential care services; $1.3 million over three years for therapeutic treatment services to help children recover from trauma and past experiences, and that builds on our unique service which is called Take Two, which is providing therapeutic and mental health support services targeted particularly at children in the out-of-home care system; and $1.2 million to organise better access to positive activities and community support for young people in residential care. We want to ensure that young people in residential care are linked in to sporting groups — are able to participate in other forms of activity outside residential care. There is also support to ensure Aboriginal children receive culturally appropriate care services.

Additional funding on top of this for sexual assault counselling services for children and a boost to the capacity of our after-hours child protection emergency crisis response telephone service will also help address the needs of very vulnerable young people in care who are involved in risky behaviours such as street-based sex and drug exploitation.

These reform directions build on a number of key initiatives that we have already put in place to strengthen our care system: more support for carers through our statewide foster care training; increased reimbursements to carers to assist with meeting the costs of caring for children; the implementation of a new service model to

support kinship carers; enhanced flexibility and capability of our care placements; the expansion of one-on-one placements; as I mentioned before, our Take Two service; and the development of the new model of therapeutic residential care, which is known as Hurstbridge Farm.

We also have a new leaving care support service for children who leave care at 18 years, to help them transition either into employment, further education or into other housing options, and also funding which has been provided through the Centre for Excellence in Child and Family Welfare to work on a recruitment campaign to attract more foster carers to the system.

This is very much delivering not just new investment but also looking at ways of doing this differently, and we will be doing that in conjunction with the community sector, who are very much partners with us in the delivery of child protection and family services here in Victoria.

Ms PENNICUIK — Just a quick follow-up from Mr Noonan's question about how many young people are still in aged-care facilities and the plan to alleviate this. My question is more a global-type question. Given the economic outlook and the expected increase in the incidence of financial and social stress in the community — and you mentioned the provision of financial counselling in your bushfire presentation — is there any plan to look at providing financial counselling services for people who are coming under stress, to prevent them from getting right into the problems of housing, mental health and other community service provision that they may wish to undertake?

Ms NEVILLE — Chair, financial counselling does not actually fall under my area of responsibility. I think it sits with the Minister for Consumer Affairs in the Department of Justice. I am just not able to answer the question on behalf of the minister. The sort of services that sit within my portfolio, including concessions and mental health support, all of those services absolutely go to assisting particularly vulnerable and low-income families and individuals in our community.

Ms PENNICUIK — Can you answer the first question?

Ms NEVILLE — Of how many? Yes. At the moment we have 186, I think, if my memory is right — it is 187 at the moment.

The CHAIR — Close.

Ms NEVILLE — It is 187, and as I said we have 104 new places coming on board. Of those 187 who remain in residential aged care not all those people wanted to move out. We spoke to 215 out of 221 — not everyone spoke to us, but we got pretty close. Of those, 70 per cent said they wanted to move out of residential aged-care facilities. At the same time as you are managing that you are also trying to prevent people from coming in, and the other part of the program has been about doing better work earlier on with families and young people to ensure they do not actually end up in residential aged care in the first place.

Ms PENNICUIK — What is the target time for achieving 100 per cent of that 70 per cent?

Ms NEVILLE — I think the 104 is up to the end of 2012.

Mr SCOTT — Minister, I refer you to budget paper 3, page 286 and Table A.1, which has the 'Enhancing Disability Services and Outcomes' heading. Can you tell us what investment in the 2009–10 budget will be delivered for people with a disability? Previously, Mr Wells asked about what organisations are receiving. I am interested in what will be delivered for people with a disability, in terms of the budget.

Ms NEVILLE — As I mentioned earlier, last year we had the biggest ever single investment in disability services, which equated to $233 million over four years. This budget builds on that, with an additional $86.9 million over four years, which includes $9 million which sits in the department of education and it is targeted at early childhood intervention services for children with a disability. The disability services budget is increasing in 2009–10 by $112 million, or a 9.6 per cent increase all up.

Combined with last year's increase, the disability services budget has increased by more than 20 per cent in two years. The combined effect of these budgets has been to increase the funding available for disability services by over $77 million, and that includes $21.5 million that sits under the National Disability Agreement.

This gives Victoria a total disability services budget of almost $1.3 billion, an increase since 1999 of 125 per cent.

For people with a disability, the 2009–10 budget will deliver almost $30 million to expand our individual support, making more individual support packages available and delivering about another 179 of those with this year's budget over the next four years. These individual support packages are really critical. They provide flexible support. They are about identifying individual needs around respite and around other supports that they might need in order to be able to live more independently in the community.

There is $16.7 million over four years for the Transition to Employment program. This assists young people, particularly school leavers who have a disability, to be able either to access employment or to access further education. This is a really critical component. We want to make sure that if we get our planning right and we get the supports right young people have the best opportunities for full participation in our community.

We also have capital funding which I have just been speaking about, which is the $13.8 million over four years to deliver the 58 new accommodation places, to build the purpose-built community accommodation options for those who are living in residential aged care. There is also capital funding of $5 million over three years to establish community-based co-located facilities where disability supports are integrated with other community services. This again all goes to the issue of trying to ensure that people with a disability have equal opportunities and rights to participate in our community.

The development is focused on three different service models: co-location with existing providers, establishment of support and resource sites for people with a disability within key activity centres in local communities, and also developing local community infrastructure to encourage the participation of people with a disability in community activities. In addition, through the Office for Disability in DPCD, funding of $7.2 million is provided for the ongoing work in raising community awareness and helping to change community attitudes.

Rolling out this year we continue our disability action plans which are focused on ensuring that within the public sector but also in community organisations that our buildings and our workplaces are as accessible as possible. We will see an additional 150 nominated public and community organisations go through the process of disability action plans.

These budget investments continue to ensure that our goals around a self-directed approach for people with a disability can continue to be met. We are determined that any new investments are about providing flexible services and supports and ensuring that people can have a real choice about living as independently as possible in our community, and changing community attitudes about people with a disability and their ability to participate in community activities.

Mr DALLA-RIVA — In respect of budget paper 3, pages 110 and 111, which relate to residential accommodation support, in terms of the forward estimates there is a moderate increase in the total output costs and I note the figures. I just want some explanation about the additional commonwealth funding and how that is reflected in the increases that are there, and in particular about some of the concerns that have been put forward about what appears to be a two-tiered system where the non-government sector appears to be funded out of this total output cost. Can you clarify for us whether there is a continuation of this two-tiered system?

It appears the non-government disability sector is underfunded. It is expected to deliver the same type and quality of service as the DHS services but to do so with less funding. I just want to get more of an analysis about the $584 million and how that is broken down into the non-government disability sector in relation to residential accommodation services and the DHS services, and if there is a disparity between the two, why is that?

The CHAIR — There are a number of strands there, Minister, if you can try to deal with them.

Mr DALLA-RIVA — It relates to the same figure.

Ms NEVILLE — It is the dollar figures that you are — —

Mr DALLA-RIVA — The dollar figure and you have quantity over there on page 110 — clients in shared supported accommodation. That would not be totally DHS, would it?

Ms NEVILLE — No.

Mr DALLA-RIVA — So I just want a bit more of an analysis in terms of — —

Ms NEVILLE — What I can give you is a bit of a breakdown of who provides how many facilities. I can do that.

Mr DALLA-RIVA — You can take it on notice, if you want.

Ms NEVILLE — I will have to take on notice the actual breakdown of the costs, so how much in dollars goes to CSOs to deliver supported accommodation. But I can give you a breakdown of the type of accommodation.

There are about 1060 facilities in out-of-home accommodation support services. Of that, 905 are long-term group homes, 82 facilities providing respite, 23 facilities providing congregate care, 14 accommodation units providing independent living and 14 units providing outreach accommodation. A total of 280 of these supported accommodations are owned and operated by non-government organisations but the majority are owned by the Department of Human Services, either through the secretary of the department or the Office of Housing.

A number of the department-owned properties are managed by community service organisations under funding and service agreements with the department. At the moment there are around 4980 places in the group home component. All the new facilities that we are currently building are being done in partnership with the non-government organisations.

Mr DALLA-RIVA — Through you, Chair — —

The CHAIR — The federal funding you asked about as well. You can take it on notice.

Mr DALLA-RIVA — You can take it on notice about the federal funding.

Ms NEVILLE — It is not allocated separately; it does not go commonwealth to the non-government sector. It is in the pool. In the disability services budget output, the total figure of commonwealth contribution in 2009–10 is $208 million, and we put in $1079 million. As I said earlier, over 80 per cent of the disability output is funded by the state.

Mr DALLA-RIVA — Also on notice, the cost per place of the NGO versus the DHS. I do not expect you to have it on here but just on notice.

The CHAIR — All right. Thank you very much for that. Minister, I would like to welcome your statement before about autism and the fact that it is now seen as a neurological disorder and disability, which I am sure the autism sector welcomes. Could you tell us, in budget paper 3, page 41, just where we going on the autism state plan? Can you give us a bit more detail on that, particularly going into the future?

Ms NEVILLE — Thanks, Chair. This month is actually autism awareness month.

The CHAIR — That is correct.

Ms NEVILLE — And we will be launching the state plan some time this month as part of the autism state plan. As I said earlier, this plan is probably a unique plan in that it was a real partnership between government and Autism Victoria as well as very extensive consultation with people with autism, families, carers and people who are involved in working with people with autism. The plan will provide a platform for building new and improved approaches right across government to better meet the needs of families and children with autism spectrum disorder.

As I touched on earlier, as part of the autism state plan and some of the priorities that have been identified by families, the budget provides $8.2 million over four years to commence implementation of that plan, and they are really in the critical areas that families identified with us as some of the key priorities. Just over $4 million will be provided by the Department of Education and Early Childhood Development. This will see the development of things like autism spectrum disorder plans, education and workforce development — really skilling up our early childhood workers, our teachers to be able to better support and respond to often challenging behaviours that might result from autism.

There will be coordinated positions to support regional autism consultation and training networks, and also specialist secondary consultation to support the early childhood workforce in working with children with highly complex ASD. There is $4.16 million to DHS to enhance the capacity within our child and adolescent mental health services and to build our ASD expertise in the mental health workforce. There will be increases in staffing to our CAMHS services, which will include the appointment of 14 dedicated coordinators to manage the process of diagnostic assessment of children and young people with complex presentations of ASD. Operational guidelines will be developed and ASD training to the specialist mental health workforce will also be rolled out.

The plan will build on the government's announcement, as you mentioned, Chair, last year to include all people with ASD under the Disability Act. In the development of that act and for a very long time, people have argued that ASD is a neurological disorder and should be acknowledged under the Disability Act. That change back in December enabled that to happen. We provided some additional support at the time to improve the information and support for families and individuals with ASD, to assist them in doing planning and case management.

There was also funding allocated to Autism Victoria, who are working in partnership with the Association for Children with a Disability, to improve the information referral processes as well as providing additional peer and parent support groups. There has also been money allocated to fund ASD case consultant practitioners, who will be established in each region. They will provide secondary consultation for case managers working with families and individuals with ASD and provide some regional leadership. It is one of the really critical areas in autism. It is still a very poorly understood issue, which means that diagnosis, treatment, care, access to information — all of that — is very misunderstood in a whole range of services. That is really one of the key focuses of the commitments we have made in this budget, to try to address some of those particular issues.

We are also working with the Australian government to help families maximise the benefits of the commonwealth initiative, which provides families access to funding for some early intervention support. Being able to clear some of the waiting lists in our CAMHS services for diagnosis will actually assist families to get earlier access to some of the commonwealth money. Absolutely, families having access to early intervention services makes a difference to life outcomes for children with ASD.

Just in the consultation on the autism state plan, over 1000 Victorians participated. I think the plan combined with these initiatives will really go a long way to improving the lives of families who have children with autism and people who live with autism spectrum disorder.

Mr WELLS — Minister, I refer you to budget paper 3, page 112, child protection. According to the 2007–08 DHS annual report, there were 1556 child protection staff employed by the department. Of these, how many actually have contact with children, and what will be the figure over the forward estimates, please?

Ms NEVILLE — That figure, as I understand, will not be full-time effective. That will be — —

Mr WELLS — Okay, it is 1556, and full-time effective is 1421, so we will work on 1421.

Ms NEVILLE — And the question was, 'How many have contact?'.

Mr WELLS — Of the 1421, how many have contact with children?

Ms NEVILLE — They all front-line staff, so they are all working with children in the front line.

Mr WELLS — So of the total amount, every single person in the child protection unit has contact with children?

Ms NEVILLE — They would be working as teams, so you might have a supervisor —

Mr WELLS — No, no. How many actually have contact with children?

The CHAIR — The minister to answer.

Ms NEVILLE — The overwhelming majority of them would have contact. They are front-line staff; they are doing — —

Mr WELLS — How many?

Ms NEVILLE — I do not know. I would have to give you a breakdown of supervisors.

Mr WELLS — There is a roomful of hardworking public servants. Someone would have the number.

Ms NEVILLE — The way that child protection works, people do not work in isolation; people rightly work in teams There is a process, absolutely, of ensuring quality, of ensuring supervision. It is a very difficult area to work in. Of course out of that group of people would be some people who provide supervision work — —

Mr WELLS — Yes, I understand all that.

Ms NEVILLE — — people who oversee cases, who review case files, who might do a number of those case files to ensure that we are delivering quality services across the board. The vast majority of that workforce are front-line staff who would be meeting with families, working with families, working with children, going to the Children's Court, ensuring access between children and their families — the overwhelming majority. I would be guessing, but it would be certainly in the 90 per cent that would be front-line.

Mr WELLS — Would you take it on notice, then?

The CHAIR — The question has been asked. I have already suggested it be taken on notice and also, Minister, to estimate that going forward, too.

Mr WELLS — The actual number.

Ms NEVILLE — Yes.

Ms MUNT — Minister, I notice incidentally from the constituents who come through my door that low-income families are under growing pressure with their household budgets, particularly in relation to essential utilities like water. I was interested to see in your presentation and also at page 316 of budget paper 3 that additional funding has been provided for concessions in this budget. Could you detail that additional funding and how it would work?

Ms NEVILLE — You are right in saying that families are under additional pressure as a result of the global financial crisis but also the increasing costs as a result of drought and climate change, so the cost of basic utilities has continued to increase. We have a strong commitment to ensuring that low-income households in Victoria are able to afford access to these essential services. This includes ensuring that our hardship programs continue to be effective in reaching those most in need. We currently assist directly around 725 000 households through the provision of more than $1 billion worth of concessions, rebates, allowances. They provide assistance across gas, electricity, water, schools, kindergartens, public and private transport, and ambulance, dental and other health services.

We have new challenges with the financial crisis but also with the changing climate that we are experiencing, which has seen the increase in prices for essential services. In response, we have a number of measures which are about trying to ensure that these essential services remain affordable for our low-income households.

In particular, in this budget we introduced a further increase in our water and sewerage concession, to assist the most vulnerable members of our community to gain affordable access to this essential service. This year's budget provides an increase to the water and sewerage concession cap, rising from $189.70 to $216.60, which represents around about a 14.18 per cent increase in that concession cap. Overall this is around about $42 million over four years.

On top of that, we have also increased what is known as our Water Wise program. We are providing $2.3 million to assist in water demand reduction programs, so not just assisting people with affordability around bills but in the long term ensuring in a sustainable way that they are able to reduce their water use and also bring down the cost of their overall bills.

We have already had a Water Wise program that commenced in January this year out of money from the 2008–09 budget, which is targeted at assisting around 1000 households in hardship to reduce their water consumption through things like free water audits and retro fits, valued up to about $500 per household. The new Water Wise program will be extended and will see perhaps around about another 4000 households assisted

and we will be working with the water companies to really target this additional money to ensure it reaches those low-income households that have the biggest water use in their areas.

These are really important measures to assist in keeping water and sewerage affordable for low-income families. Of course our range of other concessions — electricity and gas concessions, which are uncapped — will continue to play a really critical role in ensuring access to essential services.

The CHAIR — Before I call on Mr Rich-Phillips, I note on your budget estimates questionnaire you have a breakdown in terms of staff, but under allied health, child protection, disability executives et cetera.

Ms NEVILLE — I do not know if it —

The CHAIR — It is not a complete picture, because some of VPS are involved in that. Could you provide for the committee a breakdown of the VPS staff, in the normal fashion that that is done?

Ms NEVILLE — Yes.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the Community Offenders Advice and Treatment Service that operates through juvenile justice. There have been reports that a number of organisations that provide forensic services as part of COATS have received cuts in funding as what I understand are administrative changes within DHS. Can you outline the basis of that and why that has occurred, what funding has been provided for the COATS service for the last couple of years and for the budget year, and what organisations receive funding under COATS and how much?

Ms NEVILLE — It is actually under the drug output. COATS does not deliver to youth justice. It is a federally funded program which, as I mentioned earlier, comes via the state and it is targeted at people in the DOJ under the prison system, not at youth justice. We have our own drug support programs in youth justice.

Mr RICH-PHILLIPS — So who is responsible for administering it?

Ms NEVILLE — It does sit with me, but it is under the mental health area. I am happy to have a look and provide that information — I just do not have it here in front of me — when we get onto mental health very shortly.

Mr RICH-PHILLIPS — You will in 10 minutes?

Ms NEVILLE — Yes, I am happy to do that.

Mr RICH-PHILLIPS — All right. Thank you.

Mr NOONAN — Minister, I am looking at budget paper 3, page 40, under 'Assisting vulnerable children', and I want to ask a question about emergency child protection. I note that there is $14.6 million over four years to enhance the capacity to respond to children in crisis outside of office hours. I wonder whether you can provide details of this funding and the extra services that it will provide?

Ms NEVILLE — As I mentioned earlier, there is $14.65 million over four years in this budget to address the rising demand for after-hours emergency and crisis response services for children in need of protection or at risk of exploitation or remand. The After Hours Child Protection Emergency Service is a crisis service that responds to urgent calls after hours from both professionals and the community in relation to child protection concerns. It is run by a very dedicated staff group, and we recently celebrated its 20th anniversary.

The service performs a vital community service for very vulnerable children and young people, particularly those who might need an urgent response. On a typical day its workload includes responding to reports from hospital medical professionals about new cases of serious abuse and neglect; responding to calls from Victoria Police about children that may have been abused, abandoned or orphaned; responding to reports from family members about the care or safety of a child or young person; receiving reports about children that may be missing from their home or placement; and outreaching to young people who may be engaging in high-risk behaviours, such as illicit drug use or self-harming behaviours in the CBD or St Kilda.

Often these calls may be received late in the day and some in the middle of the night. Often the caller is distressed and deeply concerned, and the response needs to be calm, compassionate and alert to all the potential

risk and safety issues. In 2008 the service handled nearly 40 000 incoming calls. The new funding announced in the state budget is targeted at ensuring that after-hours calls about child protection emergencies are answered in a timely way; enhancing the capacity to provide an outreach response for those children who require immediate action after hours as a result of those calls; addressing the significant increase in demand for after-hours assessment of the suitability of a young person for bail, to ensure appropriate conversion from remand; and ensuring, as I said, consistent coverage with extended hours across the CBD and St Kilda areas.

The funding will extend the capacity of after hours, the bail service and also the street work outreach program. Funding of $14.65 million with $3.52 million this year will be provided to ensure that we are able to meet the benchmark that we have set for this service, which is 80 per cent of calls being answered within 90 seconds, and to increase the service's capacity to provide the outreach to actually be able to go out to families and children who are at risk. It will ensure that the service's call-taking capacity is brought in line with other emergency services' responses and also community expectations. These are really critical services. They operate at times of often very high crisis in families' and children's lives. These additional resources will ensure that we are able to provide the most timely and best quality responses to these very vulnerable children.

The CHAIR — I thank you, Minister, and Mr McDonald, Mr Rogers and Mr McIsaac for their attendance.

4.4 Mental Health Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 19 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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,

Ms 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 welcome the Minister for Mental Health. I also welcome Ms Fran Thorn, secretary; Mr Alan Hall, executive director, financial and corporate services; and Ms Gill Callister, executive director, mental health and drugs, all from the Department of Human Services. I invite the minister to proceed with her presentation. She has no more than 5 minutes.

Overheads shown.

Ms NEVILLE — Thank you, Chair. People will remember that last year I spoke about the green paper, which outlined possible areas of reform in mental health. That was backed up by some funding to seed reform, $128 million. Since that time we have done extensive consultation with stakeholders, carers and consumers. In fact, we received over 200 submissions and 1200 people were involved in developing the strategy.

In March this year I released the mental health reform strategy, which will significantly shift the way in which we respond and deliver mental health support and services in our community. It is the first time we have had a whole-of-government approach and a whole-of-life approach to mental health in Victoria. This year's budget of $182 million in this area will see us being able to make significant new investment in our key priority reform areas.

The graph shows that we are spending almost double the amount on mental health since we were elected. In 2009–10, the mental health budget, which excludes capital, will be $945 million, which is a 108 per cent increase over the last 10 years. We have also continued to invest in capital, so last year we put $34 million into capital funding, and more than $74 million will be provided in this budget.

Beyond these reforms, the other things that we have been doing this year include the review of the Mental Health Act — a major review of that — the psycho-social response to bushfires. We have opened new acute beds at Maroondah and started the works at the Northern Hospital. We have appointed Australia's first chief child psychiatrist, who is Dr Sandra Radovini.

Turning to the year ahead, the priorities on this slide reflect the key reform areas of the mental health strategy, and the budget initiatives, which I will go through in a moment, really support each of those priorities and will start to achieve reform in each of those areas. This will give the committee a bit of a sense of where the $182 million investment will go: $21 million will go to improving our early-in-life responses.

We know, for example, the incidence and the development of mental illness are disproportionate for those people under 21. This is about ensuring that our mental health system has a better capacity to meet the needs of children and young people through things like expanding the CAMHS in schools program to identify and intervene with primary school aged children who have emerging and existing behavioural disturbances; strengthening youth early intervention teams; and we have also been doing considerable work within our school system to ensure early identification and support.

There will be enhancement of the pathways to care, which will see further investment in enhanced mental health triage services, which will expand on the funding we provided last year to centralise in six metropolitan and regional area mental health services a 24-hours a day, seven days a week, specialist mental health triage response. This will occur over the next two years, freeing up capacity in our CAT teams.

We also have a strong focus on providing additional support for those at the forensic end, those people who are engaged or involved at some level around our justice system, for example. This will provide some funding for what we are calling expert portfolio-holders to assist these particular people to gain better access to expert advice and support.

There is also a strong focus on recovery and building foundations for recovery. We have allocated $37.7 million, which, again, builds on what we provided last year. We will see new dedicated care coordinators providing support for up to 300 consumers with comprehensive care plans and tailored support packages to support them in accessing the correct health, community and social security services that they need. There are also an additional 50 support packages linked to stable housing, and we will also be piloting a new mental health list in the Melbourne Magistrates Court.

There is also a strong focus on our workforce capacity, with an allocation of $6.6 million, which will enable us to establish a new institute of mental health and workforce development focused on training, education and

recruitment, and there will be some particular time-limited positions to help us drive governance changes in local communities and ensure that we are able to implement our reform processes.

As I said, there is also investment in health service capacity and also in beds. There is $66 million to complete the Dandenong Hospital redevelopment, $8 million for two youth PARC facilities — which will be the first of their kind — and also some money to build some capacity at the Geelong Swanston Centre, with eight new beds.

Among the other areas in this portfolio, alcohol perhaps remains one of the biggest challenges facing government and the community, given the levels of harmful drinking in our community, particularly among young people, the health impacts and of course the link to violence.

Last year we released our alcohol action plan and allocated $37 million in this area. As a result of that we have seen the introduction of new services, for example, 175 young people and their families benefiting from therapeutic intervention programs. We have also had some new intervention programs, for example, the 'Will you handle your alcohol? Or will alcohol handle you?' campaign which was launched in January, encouraging people to think about their alcohol use and the risks around violence.

Also this year we launched the blueprint for alcohol and other drug treatment services. This maps out a client-centred and service-focused reform agenda for Victoria's alcohol and drug sector. As in mental health, a key focus is on prevention and early intervention, and some funding has been provided to VAADA, the peak body, to assist in kick-starting the implementation.

Also this year we have released the amphetamine-type stimulant strategy, which will guide work to continue to prevent and reduce the supply, use of and demand for amphetamine-type stimulants.

We are also providing $127.5 million in ongoing funding for prevention and treatment programs, including funding for 802 beds, and, combined, these continue our strong efforts in preventing the uptake of drugs, alcohol misuse as well as providing the necessary support and treatment services required for those who need additional assistance.

I am conscious of the time, Chair, so I will quickly go to the next slide. I wanted to mention one thing, which is the Overdale alcohol and drug service. This was a service that was unfortunately destroyed in the bushfires at Kilmore. We had a successful evacuation, so there were no issues on the day, but this has meant our bed capacity at the moment has been reduced by 16 beds, and we are working with the Salvation Army to get an interim service in place by the end of June and also to plan for a new permanent service.

The CHAIR — Thanks, Minister. Going back to your mental health reform strategy, which over four years is $182.1 million, where you have got seven headings; and I am also conscious that in appendix A of budget paper 3, page 286, you have got another listing there; also the DHS initiatives. Can you give us a table with your seven headings and then the subheadings over the four years in terms of the expenditure under the various programs that you have got here in the budget so we can have a better understanding of how it all fits in?

Ms NEVILLE — Yes.

Ms PENNICUIK — Minister, many people in the community, including refugees and those who have lived here for a long time and do not speak English or who have English as a second language, encounter barriers in accessing mental health services. For example, a visit to a GP is required to get a referral to a specialist, and often there are no interpreter services available to assist in that process or in other processes in the mental health system. Is there any funding in the budget for interpreter services in the mental health system to assist people from non-English-speaking backgrounds access mental health services?

Ms NEVILLE — There is no additional funding, but we have an ongoing program that provides access to interpreting services for people who are accessing our mental health services.

Ms PENNICUIK — Certainly we are being approached by people who are saying that they are having trouble accessing it. Have you got any idea of the unmet need in that area? Was the department keeping an eye on that?

Ms CALLISTER — I think all clients who are accessing the public mental health system and need an interpreter service are able to access the interpreter service. It is not a barrier to receiving treatment or care, that people cannot receive an interpreter service. That is available through the public mental health program, as the minister said.

Ms PENNICUIK — Obviously we are getting feedback from people about their not being able to access — —

Ms NEVILLE — There may be a difference between those who are going to a GP, for example. GPs obviously provide primary care as delivered by the commonwealth. It is a bit hard to give you the full details of how the strategy works, but there is a focus in the strategy about how to ensure particular access and improvements to services for particular groups in our community who are more disadvantaged and less able to access those services.

Obviously CALD communities are one. We also have some specialist services around for survivors of torture. That is going to be an increasing need given the areas where we have refugees coming from, and obviously also indigenous communities as well. Sitting underneath in the strategy are new ways of working, new supports, how do we provide better access to critical mental health services for those particular groups?

Ms HUPPERT — Minister, as the Chair mentioned, page 286 in budget paper 3 outlines a number of initiatives in the mental health reform strategy. I draw attention to one of line items 'Early in life: improving mental health outcomes for children, young people and their families'. I know you touched on this briefly in your presentation. I wonder if you could provide the committee with some more information about the action taken to improve the responsiveness of mental health services for children and young people during the forward estimates period?

Ms NEVILLE — This is — not wanting to say the others are not critical — a very critical area in terms of how we want to reform our system. We know, for example, that about 14 per cent of children and young people aged 4 to 17 are affected by mental illness at some point. This goes up to 26 per cent between the ages of 16 and 24. We also know that 75 per cent of severe mental health issues occur before somebody is 25. It has a significant impact on children and young people.

Yet probably across the world the focus on children's and young people's mental health has been a bit unrecognised. What the strategy talks about is that if we are able to invest early and earlier in life, we can provide much better outcomes for children and young people; we can prevent and we can also minimise the impact of mental illness on children and young people.

The budget provides $21.3 million specifically targeted at achieving better mental health outcomes for children and young people. Of this, $13.8 million over four years has been provided to the Child and Youth Mental Health Service Redesign initiative. This is about ensuring that we are able to provide a strengthened response for young people up to the age of 25. At the moment we really see young people transition from the youth mental health service system from about the age of 18. That is often a really critical transition period. As you have seen from all those figures — given the incidence between 16 and 24 — this is about ensuring that there are age-appropriate targeted services up to the age of 25.

A further $8 million is being provided to develop two youth PARC services — that is, prevention and recovery care services. We have quite a number of those across the state now, but these are the first time that we will have specific services targeted at young people. These operate as a step-up, step-down facility. Hopefully for young people particularly it is a step-up to prevent the need for an acute hospital inpatient admission so that people can spend some time and get the support they need as quickly as possible in the development of their illness to prevent the need to spend time in an acute hospital ward.

There is also $3 million for a new youth justice mental health initiative, which will provide clinical treatment and care coordination support for young people involved in our youth justice services. One of the key priorities of the strategy is to redesign and connect services and programs to get better mental health outcomes across the board, particularly in our schools.

In collaboration with the education department we will better use student support service officers and make sure that they are plugged into the wider mental health service, particularly providing secondary consultation

with our CAMHS services to ensure that we are able to identify kids at risk of mental illness very early on and ensure that they are getting the support, services and treatment that they need.

As I mentioned in my presentation, we are also extending our CASEA or CAMHS in Schools Early Action program. It will be extended to more metropolitan and rural regions. This is really about identification of primary school children who are at risk of things like conduct disorder, and intervening earlier. Certainly so far that program has been extremely successful in shifting behaviours and in longer term outcomes for young children. We also continue our support of FaPMI, which is for families where a parent has a mental illness. All of these services are contributing to improvements in our response to children and young people and building on some of the demonstration projects that we funded in last year's budget.

Dr SYKES — Minister, before I ask my question in relation to crisis assessment and treatment services, can I on behalf of the people of drought-affected north-east Victoria thank you for organising continuation of funding of Ivan Lister, an outreach worker who has done an outstanding job in relation to not just drought but other matters, including bushfires. I also understand that you are actually working on a continuation of funding for Kyabram community services that provide a similar service.

You are giving me a nod that that is all happening?

Ms NEVILLE — Certainly Ivan, yes.

Dr SYKES — In relation to the crisis assessment and treatment services, known as CATS, you put up a slide there before indicating $11.2 million. Is that to go to supporting the CAT services? The reason I ask is that the Boston Consulting Group put out a report in July 2006 which indicated that the CAT services were seriously underresourced. In the last few weeks I actually had a meeting involving Ivan Lister and the local police addressing this issue of dealing with people with either mental health problems or stress and the difficulty of the local police accessing CAT or professional backup services to help them handle situations, with the potential consequence of some very bad outcomes. Is that $11.2 million to strengthen the CAT service?

The CHAIR — You will find it on the first slide about the health reform strategy.

Ms NEVILLE — There are a number of services that really go to this issue around pathways to care. What we know is that generally the community is very unclear about how to access mental health services wherever they might sit, whether in primary health from GPs or right through. People are very unclear. We are trying to improve that whole pathways to care response as well as our emergency response as part of that. In the last budget we committed to a 24/7 line which is for the whole community, and that will be up and running later this year.

That will provide a one-stop shop core in case you are worried about yourself or someone else and are not sure where to go. That is about ensuring that people are getting access quickly to the right care. It might be that they need to see a GP, they might actually need the specialist end of the service or they may need a CAT team to respond. That service will play some of that role. It will not replace the specialist mental health services, but it will be able to identify people who may require more of an emergency response.

In addition to that we are rolling out the 24/7 mental health triage service. At the moment we have 21 area mental health services that have CAT clinicians and they all operate relatively differently. Some have a triage service you can ring, and that function plays a role in doing an assessment of need, what sorts of supports and services that person might need and how urgent it is. Some do it that way. Some do a bit of triage, and some other clinicians respond to an incident. Some places work well, and some do not work very well.

What we want to do is have a more consistent model and some models that actually deliver better responses. The mental health triage service, some of which we are rolling out now and which will be rolled out with some additional money, will provide a one-point entry into your area mental health service where people will know who you are. The people who are in our specialist system in particular generally know who those people are and what sort of response is needed, and they can make assessments about CAT teams, police attending and whatever the issues might be, and about whether the response is access through the emergency department, where we have some specialist CAT team services as well.

In addition to that there have been some really good models which we will look at. For example, Southern Health, Victoria Police and the ambulance services have been working together to provide a better joined-up

response between a CAT clinician and the police in responding to and supporting people who are in crisis with a mental health service. So, yes and no; that money is about ensuring that we are able to have a consistent model across the state for access to the specialist mental health service and for people who are in crisis. It will also enable us to do some reform of CAT teams.

People have often complained about them becoming only an emergency response. The crisis assessment part of the title is a bit unfortunate, but they really do a little assessment and they do a little treatment, and we want to refocus them a bit more to be able to do some more short-term responses. We think the combination along that pathway of care and range of services will enable us to improve access, support and treatment right across the board.

Dr SYKES — Just focusing on the crisis response component, as a result of the investment will there be a strengthening of the crisis response component; and if so, what measures do you have in place to measure the improvement in performance?

Ms NEVILLE — What it does is basically free up CAT teams to do what they should be doing.

Dr SYKES — So there will be a strengthening of CAT response?

Ms NEVILLE — At the moment CAT teams are doing both of these things. We are going to have additional resources in triage, which will be separate, and the CAT teams can respond better. We are giving them more capacity to do that.

Dr SYKES — And do you have a performance indicator to indicate that what you are hoping will be achieved — a better response — has been achieved? How you are going to measure whether that is achieved? You can take on notice, if you like, what performance indicators you have.

Ms NEVILLE — There are a number in the strategy outline. We already have a series of KPIs, but obviously part of the strategy and moving forward will also be about what other new outcome measures we want to achieve if we put in place new services. A lot of the early life services, for example, are very new; we have no KPIs, so we need to continue to enhance that. But certainly what goes to the issue of performance will be about admission rates, waits in emergency departments — all of those KPIs will help us assess outcomes. Each service obviously provides us daily with information about their response times and who they have responded to, so we have that detail, but we need to continue to ensure that our performance measures match the direction we want to go in terms of the reform of the mental health system.

Dr SYKES — I think the first measure is whether they able to respond or not to the request, and then the second is the response time, so if you could have a look at that, because right now there is an issue of not being able to respond.

The CHAIR — There is a performance indicator there, but any extra information you can provide would be good.

Mr SCOTT — Minister, I refer you to budget paper 3, pages 320 and 321, where there is a table A.6 headed 'Asset initiatives — human services'. Can you inform the committee about mental health capital works programs?

Ms NEVILLE — Again, one of the key priorities that sits under the reform strategy is continuing to ensure that we can respond to demand pressure by building our capacity in the mental health system. This requires us to continue to invest in infrastructure but also in new services so that we are providing both more capacity in what we do now and also new services that better respond in a better way to the incidence of mental illness. In the 2009–10 budget we continue to build on the mental health capital developments that we have announced in recent years. Funding of $74 million was announced, which will see us being able to deliver our commitment in Dandenong to the redevelopment of the Dandenong Hospital. This will increase inpatient beds from 77 to 120, comprising additional adult acute beds and aged and secure extended care beds, and it will provide 30 additional residential beds in the Dandenong area mental health service.

Last year we provided $3 million for detailed planning, and this will meet the $69 million funding commitment that the government made in 2006 to upgrade and expand the services in this important growth area.

The CHAIR — Can you clarify, maybe on notice, just what the figures are, because you have mentioned $74 million and $69 million, and in the budget paper there is $66 million.

Ms NEVILLE — Yes, $66 million. I was just saying last year we provided $3 million for the planning of it in the 2008–09 budget, which gives you the $69 million.

The CHAIR — Thank you.

Ms NEVILLE — In addition to the development of the new acute facilities at Barwon Health we have also allocated funding to increase the capacity of the mental health beds at the Swanston Centre in Geelong, which will see an additional eight acute mental health beds. This will enable us in the medium term to meet the increasing pressures on beds in the Barwon region whilst we continue to do the planning for the long-term redevelopment of the Geelong Hospital. These are on top of some of our more recent capital developments. There was capital funding in 2005–06 of $25 million for the development of two new 25-bed adult acute units at the Maroondah Hospital, which will increase the beds from 30 to 50. The first stage of that project opened in 2008, and the second stage is about to be completed and will open in July of this year.

In the 2007–08 capital budget for mental health $26.6 million was provided, including $15.5 million for the Northern Hospital redevelopment project, which will expand inpatient beds from 25 to 50, and works on that project have commenced and will be completed by about July of next year. There was also $20 million in the 2007–08 and 2008–09 budgets to meet the government's commitment to the expansion of the PARC services.

The first 20 of these beds at Deer Park are due to be completed this month, and the remaining 50 in purpose-built facilities at Ringwood, Preston, Broadmeadows, Clayton and Frankston will be completed next year. As I mentioned before, we have provided the additional PARC beds — the youth PARC beds — in this particular budget. There has also been the funding of money to redevelop veterans mental health, which will be the centre for trauma-related mental health, and $17 million was provided between 2007 and 2009 for that. There is also money for the Ballarat hospital to improve its mental health adult acute unit, with $5.5 million provided last year.

Capital investments over the last few years, combined with these capital investments in this budget, are really building our core capacity, but also as I said building new services and PARC services to provide access for people to more appropriate care and treatment.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the ice strategy. In early 2007 then Premier Bracks made a substantial announcement that the government would undertake the development of a strategy for a pre-emptive strike in the war on ice. Since then and up until now, with the release of the strategy, we have seen nothing. I understand the strategy was basically released on the DHS website at the end of April, with no fanfare and no announcement by you or any other comment from government. The war on ice has basically turned into a quiet release of a document somewhere down the bottom of the DHS website. So my question is: what funding has been provided explicitly in the 2009–10 budget for the implementation of that strategy, and what time frames are in place for the implementation of the programs under that strategy document?

Ms NEVILLE — We have had a very strong focus on the issue of ice, but amphetamines more broadly. Our aim in this area is to ensure that we continue to see a consistent and declining use of ice, and in Victoria we have seen that over the last few years. We have not seen a spike or growth in the use of ice, unlike some areas across the world and across Australia. We have been investing very significantly in prevention but also in terms of our ongoing treatment programs to ensure that people who have an issue with the use of amphetamines can get the treatment that they need.

Part of the package that was announced by the Premier back in 2007 was to develop an amphetamine-type strategy, which was released in a meeting with stakeholders, who have been very much party to this. The strategy has been very much a partnership with ourselves and the non-government sector and experts in this area in developing the way forward in terms of what our focus should be in tackling and preventing the use of amphetamines in Victoria, particularly amongst our young people.

Some of the priority areas that sit under that strategy include things like prevention and early intervention, like targeted awareness campaigns — you might have seen the 'ice: it's a dirty drug' campaign; the strengthening of prevention and early intervention strategies; the provision of sterile injecting equipment,

particularly outside standard hours; in the treatment area, looking at how we strengthen our psychological interventions, how we ensure that we are picking up on other issues, like mental health issues, how we ensure that there is a focus on families, on parents.

Drug users are often parents as well, and we need to focus around protecting and supporting children and families as a whole. We have a focus in treatment around ensuring specialist addiction medicine access as well. That is a new area of work, and we are investing significantly in that and in understanding addiction. Specialist addiction medicine units will play a vital role in that.

There is also a strong focus on workforce — how do we increase the capacity of GPs, how do we increase the capacity of the alcohol and drug sector? And through clinical guidelines and training, how do we increase brief interventions and other referrals, and what are the sort of training and workforce development issues to ensure that we are able to respond to people who use amphetamines?

There are also things that sit outside my area, obviously in justice and law enforcement, about supply issues and ensuring targeted awareness campaigns on drug users who drive cars. So there has been a very strong focus on that, as well as implementing some of the restrictions around precursor chemicals.

The task force that developed this strategy, as I said, had leading experts from drugs, from the health sector, CALD communities — so it is a very broad-ranging task force — and it is really I suppose their efforts that saw the result of that. It is their views and their experience that are reflected in the strategy.

In terms of some of the things that we have been doing to address the issues since February 2007, as I said we had the media prevention campaign, 'ice: it's a dirty drug'; we strengthened legislation regarding pill presses; we developed clinical guidelines; we have got new prevention and community education and funding for drug hot spots and treatment services to assist people.

One of the good things about our drug treatment services is its capacity to be able to respond and shift to meet changing drug patterns in our community. There has been funding for information to parents, which was distributed through schools, helping them understand the risk signs of their children using ice, and what they can and should be able to do about it; further training for alcohol and drug workers; as I said, new clinical guidelines for methamphetamine addiction; money to train staff and volunteers at the family drug helpline so that people could seek information following both our campaign and also the distribution of information to parents; the funding of primary health services and local drug strategies across five drug hot spots in Melbourne also occurred.

As I said, there are a number of other things that we do that sit within the justice portfolio in relation to methamphetamine use and driving, drug driving; changes in legislation around ice pipes; access to precursor chemicals that go to making amphetamines. So it has been across DHS and DOJ by way of response to this issue. It is making a difference in terms of keeping down the use of amphetamines in our community, particularly amongst young people, and we will continue to focus on it.

Mr RICH-PHILLIPS — The question, Minister, related to the strategy that was released in April — whether there is any explicit funding provided in this budget to address the initiatives in that strategy, or are you basically saying what is in the strategy is simply what you have already been doing?

Ms NEVILLE — As I said when I did the presentation on the alcohol and drug area, we continue to have our drug and alcohol output, which funds our treatment services, it funds our prevention services — —

Mr RICH-PHILLIPS — But does that address specific initiatives out of the amphetamine strategy?

Ms NEVILLE — Yes. The drug and alcohol blueprint, combined with the amphetamine task force, and the money that we have given to VAADA is about how we implement that. Some of it is about what sort of services we need to provide, and some of it is about the structure of our drug and alcohol treatment services, and we will be working with VAADA to implement the amphetamine-type strategy and also the drug blueprint.

The CHAIR — I thank the Minister for Mental Health, Mr Hall, Ms Callister and Ms Thorn for their attendance.

CHAPTER 5: DEPARTMENT OF TRANSPORT

5.1 Public Transport Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 13 May 2009

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Witnesses

Ms L. Kosky, Minister for Public Transport,

Mr J. Betts, Secretary,

Mr R. Van Kuyk, Deputy Secretary,

Mr R. Oliphant, Chief Financial Officer, and

Mr H. McKenzie, Director of Public Transport, Department of Transport.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of Public Transport. I welcome on behalf of the committee the Honourable Lynne Kosky, Minister for Public Transport, 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 proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers requested by the minister or her chief of staff can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

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

Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial performance information that relates to the budget estimates for the portfolio of Public Transport.

Ms KOSKY — Thank you, Chair, and thank you for the opportunity. Our public transport system, as you know, is carrying more people than ever before, so we are at record levels. Metropolitan travel — train, tram and bus combined — is at an all-time high, and regional rail is at a 60-year high. The growth in the number of people choosing to use metro rail has been astonishing, and this has happened in a very short period of time. Not only are Melburnians making more metro rail trips than ever before, but the trips they are making our longer, as our city has expanded.

Overheads shown.

Ms KOSKY — This graph shows that in 1950 the average trip distance was 12.2 kilometres; today that figure is 18 kilometres. So there are more trips and greater distances. Put simply, the train system is working far harder today carrying more people for greater distances than it ever has before. If we look at trains, on the next slide, we can see that the number of people using trains has risen from 124 million boardings in 1999 to an expected outcome for this financial year of 220 million boardings. In 2006–07 patronage rose by 12.2 per cent; in 2007–08 it rose by 12.7 per cent. These are extraordinary figures, and we are expecting patronage to increase again this year. I am not aware of any other jurisdiction with patronage growth such as this in such a short space of time.

People are also using our trams more. Whilst the growth is not as much as on the train network, it has been increasing as well. The expected outcome for this financial year is 174 million boardings. This year's jump is 9.9 per cent — that is for the calendar year. That is after growth never higher than 3.6 per cent between 2000–01 and 2007–08. So we are seeing tram patronage now starting to increase quite significantly as well.

Bus patronage has been increasing at very high levels. It has risen from 79.1 million boardings in 2005–06 to an expected outcome for this financial year of 101.2 million boardings. Last calendar year bus patronage increased by an astonishing 12.9 per cent. That was incredible growth in the calendar year and the highest rate of growth since the 1949–50 financial year. We are seeing growth that we have not seen for long periods of time. Of course, we have made major investments and improvements in bus services, so the response has been taken up by increased patronage.

Regional rail as well has shown spectacular growth. I think it is a clear vindication of our investment in reopening lines and in regional rail and it has really paid dividends to regional Victoria. In 2007–08 there were over 11 million passenger trips on regional rail, and that is a 60 -year high. The expected outcome for this financial year is 13.1 million boardings. That is a 12.9 per cent increase over 2007–08. Of course we had the regional fast rail, which was launched in September–October 2006, and a 20 per cent fare reduction in April 2007. You see that reflected as well in the patronage figures.

Patronage growth over the previous two financial years was 63 per cent. It is just worth mentioning for this two-year period that on the RFR corridors, Geelong, Ballarat, Bendigo and Traralgon patronage increased by 61 per cent, 70 1 per cent, 56 per cent and 109 per cent respectively. There was also an increase in patronage on services to Shepparton at 71 per cent and Swan Hill at 299 per cent. This growth has also been supported with extra carriages. There are 54 on order, 11 are already in the fleet, and we have got a refurbishment program as well as the current fleet.

This increase in patronage growth in public transport has been matched by our record spending and government policy. As you can see from this slide, we have increased spending on public transport infrastructure markedly since 2000–01, both in regional and in metro public transport. A significant part of the dividend from economic growth in the state has been dedicated to public transport. The work we have done was necessary and has been a real step change in our rail system. We are now running a mass transit system into the CBD in the peak.

Much of the spending of recent budgets has been about maximising capacity and removing bottlenecks on the existing network in preparation for new trains, the first of which will arrive later this year. We are now getting as much as we can out of the existing system, adding over 1300 extra services since we have come to office.

This slide shows where the bottlenecks are and what we are doing to remove them and expand capacity. I will move through them very quickly. We have got the Werribee peak train being removed from the city loop, the North Melbourne station upgrade and the reversal of the direction of Epping and Hurstbridge trains in the city loop to remove the conflict between peak outbound trains and city-bound trains at the entrance to the loop and improve reliability. These changes allowed us to add additional peak services; in November 2008 alone it was 328 services.

Projects under way are the Cranbourne stabling and station upgrade, which provides stabling for five trains so that when the new trains come on the tracks they have actually got stabling capacity and they can start at that location. We have the Westall rail upgrade project. We have got the Laverton upgrade. We have got the Clifton Hill rail project, and that is now complete — the duplication over the bridge. We have put a great deal of focus in previous budgets on improving reliability and removing those bottlenecks. This budget now starts our program to expand the metro rail system. We have removed, or are in the process of removing, bottlenecks. Really the next major phase is about expansion.

This budget really delivers on what we set out in the Victorian transport plan. We have got $562 million to duplicate the single track between Keon Park and Epping and to extend the Epping line through to South Morang. That will secure up to 460 jobs and provide train services to South Morang. It includes duplication of the line, grade separations, a new station and works at existing stations. Then we have $204 million to electrify the Sydenham line from Watergardens to the growth suburb of Sunbury. This will allow or provide the capacity to add extra services to Sunbury and Watergardens and will secure 240 jobs in construction. We have got $152.6 million for new railway stations in the west and the south-east in some of our major growth areas. So we have got Williams Landing, Lynbrook and Caroline Springs, which will initially be a V/Line station, with Cardinia Road to be funded once the business case has been completed. These new stations will generate up to 210 jobs in construction.

The budget has $650 million for 20 new trains to cater for the increasing demand on the metro train network, 19 of which will be assembled in Ballarat, and that will create 50 new jobs. This is on top of the 18 new trains that have been previously ordered and funded. The first of these new trains will arrive later this year.

But it is not just about the metro trains; our trams also need to run efficiently. So while we lease the five Bumblebee trams — and that is a lease — we have allocated $5 million in this budget to prepare the business plan to purchase up to 50 new low-floor trams and to construct new maintenance and stabling facilities in preparation for their arrival. Between 2006 and next year a total of $129.2 million will have been spent on DDA accessibility upgrades across the system.

Of course buses are also really critical — I mentioned them earlier — both local buses and SmartBus. SmartBus has been an incredible success, and the rollout of SmartBus continues. The first stretch of the yellow orbital SmartBus commenced operation in March 2008, the red orbital opened in April this year, and this budget delivers almost $86 million to extend the existing yellow orbital route to Melbourne Airport through Blackburn,

Greensborough, South Morang, Epping and Roxburgh Park. This leaves only the green orbital for completion. Patronage overall on the SmartBus increased 17.5 per cent in 2008. But it is not just SmartBus, it is also local bus patronage which continues to grow — up 13.1 per cent in the last 12 months. So you can see that people are voting with their feet in relation to public transport.

In addition to the further rollout of SmartBus, we have DART — the Doncaster area rapid transit — to improve public transport for people in the Manningham area. That will cost $112.1 million and will increase bus frequencies to every 10 minutes. It will be rolled out across the four bus routes and will create 280 jobs in construction and 90 jobs for bus drivers.

Just before I finish I want to touch on two more areas, beginning with taxis. We have been working on a major program to improve taxi services. In this budget we have allocated $4 million for at least 10 safe taxi ranks. This type of infrastructure will include things such as CCTV, improved lighting, pedestrian barriers, weather shelters, signage, seats and road treatments, and we will work in conjunction with local government in terms of the allocation of those. Regional rail, as I mentioned before, has been a great success, so in this budget we have provided $27 million to reopen train services to Maryborough next year. This will offer 14 weekly trips between Maryborough and Ballarat with onward connections to Melbourne, and it will result in 35 jobs in construction.

Turning to the regional rail link — and you might well ask about this later — today I have had great pleasure in being with the Premier — —

Mr WELLS — I am sure the Labor MPs will be all organised to ask you a question.

Ms KOSKY — In fact it is a Nation Building project, and I am sure everyone will be interested in it. Last night in the federal budget $3.2 billion was allocated for the regional rail link, which is a critical part of the Victorian transport plan. The project will cost over $4 billion, and we will be providing the rest of the support for that project. This is a major project in terms of the expansion of our network. It was our highest priority to the federal government as a part of Infrastructure Australia, so we are delighted it is being funded. Chair, it is worth mentioning that Victoria got 38 per cent of the funds through Infrastructure Australia.

The CHAIR — That is for public transport, is it?

Ms KOSKY — That is for public transport. So we were the big winners, and that is because we have made a detailed case. It is a fantastic outcome, and I am happy to talk in greater detail about that project if members wish. So this is a great budget for public transport and for all Victorians.

The CHAIR — We have until about 4 o'clock for questions on the public transport portfolio. I note the overhead slide was about the Box Hill to Mordialloc bus, which is now the 903, of course, going right around to Altona.

Ms KOSKY — Yes, and some people have travelled it all the way around.

The CHAIR — It has proved to be very popular. A number of people have come to me and said, 'It is a long trip — particularly without any pit stops!'. I have asked other ministers this, and I would like to ask you the same question, and you might elaborate a bit further on what you were just talking about. What federal grants received by the departments and agencies in your portfolio are in our budget? Perhaps they have even been received subsequently. Could the department provide us on notice with a detailed list and description of these?

Ms KOSKY — Yes.

The CHAIR — We also want to know about what accountability mechanisms you have in order to make sure this money is spent well.

Ms KOSKY — We obviously had to update this information following the announcements last night in the federal budget, so I will run through the various projects. Under the Building Australia Fund, the commonwealth government announced just last night in its budget $3.2 billion for the Regional Rail Link project. This project will build up to 50 kilometres of stand-alone rail tracks from West Werribee to the Melbourne Southern Cross station. It is the first major investment for Victoria under the Building Australia Fund.

The commonwealth government has also committed $40 million towards the Melbourne Metro 1 east-west rail tunnel project. That is really to commence the pre-construction planning and design and engineering work. This is a two-staged project, which includes a 17-kilometre, two-track tunnel, with the first stage being between South Kensington and the Domain. This will deliver significant benefits. It is worth mentioning that under the Victorian transport plan that was always a second project, so it is great to have that planning money committed to now. In addition, through the Nation Building Program, which was formerly AusLink, the commonwealth government — I will just keep ploughing ahead.

The CHAIR — Keep going. I am listening, Minister, even if the rest are not.

Ms KOSKY — The commonwealth is providing $80 million towards the $140 million Springvale Road grade separation project. So the rail line at Nunawading will be lowered and a new road crossing will be built over it, which will allow for the smooth flow of traffic and trains. In the nation building and jobs package, the commonwealth government also provided $30.3 million for the installation of boom gates for level crossings and other safety measures, allowing an additional 59 crossings to be upgraded. The commonwealth government is also continuing to fund projects in partnership with the state, including the Geelong to Mildura rail upgrade and the Wodonga rail bypass.

In terms of accountability for these projects, there is a range of different legislative instruments and bilateral agreements that have been undertaken through the national partnership agreement. These measures include: monthly project reporting, including key milestone and project completion dates; monthly project financial reporting; reporting and assessment requirements to manage and address concerns, if there are any changes to the time lines for the projects; annual audit; and post-project completion evaluation. Also, the national partnerships agreement places emphasis on the timely delivery of projects, with an outcomes-based focus to support economic growth and jobs.

The accountability mechanism for Infrastructure Australia projects funded from the Building Australia Fund, which were announced last night, are yet to be determined, but will be along similar lines, obviously, to those other projects. These are big projects, so we will be working very closely in partnership with the federal government. So that very close reporting, in terms of accountability, is important, and doing that usually on a monthly basis.

The CHAIR — Sure. It goes through the Gateway process and you report all that to the federal people, or what?

Ms KOSKY — These have already gone through our Gateway process before they were actually put up as projects, so they were.

The CHAIR — They went through Gateway 1 and 2; is that right?

Ms KOSKY — Yes.

The CHAIR — Thank you very much for that.

Mr WELLS — Minister, my question is in regard to the costings for the myki project.

Ms KOSKY — Yes.

Mr WELLS — To date, how much has been spent on recurrent and capital, how much will be spent in the forward estimates on recurrent and capital, how many variations have there been in regard to the costings between the parties, and when will myki be fully implemented and working in Melbourne?

Ms KOSKY — There are a few questions there, are there not?

Mr WELLS — I think it all relates to the one issue.

Ms KOSKY — There are a few parts to the question.

The CHAIR — Some may have to be taken on notice, in terms of the details.

Mr WELLS — Which ones need to be taken on notice?

Ms KOSKY — Okay.

The CHAIR — In terms of the details. You asked quite a number of details about changes to various contracts et cetera.

Mr WELLS — No, how many variations.

The CHAIR — How many variations, I meant.

Mr WELLS — How many variations? I'm sure that would be at the forefront of the minister's mind.

Ms KOSKY — The original contract value is $494 million and the cost of operating a ticketing system for 10 years is around $500 million. This would be the same for either the new or current existing ticketing system. In addition to that, a further $353 million was approved to June 2017, which covered the cost of changes in scope to the project, the impact of some of the policy decisions that we have made in terms of the coverage of the myki system and also running the existing system a bit longer whilst we were getting the myki system put in place. For example, it will cover keeping the Metcard system running until public transport customers are comfortable with the new system.

So the changes in scope primarily relate to modifications to ticket machines to allow them to take notes, card memory capability, and additional equipment for new public transport services, given that we have put on a lot of extra services. There is additional equipment, obviously, that is required as a result of that. The cost to date, from 1 June 2003 to 31 March 2009: $400 million has been spent on the project; $232 million of this relates to capital expenditure, which includes civil works in preparing the network for the new system and the purchase of the new ticketing devices. Payments are made to Kamco when it completes contractual milestones.

So there have been two variations, the initial budget that was announced and then the change that was announced. So there has been that one change, one variation. It is probably worth mentioning the system is now in operation in Geelong, in Seymour, in Ballarat and in Bendigo and is working well. We always said we would have a staged approach to the delivery of myki, both in terms of getting it in cost modes but also the cultural change that is required. It will be introduced in Melbourne later this year. So we are on track. With the milestones that I have always indicated, we are on track to deliver that.

Then it will be fully complete early next year. That is because we have multimodal and you also have a Christmas break in between. Sometimes services change in terms of the timetable and we know that right through that Christmas period people do not necessarily want change introduced when they are focused on some other things. It will be introduced later this year, which is what I have always said, and complete by early next year.

I was down in Geelong the other day and travelled on the buses. It is interesting that there was only one person who bought a paper ticket and one person who bought a myki ticket. All other people had myki tickets. So the take-up is that for almost 50 per cent of journeys that are taken in those locations I have mentioned people are using the long-term reloadable myki cards. It has actually been picked up very, very quickly and it was quite extraordinary watching how people have shifted. But we need to take our time in order to make sure that people are comfortable with the system. Latrobe Valley is the next area to come online. Already 20 000 myki cards have been sold, so people are really moving to it. That is because we have had a very strong education campaign. We have what are called 'myki mates' out there that help people, and the bus drivers — —

Mr WELLS — Myki?

Ms KOSKY — Myki mates.

Mr WELLS — Myki mates?

Ms KOSKY — Yes, they are people who help initially. When it is first introduced they help people understand what they need to do. It is just that assistance in helping people shift across. I met two of the women in Bendigo the other day. They had enjoyed the process so much down in Geelong they were keen to do it again in Bendigo. But also we did a strong education program with the bus drivers and they have been really, really helpful in providing support for people changing over. They have been incredibly helpful.

Mr WELLS — The myki mates are part of the overall costings, or is that separate to the costings?

Ms KOSKY — No, that is part of the overall costings.

Mr WELLS — So there have only been two variations of payments?

Ms KOSKY — Yes, that is right.

Mr WELLS — You are saying there have been only two variations to contract and payments?

Ms KOSKY — Sorry, that is budget that I am talking about.

Mr WELLS — No, I am talking about actual payments and variations — what has been requested.

Ms KOSKY — We may need to come back to you but I will ask Ray, who has been closely involved, in terms of variations.

The CHAIR — That is variations. Just to clarify, Minister and Deputy Chair — —

Ms KOSKY — You are talking about variations to contract?

The CHAIR — Is it variations to payments and variations to contracts or just payments?

Mr WELLS — No, payments and contract. The minister has answered that there have been two variations to contract. We understand that. The issue is now — —

Ms KOSKY — It is actually budget I am talking about.

The CHAIR — She talked about budget.

Mr WELLS — All right. Ray?

Mr VAN KUYK — There was a significant change or commercial adjustment in May of last year, which was based off the same budget outcomes, as the minister has indicated. In reality there have been two further adjusting deeds, which are smaller deeds associated with minor issues of scope with where we require either extra services or extra equipment on different stations. I note there has been no change to the original contract price for the supplier, and hence we are still on budget for that.

Mr WELLS — So is that three variations?

Mr VAN KUYK — Yes, three.

Mr WELLS — Three variations?

Mr VAN KUYK — Yes.

The CHAIR — Thank you for that.

Ms MUNT — Can I refer you to budget paper 3, page 235, and can I quote just a part of that:

> The 2009-10 targets for the integrated metropolitan public transport services performance measures are based on the current metropolitan train and tram operator franchise agreements. These targets will be reviewed in the second half of 2009 once the new operator franchise agreements are in place.

Could you please update me on how those negotiations are progressing and do you see any benefits to the Victorian commuters coming from those negotiations and that new franchise agreement?

Ms KOSKY — It was August 2007 when we announced that the franchises would be put to competitive tender. Certainly the work that had been done showed that the state receives the best value for money, and the Auditor-General's report had shown that. In putting that out to the market, we have attracted very experienced and incredibly capable public transport operators and maintainers, both domestically and from overseas, to tender for the franchises. An invitation to tender was released in October 2008 to short-listed parties, and they were given four to five months to prepare detailed tenders. The state has received two tram bids and three train

bids. We have asked them to put in very detailed bids and they are currently being evaluated. So the short-listed companies for the tram tender are Keolis Downer EDI and TransdevTSL, and the short-listed companies for the train tender are Metro Trains Melbourne, Veolia Transport and Keolis Downer EDI. The new arrangements with the successful train and tram operators will be in place by 30 November 2009.

As part of the work that we did in looking at what we wanted out of the new franchise, we looked at what worked well under the previous franchise agreements but also at changes that we thought would be beneficial particularly for commuters. So there are some changes we want in the new franchise. We focus on strong partnership obviously, service delivery and passenger experience, safety, customer service, management of resources, marketing and revenue, rolling stock management, infrastructure maintenance, and assistance in project delivery.

We have enhanced the operational performance regime by adding to it a new customer experience performance regime. That will focus on bonuses and penalties, but really a range of measures that focus on what customers told us they wanted out of the system. So that has been added as part of that OPR, so that is a change. That includes such items as cleanliness, graffiti removal and customer information. So that is included with a strong emphasis around that.

So it is progressing well at the moment. All of the bids are in, and they are currently being assessed by a range of teams across government and then recommendations will be made to myself as minister and to government.

Mr RICH-PHILLIPS — Minister, I would like to go back to the myki implementation, indeed the rollout you spoke about earlier on the buses in the regional rollout. You indicated it was working well, and indeed spoke about your own observations of the usage. With relation to passengers buying myki tickets, can you confirm that there have been problems with the bus driver console for issuing those tickets, as distinct from using prepaid myki cards, and that as a consequence passengers who are seeking to buy tickets are being waved on to the buses without paying because the drivers cannot make the consoles work because they are freezing — —

The CHAIR — I think, Mr Rich-Phillips, that it is probably a question for another forum, but you might wish to — —

Mr RICH-PHILLIPS — If you would let me finish it, Chair, you will see how it relates to the budget.

The CHAIR — Okay, thank you.

Dr SYKES — Less money coming in — it is quite obvious.

Mr RICH-PHILLIPS — Thank you, Dr Sykes.

Ms KOSKY— It is good to see the coalition working well.

Mr RICH-PHILLIPS — Essentially, are you aware of this problem, what is the impact on the farebox if that is indeed occurring and what will you do to remedy it ahead of the rollout in Melbourne?

Ms KOSKY — I am not aware of that occurring. Where we have had some issues has been where some passengers touched on with the card and when they touched off they then put the card up again, worried that it had not touched off properly, and that put them back into the system. Every myki account is being checked to make sure that in every instance where this has happened the passengers have been reimbursed. So all passengers will be reimbursed for that, and there is now a modification that has been made so that there is a time delay between being able to touch off and touch on again, so that that does not occur if people are worried that they have not touched off properly.

I will ask Ray, but that particular issue has not been raised with me. There were issues with the bus driver console in terms of the lighting, initially, and the lighting was changed. I think there were some issues about the driver being able to read the console later in the day, but in terms of selling the tickets, that has not been brought to my attention.

Mr VAN KUYK — There has been no instance that we are aware of, of any passenger not being able to buy a ticket due to a fault with a BDC associated with buying a ticket.

Mr NOONAN — Minister, I would like to ask a question about the regional rail patronage growth. I note that in budget paper 3, page 237, the projected growth as part of this budget is outlined. I was also interested in your opening comments about the metro system and maximising its capacity and removing bottlenecks. So my question really is about how the government will allow for the expansion of patronage in the regional network and ensure that the metro train services can also grow.

Ms KOSKY — There are a number of projects under way at the moment to remove bottlenecks around the metro system, which then means that when the new trains start to come on board later in the year there is the capacity within the system to actually provide extra services. We have been progressively removing those bottlenecks. But the project which was funded in the federal budget last night, the regional rail link, is one that will make very significant changes to both the metro system and the regional system. It is up to 50 kilometres of extra track. It is worth mentioning that it is actually the first brand-new rail line that will be put down since the Glen Waverley line, which I think was in the 1930s. So this is a big shift.

The CHAIR — I think the Alamein line was extended to Alamein as well.

Ms KOSKY — No, but I think there may have been track already. This is brand-new laying of track that is actually being put down. It is not electrification and not reopening, but it is actually brand-new track. That is the Tarneit link. The first part of that work will be at platforms 15 and 16 at Southern Cross station, and that allows for the regional trains that come in to have a dedicated platform, but it will be a dedicated line all the way along for Bendigo, Ballarat and Geelong trains, so they will be separated from the metropolitan system.

At the moment, because we have had such patronage growth on both the metro and the regional, but particularly the metro, when the regional trains hit the outskirts of the metropolitan train boundary and then have to share track they get caught up with the delays that might be occurring in the metropolitan system, so it just has a knock-on effect in terms of the delays in the system. Providing the dedicated line will mean we can provide extra services on the regional lines, where we need to — and we know that quite a number of them, particularly Geelong, are growing incredibly; I mentioned the figures before in terms of the patronage increase on the different lines — but also what it will do is provide extra space in the metropolitan system. The northern group of lines — you have got the Craigieburn, Sydenham, Sunshine, Williamstown and Werribee lines — will actually be opened up because they will only focus on the metropolitan system. And it will allow for extra services to run along those.

So it is a win-win. It is a win for the regional trains and it is a win for the metropolitan trains, and this was seen as the first really important expansion for us. Before we then proceed with the metropolitan tunnel we need to actually separate the regional from the metro trains. It was mentioned in one of the papers this morning that earlier in the week we had an oil spill with a V/Line train and that then had a knock-on effect to delays with the metro system. Once this is complete, that will not be the case, so it really will provide for the massive expansion of both the metropolitan system and the regional system, and really the northern and western lines, or that northern group of lines, have been the ones that have probably been underdone in the past.

They have not had the investments that some of the other areas have had. This is a great expansion, and given the growth that is occurring in the north and the western regions, this will really provide for that incredible expansion. So it is a very exciting project. I said this morning that it sits alongside two other major projects in our history that really allowed for the incredible expansion of the metropolitan rail system. The first was electrification in the 1910s and the second was the underground city loop, which was in the 1970s. This is the next major step jump. It is incredibly exciting, and works will start later this year on platform 15-16, which is the first part of the work, and the alignment for the Tarneit line will be concluded fairly soon — about where it will actually run — and there will be at least two, probably more, stations along that Tarneit section for the growth that will occur in that corridor as well.

Mr DALLA-RIVA — Can I have up the second slide, which was about the rising train patronage — no. 3 on your slide. The chairman says it has just about doubled. I refer to budget paper 3, page 361, under 'New ticketing solution'. I understand that when the former Premier announced Kemco's selection as contractor at the time passengers would have had to scan on and scan off at the railway station or on buses and trams. You then

went on to drop that and call it tag on and tag off, and then that was dropped and now you are using the words as mentioned before, touch on and touch off.

At the time of the contract that would have been established, it would have been that passengers would not have had to take their myki cards out of their purses or wallets and place them into the readers, but now, because of the touch on, touch off, it is forcing passengers to remove the tickets, and place them onto the screens as you indicated earlier. You have indicated the rise in train patronage. What I am trying to ascertain in terms of the forward estimates and the impact to the budget is: you are talking about the increase in the train patronage, and passengers are now going to have to take their tickets out, stand and touch on and touch off. What have you actually worked out in terms of the impact on the revenue in any forward estimates where the train operators are expecting a revenue increase based on your new myki system but now they are going to have to delay and slow down the passenger throughput because of the changed position of myki? Have you anticipated anything in the forward estimates for the impact of that to the state government in making up the lost revenue to the rail operators because of that?

Ms KOSKY — You obviously need to use the rail system a fair bit more, because when you touch on, touch off, you will do that outside the train. When you use the train system, it is not when you are hopping on the train or when you are hopping off the train that you do it. It is actually a separate system, so that does not delay the process.

Mr DALLA-RIVA — The original system was that you would not have to take it out, you would have just walked straight through.

Ms KOSKY — No, the original system was — —

Mr DALLA-RIVA — You have changed it?

Ms KOSKY — You still had to, and you can now. If you have got the card in your wallet, you can put it up against the device; you have to make contact with the device, as you do whenever you use these devices. You cannot have a distance of 1 foot in between the card and the device; otherwise it would be going off if someone moved into the door well and backwards. You do need to touch on and touch off. You talked about the difference in the language. The reason the language has been changed from 'scan' to 'touch' is that that resonated better in terms of what people needed to do — that is, that they need to make contact with the device. You can do it if it is in your pocket or bag, but what we want people to do is to make sure that they can do it as quickly as possible.

You will have seen people when they are scanning, and if the card is in their bag and it is not right up against the outside of the bag, sometimes it does not work. Obviously if you have a busy system, which we do have, you want the make sure that it works first time — that people are not trying to do it through a bag. So that is why the language is touch on, touch off, so that people touch the device and they touch off with the device. Touching off will give them the best fare that is available for the type of travel that they have done.

With the trams, of course, and with the buses, it is actually on the vehicle, but it is actually quicker and certainly once people get used to the system — and there is a short period when people are getting used to the system, because they want to make sure it has worked for them, and they want to see that — once they get used to the system, it is quicker. I note that there were some stories in the papers about tests that were done on the trams a couple of years ago and that it did delay things. That was done in order that changes could be made to the devices and to the touching on and touching off so that there are no delays. In fact it will be much quicker, and bus drivers are reporting to us that it is a much easier system for them. It is much quicker. Because people have got the card, they are not purchasing a single ticket, and they are just moving on and moving off very quickly — much more quickly than when they were using the paper tickets. There is no drop in revenue expected as a result of the introduction of myki, so that the patronage increases that we are expecting are factored into the fare revenue going forward into the forward estimates.

Ms HUPPERT — Minister, I refer you to budget paper 3, page 361, under 'Asset initiatives', and I note that for the budget period there is a TEI of $8.7 million for the metropolitan station and modal interchange upgrade program. Given the importance of car parking and buses for station access, can you tell us what has been done at stations to improve access for passengers?

Ms KOSKY — We have been doing a lot of work with park-and-ride facilities and with bike facilities at stations, because what we need to do is not only provide, obviously, the service for people who are using trains and buses but also provide the option for them to get to particularly the stations and the intermodal exchanges, and they can park there so they can actually travel there if the station is not close to them.

What we have wanted to do is to provide flexibility. Some people obviously walk, but some people will drive and some people will ride, and increasing numbers are riding to the station. So we are providing for better car parking and for bike cages as well as improved bus links at railway stations so that people can also get a bus to the station and they can pick the best option for them. There are 219 park-and-ride facilities across the network, so that provides for 36 950 car parking spaces. That is a lot of car parking spaces; that is 30 000 for metro and 6950 for regional. But I think probably everyone around the table knows that as soon as we build them, people do fill them up, and that is really an indication of the levels of patronage growth that we are having as well.

In this year's budget we have provided $8.7 million over four years as part of the regional stations and modal interchange program. That will provide for in excess of 700 new car spaces, and they will be provided at Marshall, South Geelong, Bairnsdale, Clarkefield and Riddells Creek. That is in addition to new spaces to be constructed and reconfiguration of existing parking areas. The program will also deliver DDA compliance and other passenger amenities.

With the bike cages, we are in the process of putting in more bike cages. We have got 23 cages that were put in in 2008, and another 10 will be rolled out over 2009. Each cage provides for around 26 bikes. We are working with Bicycle Victoria. There is a card that you do touch on in order to get into them. It is actually using the myki technology. You register and pay for the card, and you can actually get that money back if you choose not to use it, but it is really asking for that commitment from people, and then they can access the cage. It is a secure arrangement. There is lighting that is provided at most of the bike cages, and people register.

At the moment they are taking up to 26 registrations. They will monitor how often it is used, because they can look at daily usage and the times they are used, so they will probably be able to expand that. But they are being subscribed to in quite significant numbers. A bike cage takes up about the equivalent amount of space to two car park spaces but obviously takes 26 bikes. That is proving very popular. For all new station upgrades we are including those in the upgrades. It really allows for a range of different travel modes.

Ms PENNICUIK — Minister, if I can refer you to budget paper 3, pages 236 and 235, at the top of page 236 it estimates, or predicts, a service increase in the trains, measured in millions of kilometres, of about 2.2 per cent. On page 235 it estimates an increase in payments for train services from $398 million to $433 million, which is $35 million or an 8.8 per cent increase. Minister, my question is: given that the three tenders for the trains are still being evaluated, firstly, how can you make that estimation; why is it 8 per cent when the service is only going to be increasing by 2 per cent; and what is that $35 million made up of?

Ms KOSKY — Okay, let me be clear, that is total kilometres scheduled, so that is not services. You said services will only be increased by 2.2 per cent; it is kilometres, so there is a big difference.

Ms PENNICUIK — As measured that way.

Ms KOSKY — No, because we count the number of services we provide, not in terms of kilometres, and we only have zone 1 and zone 2, so we do not charge on the basis of kilometres travelled. It is only zone 1 and zone 2. If we look at patronage — I showed you the patronage figures — we are predicting probably still over 8 per cent patronage growth in this financial year. Obviously we are not at the end of it, but that is what we are predicting for the rail system. We are predicting about 7 per cent for tram and I think around 8 per cent for bus. Hector will correct me if I am wrong on that. That is patronage; that is the number of paying customers.

Ms PENNICUIK — I understand that.

Ms KOSKY — So you need to look at that, not the increase in kilometres. But the payments there, if you actually go to the paragraph just above that table, it says:

> These targets will be reviewed in the second half of 2009 once the new operator franchise agreements are in place.

We acknowledge that we cannot be complete because the new franchise agreements are not in place. In fact the bids are currently being assessed at the moment, and they will be reviewed in the second half of 2009 once they are in place.

Ms PENNICUIK — Minister, the second half of the question was: what are those payments made up of? What is that payment for the train services made up of; what does it consist of?

Ms KOSKY — There is a whole range of different factors in that. It is obviously the services that are provided, it is the kilometres that are travelled and it is all the additional services. There is maintenance that is in there; there is — —

Ms PENNICUIK — No, the question is: for whoever wins the franchise, what makes up their payment? What are they paid for? How are they paid; by what?

Ms KOSKY — Sorry, I do not understand the question.

Ms PENNICUIK — Is it, for example, a share of the revenue? Is it a set fee?

Mr BETTS — The franchisee receives payments which are basically fixed in advance and those are the costs of operating the business and providing all the services which they are required to operate under their contract with the government minus the proportion of the farebox revenue which is allocated to their business. It is a net cost arrangement; that is how we describe it. That cost basically relates to all the maintenance, the paying of employees, operating the services, power supply, insurance — all the other costs that go with the business — minus the share of the revenue, and it is fixed in advance.

Ms PENNICUIK — I just want to clarify something with the minister.

The CHAIR — I think you can ask the question next time.

Mr SCOTT — As a member who happens to be lucky enough to have an electorate along the Epping line, I am very interested to draw attention to budget paper 3, page 244, and the South Morang rail project. Can the minister outline what the South Morang rail project includes and how it will benefit the community of the northern suburbs?

Ms KOSKY — The South Morang project is quite a complicated project, because it is not just the extension from Epping to South Morang, which is 3½ kilometres of track, but there is 5 kilometres of track that will be duplicated between Keon Park and Epping. At the moment that is single track and that will be duplicated as well as a second platform that will be put in at Thomastown because of the duplication.

It also includes the new grade-separated 3.5 kilometre track between Epping and South Morang. But also there is a new premium station at South Morang, and that will also include an intermodal change for bus interchange and there will also be provision there of car parking spaces and bicycle parking as well as pedestrian facilities. It is actually quite an extensive project. It includes three grade separations as well. Dalton Road, Pindari Avenue and Civic Drive will all have grade separations incorporated into the project, which is one of the reasons why it is an expensive project. It is not just about putting the track on the ground; it is actually the duplication of the Keon Park to Epping as well as the works at stations and also the grade separations. Grade separation are quite costly things to do, but we thought it was important to put those in place so it improves the amenity and also the traffic flows around those areas.

It is a detailed project. We have already removed the bottleneck at Clifton Hill, which was really important before we could proceed with this project. Now, with the funding in the budget, obviously we will be able to proceed with the project. As I mentioned, it is more complicated. When we announced it there was a question mark over the costings, but the costings are there because it is more than just putting track on the ground. If we just put a single track all the way through to South Morang, then, yes, you could do it for a cheaper price, but I do not think the local community would be happy and I do not think that would be a proper way that we can provide that track and those services that will be required out to South Morang, so we have committed to that full, 8½-kilometre duplication of track with the surrounding station improvements and also the grade separations.

Mr WELLS — Following on the question I had before, you said that there were three variations that we spoke about — I think Ray mentioned three variations?

Ms KOSKY — Yes.

Mr WELLS — I suspect that one of those variations was the $1.8 million contract variation regarding the hand-held devices that authorised officers will use to check myki. That was one of the variations?

Mr VAN KUYK — That is not a variation per se; that is a change in scope. The variation — —

Mr WELLS — Hang on! Hold it!

The CHAIR — Let him answer, please.

Mr WELLS — No. Hang on a minute. It was publicly reported as a variation.

Mr VAN KUYK — Would you like me to answer the question?

Mr WELLS — I asked you before how many variations there were and you said three, and now we have another one.

Ms KOSKY — Seriously!

The CHAIR — Mr Wells, stop interrupting please. Can we have the answer to the question?

Mr WELLS — So there is a change in scope?

Ms KOSKY — I did indicate in the funding change that was announced that that was due to change-of-scope provisions, so with that amount — that variation — if you want to talk about each individual variation, then there is a range of variations in terms of scope, but they were packaged in terms of the changes that were announced.

Mr DALLA-RIVA — That was not what was answered before.

Mr WELLS — Can we seek clarification before I ask my question? Is that fair? Is that a fair call?

Ms KOSKY — If it is variation in contract — —

Mr NOONAN — As long as you wait for an answer.

Mr WELLS — No. Can we seek clarification, because what you are saying now is that if there is a change of scope, that that is not a variation.

The CHAIR — I think the minister has explained, but try again, Minister.

Ms KOSKY — No. What I did say is that in the variations, and certainly when we made the funding increase, there were a range of changes of scope, but it is whether you want to call each one of those changes of scope — and I ran through them; I mentioned a range of them — as each individual variations. I would not. They are changes of scope, then there is a variation to the contract, which acknowledges those changes. Otherwise when we have changed the number of services we have put on, that has had an impact on the cost, which is included in that amount I mentioned. But we have bundled those changes of scope, and then there is a variation to the contract.

The CHAIR — That seems an adequate explanation.

Mr WELLS — Before I ask my question, can we seek clarification — —

Ms MUNT — I thought that was the question.

Mr WELLS — No. I asked the question before about how many variations there were. I was told there were three. We have now found out that there are what the minister calls changes of scope. I am wondering whether we can have, before I ask my question, a number — —

Mr NOONAN — This is the question.

Mr WELLS — No. I got an inaccurate answer on the first one. I got a very inaccurate answer on the first question.

The CHAIR — No. You received — —

Ms MUNT — That is not true.

Mr WELLS — It is. I asked how many variations.

Ms MUNT — It is not true.

Mr WELLS — I gave an example of a variation, and they do not include that variation.

The CHAIR — Mr Wells!

Ms KOSKY — The difficulty is a definitional one. If you wanted to ask about changes of scope, you should have asked about that. You should have!

Mr WELLS — A contract variation is different from a change of scope?

Ms KOSKY — Yes, you do, and in commercial negotiations — —

Mr WELLS — So can I ask my question now? Let me ask my question.

Ms KOSKY — In commercial negotiations they would clearly make the distinction between both. In commercial negotiations they would make the distinction, so the question — —

Mr DALLA-RIVA — Get on, get off !

Ms KOSKY — Pardon?

Mr WELLS — No, he is talking about the scan on and scan off.

The CHAIR — Can we have — —

Ms KOSKY — The question has been answered correctly.

The CHAIR — I would like members to be respectful, please.

Mr WELLS — We would like some accurate answers to our questions. I gave an example, and it was already an increase in variations.

The CHAIR — I do not think you are being very respectful, full stop. Do you have a question, now that we have sorted out some definitional issues, to ask the minister regarding the estimates?

Mr WELLS — Minister, I would like to ask you about a $1.8 million contract variation, or change of scope or variation, or words to that effect — —

Ms KOSKY — Change of scope, yes.

Mr WELLS — Which was agreed to. There was an invoice issued on 22 August 2008, and it was publicly reported. Have there been any problems with the training of authorised officers in country locations where myki is operating in the use of the hand-held devices and with ensuring they are suitable under occupational health and safety standards? And why was there such a large price variation? I would have thought that when you were organising a contract the hand-held devices would be part of the contract anyway, so why pay an extra $1.8 million? And maybe for some clarity, can a list of the variations or changes of scope be presented to the committee? Could we get a list of them, please?

The CHAIR — I am happy for the minister to take the latter part of the question on notice. Insofar as the rest of the question which relates to something that has happened in the past and does not relate to the estimates, Minister, you can elect to answer that one on notice if you wish, but I will pass to the next question.

Mr WELLS — No, hang on! In fairness, the hand-held device is part of the ongoing contract, so as part of the forward estimates there are obviously going to be some costs. What we want to know is: why did the authority make the $1.8 million payment when it would have been part of the overall contract, and in training these officers at the moment are there any problems with OH&S?

The CHAIR — I still judge that the question is something to do with the current year and the past and not to do with the forward estimates.

Ms KOSKY — I am happy to answer it.

Mr WELLS — Thank you.

Ms KOSKY — You talked about the regional services and AOs.

Mr WELLS — The authorised officers and the hand-held devices.

Ms KOSKY — Can I just clarify that it has only been introduced in the buses in regional services and authorised officers are not used on the buses in regional locations where Myki has been introduced, so it actually does not apply there. I will get Ray to respond in terms of the hand-held devices and the additional amount, and then I will respond.

Mr VAN KUYK — In accord with the requirements of V/Line and Connex, the capabilities of the hand-held devices, as requested by the users of those particular devices, was changed; that was a scope change, which was bundled into a subsequent variation at a later stage. That capability included the ability for enhanced hardness — that is, shock-proofing of the devices; ease of operation of the devices, so there were software adjustments; plus, in general, the ability of the device to be a more user-friendly device, such that it had a graphical interface that made sense to the operators using those devices. So in all aspects it was due to a capability change and a capability adjustment required by the operators.

Mr WELLS — When you said bundled into a variation, that is one of the three?

Ms KOSKY — Yes.

Mr VAN KUYK — There are three commercial variations, to which there are a range of scope changes bundled into those variations.

Mr WELLS — This was eventually bundled into a variation?

Mr VAN KUYK — That has been bundled into a variation and is included in the recurrent costs for the ticketing system.

Ms MUNT — I refer you to the graphic that is actually on show at the moment which shows that for parts of 2008–09 there were 220 million boardings, and also to budget paper 3, page 235, under 'Integrated metropolitan public transport services', where there is a considerable increase in the forecast number of passengers to be carried across our network by bus, train and tram. I know there has been a significant increase in patronage on the Frankston line in my own electorate. Do you have any plans for how to actually cope with that increase in patronage across all modes?

Ms KOSKY — You are right; patronage growth has been quite extraordinary and continues to grow. Whilst I think in this next financial year the patronage increase on rail will be somewhat less than it has been in the last two years, it will still be quite high, so it is still tracking at quite significant levels. It is worth mentioning that the major patronage increase is during the peak periods, so that is where we are probably seeing some of the stresses in the system, when we are getting significant numbers of people who are wanting to travel, usually into the CBD. One of the reasons that has occurred is that we have had very significant jobs growth in the CBD, so people are travelling by train. Obviously petrol prices and car parking costs play a part in that, but the congestion on the roads does as well, so people are moving to all modes of public transport, as I mentioned before, but particularly rail.

I mentioned before that we are doing quite a number of works to actually unblock the network or to remove some of the blockages or bottlenecks that occur in the system. The works that are currently under way include works at Westall which will provide for stabling but will also provide for what are called short starters. It will

allow for the trains to be housed there, because when we get the new trains — which will start to arrive later in the year — they do need to be housed around the system so that they are ready to start in the morning. But also, the stabling at Westall means that they can commence from there and they do not have to travel from somewhere else to actually start service there. That will free up capacity along that line. We will be able to provide more services as we get the new trains.

We are doing work at Laverton as well, which separates the Altona loop from the Werribee line. That will help both the V/Line services and the Werribee services. At the moment the tracks cross over one another, so if there is a slight delay, it actually has a knock-on effect right along that Werribee corridor.

We are doing works at Craigieburn, so there are some crossovers that are being provided there. We have finished the works at Clifton Hill. Cranbourne has been completed, and that has got stabling capacity there as well. We are doing all of those works.

At North Melbourne it is more to do with station works and passenger flow because that is a major interchange. They are the bottlenecks that exist in the system. They are all quite costly projects, and they all take a couple of years to deliver. Having said that, we will start to see the benefit of some of those projects even though they may not be complete by the end of next year. We will actually start to see the benefits some time through next year as we remove some of those bottlenecks and the crossing over of tracks, which just have that knock-on effect.

As I mentioned before, following on from that, obviously the regional rail link becomes really important because that will provide for the extra capacity in the system and then followed by the metro tunnel.

We also have the 38 new trains on order, the first of which will arrive later this year. That then means we can actually put on extra services as we untangle the network. We have also removed Werribee from the city loop during the peak period — that goes straight to Flinders Street now, and that actually allows for extra capacity on some of the other lines.

As well what we will be doing — there will be some timetable changes in the middle of this year, which will really focus more on the out-of-peak period and increasing some of the frequencies there. Werribee gets some improvements in frequency on their line in the out-of-peak period as some compensation — there were probably about 30 per cent of people who were disadvantaged from taking Werribee out of the loop; about 30 per cent were advantaged; and for 30 per cent it did not matter.

There is a lot happening right around the system, which is all-important in terms of removing the bottlenecks. That is why the budgets have been so high in public transport — so that we can progressively remove the bottlenecks and then deliver additional services with the extra trains and expand the system that we have.

Dr SYKES — Minister, I refer to budget paper 3, page 361. About a quarter of the way down the table there is a line item, 'improving train operations, rail service efficiencies' with a total amount of $111 million. How much of that will be allocated to further works involving Metrol, and what is the total revised cost for Metrol and the completion date?

Ms KOSKY — It does not include Metrol. If I can just run through what that package includes: the rail efficiencies package is focused on improvements that need to made over the next 12 to 16 months to improve services and support major infrastructure as it is delivered. So there are additional station staff who will be provided at CBD stations — 24 full-time staff — to assist passenger flow once they are at stations. Given the growth in patronage that we have seen, it really helps people know where they are going and provides that information and supports them to move around, to really try to reduce the dwell times that are being impacted on by the patronage increases.

There is also the Flinders Street driver decentralisation. The metropolitan network's ability to accommodate additional services during peak periods is currently constrained at Flinders Street station by the need for drivers to change over service at this location. By shifting the driver changeovers to suburban locations, the platform dwell time at Flinders Street station will significantly decrease. Flinders Street is obviously a very busy station.

It also includes train supervisory control and data acquisition replacement. That relates to the system that monitors and controls electrical traction overhead. There is the tram automated vehicle monitoring system

replacement. There is V/Line disaster recovery, which is to do with its IT systems. There is V/Line passenger information display systems. That is roughly it, and there are some extra V/Line buses.

That is the rail efficiency package, but Metrol is on time and on budget. The end of 2010 is the time, and the budget is $87.9 million.

The CHAIR — Thank you, Minister. Can we get the slide up regarding the SmartBuses?

Overhead shown.

The CHAIR — As you can see, it covers a lot of tramlines and train lines and goes through a number of interchanges: Box Hill, Doncaster et cetera. How is this going to actually improve connectivity in the way this has been built?

Ms KOSKY — SmartBuses do a range of things. They travel the orbital routes. Even though some people have travelled from one end to the other — —

The CHAIR — Yes, from my electorate they have gone right around and then back.

Ms KOSKY — It is 4½ hours on the yellow orbital, but it is 9 hours if you actually go back, which some people have done. Believe it or not, there was a competition on a website about who could do it first. It is really about making those cross-town connections. The rail system is a radial system; it really heads into the CBD. And then we have really expanded the suburban bus routes within communities. But the SmartBus orbital is really those cross-town connections.

What is terrific about it is the frequency that they travel at. The yellow SmartBus orbital is every 15 minutes. We know that frequency makes a real difference to patronage, so that where you do increase the frequencies people then do shift and rely on it, so if they miss one they are actually not waiting for a really long period for the next.

Also what is great about the SmartBus is the improvements on the road so that the buses, particularly as they are heading into the traffic light area, have their own particular dedicated bus lane and they can get priority at lights. That makes a huge difference for their running. They are much more reliable and much more frequent, and that is why we have seen incredible patronage growth.

We have got the five SmartBus services that are already in place — the Blackburn Road route 703, routes 888 and 889 on Springvale Road, which is green; we have got route 903, which is red orbital; route 900, which is Wellington Road; and route 901, which is Stud Road. Since each service started patronage has increased between 50 per cent and 110 per cent, and around 9 million trips had been made over the last year.

It is worth mentioning a couple of extra things. The SmartBus service also connects with a lot of the train services, so the timetables complement one another. The red orbital SmartBus from Mordialloc to Altona, which has just recently opened, connects to 11 train stations, 9 tram routes, over 100 bus routes and 11 major shopping centres. It makes those connections for people. The three-star bus services that are orbiting around Melbourne — the red, green and yellow — will connect to 28 train stations, 12 tram routes, over 270 bus routes and 35 major shopping centres.

We have had fantastic customer feedback. I want to share a couple of these. We have had lots of thank-you letters, which is great — as public transport minister I need to say that.

The CHAIR — I have had some, too.

Dr SYKES — Put this one up on your Facebook! Keep going.

Ms KOSKY — When I get time to do a Facebook, I will do that.

Mr WELLS — I bet you the myki people are reading the same letter too.

Ms KOSKY — They are actually very happy with myki. I have had great feedback on myki.

Mr WELLS — I am sure the people who actually own myki would be very happy.

Mr DALLA-RIVA — Do you reply to the emails or not?

Ms KOSKY — I do reply to emails, actually. You should try me at times.

Dr SYKES — I have, Minister. We will talk about that later, Minister.

Ms KOSKY — That is right; Bill can speak. So we have got a group of elderly ladies who had a day out travelling the full 4-hour trip from Altona to Mordialloc. There was a traveller who hopped aboard the first service at Mordialloc at 5.00 a.m. and got off at Altona station at 8.35 a.m. He then had a look around Altona — a very good electorate, I have to say.

Ms MUNT — Almost as good as Mordialloc!

Ms KOSKY — Then he got back on the bus to Mordialloc in time for lunch.

Ms MUNT — There you go!

Ms KOSKY — And there was an elderly lady travelling the bus on her birthday as a birthday present. It has been incredibly successful. Obviously, the buses are the local, accessible buses, so they have been incredibly successful. But I think what we are seeing in Melbourne in particular now with the bus service is what other cities around Australia have already experienced, because buses have played such a significant role in their public transport. We are now seeing this sort of growth because of the frequencies and also because of the priority that the SmartBuses get. We are just seeing an incredible uptake. It is a whole range of people who are using the SmartBus services. It has been fantastic and obviously complements what is happening with rail and tram.

Ms MUNT — Can I just say that the buses themselves are fabulous, too — easy to get on and off.

Ms KOSKY — And the bus drivers are terrific as well.

The CHAIR — I had some feedback too, Minister, and there was one regret that it did not go to Altona Beach.

Ms KOSKY — It is only two blocks to walk down to it.

The CHAIR — I know, from the station.

Ms MUNT — But it does go to Mordialloc Beach!

Mr RICH-PHILLIPS — Minister, I ask you about the status of the Footscray-to-Caulfield rail tunnel, which was an Eddington project. I think it was estimated at about $4.9 billion in the Eddington report. It does not appear to have been picked up in the projects you have listed in the transport plan in these budget papers. Given the funding that came from commonwealth last night, what is the status and time frame for the implementation of that project?

Ms KOSKY — We were always clear with the Melbourne metro tunnel in the VTP — the Victorian transport plan. If you go to the last page you will see it actually indicates that that was never intended to commence until 2013, so that was the plan that was in place. That is because we need to get the works done on the regional rail link. That is really the first part of the project so that we can get the dedicated tracks and we can separate regional and metro, and then you go to the next stage, which is the metro tunnel.

The money that was in the budget last night — $40 million — is really for the detailed design work that needs to be done, because tunnels are very complicated so there is obviously a lot of very detailed work that needs to be done, including the exact alignment, where the stations will be located and a range of those issues. So that work will now commence.

It is not anticipated that that design phase — the pre-construction phase — will be complete until probably early 2011 or late 2010. Then, obviously, it will feed into the timetable that we have got in place under the Victorian transport plan. They are certainly the discussions that we had with the commonwealth government, and it understands the time frame that we had in place and the importance of doing the regional rail link first. That was our first priority, and that is why it funded it in the way it has.

Certainly it will be great to have that $40 million. It is worth saying that we got 38 per cent of those Building Australia Fund projects for public transport here in Victoria. It is a really important project, and it will be really significant in terms of that next shift in public transport, but the metro tunnel comes after the regional rail link. We will be doing the work beforehand so that we can commence the work, obviously, according to the timetable in the VTP.

Mr RICH-PHILLIPS — What is the timetable to complete that work, if you are commencing in 2013?

Ms KOSKY — Yes, again that is in the Victorian transport plan. There are two stages we are talking about. So the Victorian transport plan final completion is around 2017, but there will be works done along the way.

Mr VAN KUYK — That assumes a start date of 2012.

Ms KOSKY — Right, 2012.

The CHAIR — I am sure you can provide a copy of that plan to the committee.

Ms KOSKY — It is on the website, but we are very happy to.

Mr RICH-PHILLIPS — Does that depend upon budget funding?

Ms KOSKY — Yes. With the Victorian transport plan we always said it was a 12-year plan, and we have put in this budget the projects that we committed to under the Victorian transport plan in the first year, so that will continue to roll out. It is important to have a plan, given the complex nature of public transport but particularly the rail system and the fact that we really do need to go that next major step in our rail network and it needs to happen over a period of time.

It cannot all happen at once — you cannot disrupt your rail network totally to get all the works done. So we are still running a rail network whilst these works are under way. So it is very clear in the Victorian transport plan, and what will happen each year is that I will put forward the proposals that are identified in the Victorian transport plan, and they will be supported through the budget.

Mr NOONAN — Minister, I want to ask about taxis, which you touched on in your opening presentation. I draw your attention to budget paper 3, pages 365, the 'taxi rank safety program', and I ask how this grants scheme which is outlined in the budget paper along with other initiatives will help to improve safety for taxi users and importantly the drivers.

Ms KOSKY — We have been doing a lot in relation to the safety of our taxi system. The department or the Victorian Taxi Directorate meets on a very regular basis with a group of taxidrivers who are representative of the taxidrivers in the industry. They are all nominated. We have tried to get a coverage of the different groupings of taxidrivers in the different geographical areas that they cover. So the VTD — the Victorian Taxi Directorate — meets with them on a regular basis. I meet with them about once every three months to talk about the issues they have had. This arose out of some of the concerns early last year, and I meet with them regularly.

They raised clearly with me that safety was a major concern to them; this was after the stabbing last year. We have worked through a range of different responses to address the safety issues. So safe taxi ranks are one of those. The mandatory prepaid fares between 10.00 p.m. and 5.00 a.m. in the morning, and the safety screens, were the other two areas that they mentioned.

With the safe taxi ranks there is $4 million provided in this budget over a four-year period, which will allow us to expand the safe taxi ranks. So we have already got safe taxi ranks in place: there are six that we fund and six that are funded by local government. They are in a range of different locations. So there are 12 safe taxi ranks, and they include things such as CCTV; they will often include security people at them. Often what will happen is security people will take numbers — they will write down the taxi license plate for the passenger, but also they will organise passengers so that they can share rides; obviously if people are being difficult, they can manage those. The ranks have also got very good lighting and they have got particular road treatments.

So we have committed; out of the $4 million we will get at least 10 safe taxi ranks. We will probably get more. But what we will ask councils to do is to put in proposals because we want this to be a partnership, and

they will put forward proposals. We are expecting some in the Melbourne metro area but also some in the regional centres where they have been very successful and made a real difference.

So it is about safety for taxidrivers and for passengers. Monash University Accident Research Centre reviewed the trial that was initially in place, and it really highlighted the need for this additional infrastructure. So they have been very good — the taxidrivers do feel safer. It is really during those night hours — the late hours of the night and early hours of the morning — because taxidrivers' greatest concern is around violence. So these taxi ranks will be very good.

It is worth mentioning that we have been doing quite a bit of work with Melbourne City Council. They have got a number of safe taxi ranks at the moment. I met with Robert Doyle, the Lord Mayor; he is really keen to push forward on a number of projects so we will wait to see what proposals come forward and they will be judged on their merits, but I think it is really good to see Melbourne City Council starting to play a really significant role in that, because we know in some of the nightclub areas there are some real issues, and safety is a real concern for people.

Mr NOONAN — Just a point of clarification: of the 10, 6 were funded — —

Ms KOSKY — There are six that are already funded by local government with the funding that we have provided. We are obviously wanting a partnership so we are wanting local government to put in some funding, but we are expecting to get far more than 10. At a minimum we will get 10, and at that price it is the full treatment. In lots of locations you will not want all of the full treatment.

The CHAIR — Thanks, Minister. We will have a break for 5 minutes.

Proceedings interrupted.

Mr DALLA-RIVA — Earlier, Minister, when I was talking about the scan-on, scan-off, tag-on, tag-off technology there was also discussion about the screen displays freezing. I asked in particular what the impact on the revenue in the forward estimates would be, and it was pointed out to me that during the course of that discussion, Ray, who is the deputy secretary, conferred with the Transport Ticketing Authority CEO, Gary Thwaites, who was in the audience. I ask again: do you and Ray stand by your previous assertions that the malfunctions of the bus drivers' screens has not had any impact in the forward estimates in terms of revenue to the government?

The CHAIR — If you wish to call someone else up to the table, Minister, it is up to you.

Ms KOSKY — Do you want me to do that?

The CHAIR — You mentioned somebody else's name.

Mr DALLA-RIVA — It is up to you, Minister.

Ms KOSKY — Ray can probably answer, but I checked as well, and there is no impact on the forward revenue. There was not a problem with bus drivers being able to sell the tickets, so I confirmed that. Ray?

Mr VAN KUYK — Would you mind repeating the question, because it sounds like a different question you are now posing.

Mr DALLA-RIVA — When I asked earlier about whether there was any impact on the forward estimates in terms of revenue received as a result of the new myki ticketing system I understand that you went up to the CEO of the Transport Ticketing Authority — I gather to confer about what I had asked — unless you suggest there are other things that perhaps you discussed?

I reaffirm for the minister my statement: was there an impact? My understanding is of the revenue received as a result of what is occurring out there in the trial runs or the runs of myki is that it is a substantial reduction of revenue?

Ms KOSKY — That is a different question than what was asked before, because you were talking about the freezing of the console.

Mr DALLA-RIVA — The freezing of the screens is having an impact — —

The CHAIR — As far as I know he has been sitting here all the time and not gone up to anybody.

Ms KOSKY — It was when we had a break — they both like football.

The CHAIR — Insofar as this question is able to be understood.

Mr VAN KUYK — I am not aware of any revenue impacts.

Mr DALLA-RIVA — No bus drivers have come to any one of you guys and said, 'Listen, the revenue we are getting is going to have an impact on the forward — —

The CHAIR — 'The forward estimates' — I don't think so!

Mr DALLA-RIVA — The revenue, the impact — they will not say 'the forward estimates', but I am asking about it. No bus driver has come to you and said, 'Look, Ray, the revenue coming in, because of the freezing of the screens — —

Ms KOSKY — That is a 'no'.

Mr VAN KUYK — No bus driver has approached me.

Ms HUPPERT — Minister, referring you to budget paper 3, pages 246 and 247, under your 'outputs under freight' I understand there are some considerable initiatives to improve the regional freight network. I wonder if you could outline those? I know my electorate is not in a regional area, but I do get asked questions about people who live in my electorate whose businesses use the regional freight network and it is of great interest to them.

Ms KOSKY — We have made major investments in the rail freight network. As you would be aware, it really commenced with the commitment we made to the upgrade of the Mildura-Geelong rail freight upgrade, which is well and truly under way and continuing. But then we bought back the track, which occurred just after the last election. Buying or acquiring that track has meant that we have been being able to do a lot more works on the track. Part of the problem with the previous contract for the control of the track is that it did not include the need to maintain the network.

So we bought it back for $133.8 million. In this state budget we have allocated $49 million for the ongoing maintenance of what are called the gold and silver rail freight lines. The platinum is first and they are the interstate; they are controlled by ARTC (Australian Rail Track Corporation); then the gold lines were seen to be the most important lines next for upgrade; and then the silver freight lines were identified as needing upgrade but only if we got a commitment by industry as well in terms of their access of them.

We have already invested $601 million, so that $49 million in this year's budget comes on top of that $601 million, which also includes the buyback amount. I commissioned a review headed up by Tim Fischer, and he gave advice at the end of the year before last. We have acted very quickly to respond to that review. We have the Mildura line upgrade, which is a $73 million project and is a joint commonwealth-state funded project. Then there is $612 million going into the north-east rail upgrade, which Dr Sykes is well aware of.

Dr SYKES — I did not get Glenrowan re-opened, though.

Ms KOSKY — I was waiting for you to ask a question about that, because I am ready to answer that.

That is a fantastic upgrade of that whole rail corridor which will benefit both rail freight and passenger services along the north-east rail corridor. It is converting it to standard gauge for that north-east rail corridor which will basically mean a duplicated track for both rail freight and passenger services. That is our busiest line all the way through to Sydney, so we are doing that in conjunction with the Australian Rail Track Corporation.

As part of that project as well we have included gauge conversion of the Benalla–Oaklands line, otherwise it would have been basically marooned from the north-east rail corridor, so we have included the standardisation of that line as well. Seventy-five per cent of the regional rail network has been or is in the process now of being upgraded by this government; 75 per cent is an extraordinary amount of the rail freight network that is being

upgraded, which does give a sense of the condition it was in, but we are making that commitment and doing an incredible amount of work.

I was at Seymour in March with the member of the Seymour as part of the north-east rail standardisation project and witnessed the last of the sleepers being put down. So 285 000 sleepers have been replaced last year.

Dr SYKES — They are the ALP voters!

Ms KOSKY — The sleepers?

Dr SYKES — Yes.

Ms KOSKY — There are no sleepers who vote for the ALP! Almost 200 kilometres of the track is being converted. That was a great milestone that I witnessed, and there are more than 200 jobs on that project. The crew moves all the way down the line as the works are under way.

We have replaced some of the length of that track whilst the works are under way on the passenger line, replacing the sleepers. We have had buses put in place and they run from Seymour to Wodonga whilst those works under way. The rail freight is still managing to run but it obviously has an impact on that system as well while the work is under way.

In terms of the industry response, we have had really strong industry response to our commitment, our investment and our upgrade. Last August the Australian Wheat Board announced that it would construct 84 new rail wagons and signed an agreement with the private rail operator El Zorro to provide rail services; and in September Iluka Resources contracted El Zorro to begin a new service carrying containerised mineral sands from Portland for export through the port of Melbourne.

We are getting the commitment of industry, which is obviously really important. If we are upgrading the track, then they are making that commitment to utilise the track; that commitment is being made. At the time that we said that we would upgrade the track, the view was that industry would not come on board, and it was all doom and gloom. But that has not been the case; we have more players in the industry in terms of the rail operators, and we have those commitments from the wheat board and from Iluka Resources. We are making the investment and the commitment is following.

Ms PENNICUIK — Minister, can we look at page 238 of budget paper 3 where under 'Disability Discrimination Act' there is a quantity listing for public transport infrastructure measured against the DDA. I would be interested to see an output measure which tracks the percentage compliance with the disability plan for public transport under the commonwealth disability standards for public transport. Do you have that information? Would you be looking to include it in further budget papers?

Ms KOSKY — We report on DDA compliance. We have a commitment with the commonwealth as a response to the act, and we met the milestone by December 2007, apart from the trams — and I will come back to that. In terms of the measures, measures are changed from time to time but we are reluctant to do it. PAEC is usually reluctant for us to keep changing measures, because it becomes really difficult to do comparisons with previous years. We report on the DDA compliance. We have to, and I think that is probably available on our website.

Mr McKENZIE — Yes, we publish it from time to time. We have made it available.

Ms KOSKY — We publish other measures apart from those that are in the budget papers and I can provide the committee with the details of where they can get that information. In this state budget we have provided $39 million to progress the commonwealth Disability Discrimination Act, and we are making significant progress in meeting the milestones. As I said, by December 2007 we met the first milestone of 25 per cent compliance, and there is a view by quite a lot of the commentators that Victoria, despite having one of the largest and most complex public transport systems, is regarded as leading in this area.

We have put in a lot of funding and made a lot of changes to platform stops, to facilities on board trams, buses and also in the sections leading up to the vehicles. I am trying to think of what they are called — the tactile tiles. So doing a lot of that work — the signage that has been provided.

All the A and B and Z-type trams have now been upgraded with colour contrast handrails and audible announcements. We have got 107 metro and regional stations which now have tactile tiles. We are purchasing 270 low-floor buses over the next three years; 85 access ramps have been upgraded at metro stations and 23 ramps at regional stations.

Having said that, obviously we have met the 25 per cent target apart from for trams, and obviously while we are doing the work for the tram stops, the purchase of the new trams is really critical in terms of that DDA compliance. In the budget we have brought forward the funding for the business case to be developed for the purchase of trams, and obviously the purchase of trams will respond to the 50 trams that are identified in the Victorian transport plan, which will really go a long way to addressing some of the issues — not all of the issues — with trams, because trams are where we have got some really significant issues. Whilst we can do the work at the tram stops, it is actually more difficult, and we generally purchase the trams in one larger tranche rather than as individual units for replacement. We know we need to keep going with the work that we have already got under way in relation to all the modes but we need to have a particular focus on the trams, and I am pleased that we were able to bring forward the business case for the purchase of the trams.

Ms PENNICUIK — Minister, when would you think that you would have all the trams compliant? You have got a target date for that, I suppose?

Ms KOSKY — The commitment with the commonwealth is — —

Mr McKENZIE — I think 2026.

Ms KOSKY — I think 2026. That is a fair way out, but that is the 100 per cent compliance. We have agreements with the commonwealth about the types of compliance in each of the different areas, so we will be keen to meet those compliance targets, but I do acknowledge that because of the purchase of the low-floor trams, we have not been able to make that particular element of the target for the 25 per cent.

Ms PENNICUIK — Can you just clarify why you cannot put that in here, why the measures cannot be in here?

Ms KOSKY — It is usually a set of measures that are agreed to which have been consistent over quite a few different years.

Ms PENNICUIK — Maybe I will follow that up with you later.

The CHAIR — Yes, if you have got any more information, provide it to the committee, Minister.

Mr SCOTT — Minister, I refer you to budget paper 3 and the bottom of page 359, appendix A where there is a section on the Sunbury electrification. Can you please explain how the residents on the Sunbury–Sydenham corridor will benefit from electrification of the Sunbury line?

Ms KOSKY — The Sunbury electrification is a really important project. At the moment we have V/Line trains operating from Sunbury to Melbourne, to the CBD, and as V/Line trains they actually take train spots but V/Line trains do not take as many passengers. They carry around 364 passengers?

Mr McKENZIE — I believe that is right, yes.

Ms KOSKY — Dependent on the actual train, but it is around the 360 mark, whereas obviously if we have the metropolitan trains that have to run on an electrified line, they carry 800-plus per train, so in peak period that makes a significant difference in terms of the number of passengers that can be moved.

It is not just about Sunbury, it is along that whole Sydenham corridor. At the moment the Sydenham corridor is essentially at capacity in terms of the number of services that you can safely and reliably run along that system. If we were to run more, they would just get caught up and would not run reliably, so they would not stick to the timetable.

In electrifying up to Sunbury, we free up capacity for metropolitan trains that can actually carry a lot more passengers per train during that peak period; that is really critical. The electrification is really important to create that capacity along the Sydenham line, which, at the moment, is very congested in terms of traffic. We cannot

put on extra services, and trains during the peak period are at capacity, so we need to do that work on the Sydenham line.

Patronage on the Sydenham line has grown by 55 per cent over the last three years. It is the most rapid growth on the network. It has been just extraordinary, which gives you a sense of why in a very short space of time we are at capacity. So we provided extra services through the timetable changes previously but we are now at a point where we cannot provide additional services unless we electrify to Sunbury.

The electrification will mean more services for Sunbury, because they will be running on the metro system, not the V/Line system. It will provide a lot more services, and particularly more services during the peak period, which is important for Sunbury as a growth area. Its population is growing significantly, and they need those extra services, but in addition right along the Sydenham line. That is one of the next projects which will allow for additional capacity in the metro system.

Once the extra trains start to come on board as this work is complete, then they will be able to get extra services. But it is one of the really critical projects, given the patronage growth and given that they are at capacity and very much in need of the electrification.

It is 15 kilometres of rail infrastructure that is electrified, and it will include, as I mentioned before, a number of projects. It will include stabling facilities for five trains at Sunbury so they can start from Sunbury, and there is additional car parking space. One of the concerns from the community was that they would have a whole lot of people travelling to Sunbury and parking there, so there will be 500 car parking spaces at Diggers Rest railway station and 100 at Sunbury.

It just shares the parking around, because people travel from outside Sunbury to get the train. It will be a premium station, so it will be staffed from first train in the morning until last train at night. Construction will start next year, and it is due for completion in 2012.

Dr SYKES — Minister, my issue this time is V/Line's failure to complete punctuality targets and the number of coach substitutions as summarised near the bottom of page 237 of budget paper 3. I note that in detailed punctuality reports V/Line does not identify many of the reasons that the coach substitutions occur. In fact, in March 2009, V/Line claimed that 10 of the 26 times that coach substitutions occurred on the Bendigo line and 120 of the 275 delays on the Geelong line were due to 'unspecified, other or miscellaneous' reasons. I am wondering what the reasons for these substitutions and delays are. Suggestions have been made that drivers are taking sickies and rolling stock is failing in service or between scheduled events. Can you expand on the reasons?

Ms KOSKY — Let me go to punctuality first. I talked previously about why the regional rail link is important. The real difficulty for punctuality with the V/Line services is the congestion once they hit the metropolitan boundary, and it just has a knock-on effect, particularly for the regional rail services that do not stop at all stations, so they have more of an express pattern.

Express trains take up more train spots than, say, a metropolitan train or a train that stops at all stations because they are going faster, so they take up more train spots. If there is a delay in the metropolitan system, it has a really significant effect. So what happens is you end up with the regional trains still stopping; they just do not stop at the stations, but they get caught in traffic.

It is exactly what happens with congestion on the roads; they get caught in the traffic. That has a major impact on punctuality, which is why the regional rail link is such a critical project for separating the metro and the regional rail.

In terms of the replacement by buses, I will ask Hector to comment, but there are a whole variety of reasons. Sometimes there are a significant number of drivers sick on particular lines, there are issues on occasions with trains — and we have been refurbishing as well, as you know; we have been refurbishing the N sets and doing work there, so that means that sometimes you do not have as many trains at bay in order to replace. In that very extreme heat, that had an impact.

V/Line has a contingency plan that if there is going to be a really significant impact, rather than having really long delays to a service, they immediately go to a bus replacement program. They have that in place so they can immediately shift to it. We do unfortunately have incidents on the rail system where there are suicides, and that

does close down a rail line for a period of time whilst the coroner comes to investigate, so V/Line has the buses in place so they can immediately move to the bus system.

Mr McKENZIE — I think you have covered most of them, Minister, but if there is a failure of a train, they have processes in place with local bus operators to get the buses into place to keep the journey going. If there is an infrastructure problem of some sort, such as a signal failure or something like that, the same thing can happen, so the intention would always be to make sure that the people who are going from A to B get to their destination as fast as they can. I am not aware that sickies is in fact a major reason, although it is a reason.

Ms KOSKY — Sorry, with the driver sickies sometimes what will happen is a driver will ring in just fairly close to when the service has to leave, so it is very difficult to do the replacement — in that case it is difficult. The other area I mentioned was the heat. We do get some buckling of the track. There is a major concrete replacement program for the regional lines, so that that will reduce where we have significant heat and particularly in areas going to Swan Hill and Bendigo; they obviously are affected. The north-east rail corridor will have concrete sleepers, so that issue will be addressed, but we can get back to you if there is — —

Dr SYKES — I think if you could, because basically 30 to 40 per cent of the reasons for these delays or substitutions are listed as 'other' or 'miscellaneous', so if that could be more detailed out and provided.

Mr BETTS — May I ask which lines you are looking at because this appears to show on page 237, 98.3 per cent of V/line services — —

Dr SYKES — I am looking at the timeliness on page 237.

Ms KOSKY — It is punctuality rather than cancellations.

Mr McKENZIE — A very high proportion of V/Line trains run with no substitution, but they do have problems, as the minister has already said, about timeliness coming through the metropolitan area. In the instances that there is a problem where the train can not run, there will be a substitution.

Dr SYKES — My request is to have a further clarification, quantifying the reasons for the delays or substitutions.

Ms KOSKY — The punctuality, which will be timeliness, is the delays, and that is to do with the congestion on the metro system. It is really the cancellations that you are seeking?

Dr SYKES — And the substitutions.

Ms KOSKY — Yes.

The CHAIR — Footnote (j) provides some explanation of that, but if you can provide us anything further in that regard, we would appreciate it.

Ms MUNT — I refer to budget paper 3, page 242 under 'Development of new integrated public transport ticketing solution'. There has been some limited discussion today already of the new ticketing system, mainly about touchpads and such. I was wondering if you could broaden the discussion out a little bit for us, please, and tell us the overall progress to date of the development of the system and any benefits that might flow from that to commuters on our train system?

Ms KOSKY — I will not repeat what I said earlier; I will add to it. The ticketing system is being rolled out, as I mentioned, across those regional areas, and the feedback at this stage has been very positive and there has been a range of feedback. Customers are shifting to it in quite strong numbers. I mentioned that 20 000 myki cards have been sold already. At the moment what happens when you purchase a myki card — I did it the other day — is you pay $5 for the card and you get $5 worth of value on the card. So it is an encouragement for people to purchase the card. You get $5 worth of travel, and that is encouraging people to take up the card. That is factored into the costs of the project. We are getting significant take-up. As I mentioned, the other day when I was on the bus there was only one person who bought a paper ticket. It was quite extraordinary. Families, older people and younger people had all shifted to the myki cards.

There is a range of benefits. Obviously it is much easier to people, and they can get the information online or at a variety of facilities about how much value they have got on their cards. They can top up either at the

different facilities or they can do it online, so it is actually easier for them to do that. But also what the Bus Association Victoria has told us is it gives the whole bus network much more sophisticated information than they have ever had before. It operates on a GPS. It means they can get the information about how many people are on the bus, where they get on the bus, where they get off the bus, whether it is concession cardholders or whether it is full-fare-paying customers.

They get a sense of travel patterns which can help them to plan for different routes and for different stops. They can find out whether people are using particular stops, and it really helps them in their planning. It also gives them the information, with the GPS, about the timeliness of the buses — their being on time. They have not had this information before. So not only does it provide the myki card, but for the buses in particular it provides them with a lot of information that they can then use for planning on their network. That will also occur on trains and trams. We have probably had more of that information before, but we will be able to get a lot more information.

What is under way at the moment — it is obviously a very significant change that is occurring for people getting used to it, but there is also an amount of infrastructure that has to be put in place before you can roll out the system. The card readers are now being installed. There are more than 17 000 items of equipment, including the card readers and driver consoles, that will be installed on trams, at train stations and on buses over the next few months. There will then be a series of tests undertaken in metropolitan Melbourne across all modes of transport throughout 2009 prior to it being rolled out in Melbourne later this year. The myki back office, where all the information goes to, will automatically generate trip and patronage data, which for some of the operators has been manual and a fairly laborious process for them.

In some instances there have been additional payments for people to do research. For instance, when we introduced the early bird travel we had to have the research done by individuals asking people whether they had shifted mode of travel. When you have got myki in place, you can actually see all that; you can just get all that information. It does not personally identify, but it provides you with that information.

Of course all of this has been ticked off with the privacy commissioner. It will provide us with a lot more detail of who is using the system, when they are using it and travel patterns, so that it then allows you to do better planning in the future. But the feedback we have had from the bus companies, particularly down in Geelong — McHarry's and Benders — were really keen to come on board because they could get so much information. As I mentioned before, the bus drivers have been fantastic. They have been really supportive, which helps with that customer shift over.

Mr DALLA-RIVA — At least the minister talks to the bus drivers, which is good.

Ms KOSKY — Are you saying you do not talk to the bus drivers?

Mr DALLA-RIVA — Your department secretary did not; there are no problems. Can I go to rising tram patronage? There is your forecast. We keep on growing in the current financial year, so I gather, Minister, in the forward estimates there would be an increase as well?

Ms KOSKY — Sorry?

Mr DALLA-RIVA — In the forward estimates I gather you are anticipating — —

The CHAIR — In 2009–10.

Ms KOSKY — We are. In the Victorian transport plan we have forecast 4.4.

Mr DALLA-RIVA — Right, it is a 4.4. per cent increase. I go to the point of my question, on page 361 of budget paper 3 in relation to new trams.

Mr DALLA-RIVA — I note, and it is referenced at page 363, that it says 'New Trams'. There is a commitment to funding of only $5 million in the forward estimates, 2009–10. There is nothing for 2010–11, 2011–12, 2012–13, so the TEI for new trams for Melbourne is $5 million. When I go to what the explanation is, it says:

> Funding is provided to commence planning for the procurement of up to 50 new low-floor trams, upgrade of power supply works, and an upgrade to the Preston workshop site.

My question is: given that there is no money available, apart from a plan to procure new trams, and given that you have explained that there is going to be a rise in tram patronage and including a 4.4 per cent increase in the forward estimates, you cannot be serious in saying $5 million is going to be enough for the crammed-tram situation that is occurring currently today?

Ms KOSKY — The $5 million, as I indicated before, is for the business case, and that is identified in the budget. We are required to do the business case before. I will then put the case, having done the detailed business case, about the costings. It is not only the costings; it is actually the specifications that we need for the particular types of trams here. I will do that work. That has been brought forward from the VTP timetable because of the patronage increases that we are seeing. Then I will go back on the basis of that business plan. The $5 million is there for the business plan; it is not there for the procurement of the trams. I will be going back once that work is done, and that will be dealt with in the next budget. It is not saying that $5 million is all that is there; that is there whilst we do the business case.

Having said that, we have leased the five bumblebees from Mulhouse in France. We were able to secure that arrangement — that is till, I think, the end of 2011. We were able to secure that because they were available. It will surprise you to know that over in France, in Mulhouse, they had delays with getting their tracks down so they could not use the trams that they had, so we could take the opportunity of those trams. They are much longer trams, so they carry 240 passengers.

One of the issues with trams is that you can lengthen them. Obviously we will be looking at the length of the trams and the carrying capacity of the trams, given our conditions. We are a little bit different than, say, new tram networks overseas. Whereas they are straight, ours do curve a lot more; they are not just on a straight line. So that impacts on the specifications you have for the trams. That work will be done in the business plan, but we have got those five trams which we are running on our busiest route at the moment, and that has freed up some of the smaller trams for some of the other routes. We have responded earlier to having those trams whilst we wait for the business plan to be done, the specifications and the building of them.

Mr DALLA-RIVA — How long do you expect? It is in the forward estimates for this year.

Ms KOSKY — Yes.

Mr DALLA-RIVA — I gather you are anticipating the business plan will be completed this financial year?

Ms KOSKY — Yes.

Mr DALLA-RIVA — From an industry perspective — —

Ms KOSKY — Not this financial year, but 2009-10.

Mr DALLA-RIVA — I gather as part of the procurement, with the industry hat on, you will be sourcing locally, I hope?

Ms KOSKY — You will notice, too, in the budget there was funding around local procurement. It is called TMS, which is about local procurement for rolling stock. That is trying to establish a national approach. Obviously we have a certain amount of investment, but if we can link in with investments that other jurisdictions are engaged in, then it gives you that pipeline of projects, which is what you need for a sustainable industry. So, yes, we will be keen to do that. With the trains, 19 of the 38 trains that have recently been ordered, they will be assembled at Ballarat. So, yes, we are very keen to do that, and we will be doing quite a bit of work to look at how we can build local content in.

The CHAIR — I am sure Mr Piper is very pleased about the TMS program.

Ms KOSKY — Yes.

Mr DALLA-RIVA — When will they be delivered? When are you anticipating the trams?

Ms KOSKY — I have to complete the business plan first, and then I have to go to ERC and through a budget process, so I do not pre-empt that.

Mr DALLA-RIVA — So what, 2015?

Ms KOSKY — No, in the *Victorian Transport Plan* it has 2012–13, but we have brought the business plan forward by a year, so I am optimistic that that will bring forward the procurement by at least a year. So it will coincide with the lease arrangements around the bumblebees. It is probably fair to say — Hector will jump in if I am wrong — that with the new trams that we are looking at purchasing we probably will not go to the 240 quite. It will be just a little less than that because the length on our track conditions needs to be taken into account. So we will probably look at slightly less than 240. Obviously we could not design the bumblebees. It was an opportunity that we had to get them immediately.

The CHAIR — I presume that includes going through the first couple of stages of Gateway in the business plan?

Ms KOSKY — Yes.

The CHAIR — Okay. So you will start that from now on?

Ms KOSKY — Yes. Can I just say on the tram patronage, prior to the significant increase that we have had over the last calendar year, we have been tracking at around 3.4 per cent patronage growth. That is steady growth, but we are now seeing that quite significant growth. Whether it continues is hard to — —

Mr DALLA-RIVA — That is what I was just saying to Mr Wells, you are saying it is 4.4.

Ms KOSKY — Yes.

Mr DALLA-RIVA — But there is nothing there for a couple of years, so I am just wondering if there is going to be — —

Ms KOSKY — What I am saying is the bumblebees had been provided prior to the patronage growth of the last calendar year, so we did anticipate and that is why we moved to lease the bumblebees and get them immediately.

Mr NOONAN — Minister, I just want to return to the regional rail again, as a follow-on to my initial question about 2 hours ago now. I just wonder whether you can outline where the increases have occurred on regional rail and where they are forecast to occur over the estimates period in terms of increases. The second part of the question is what impact the off-peak initiatives are having on patronage and what impact they are likely to have going forward.

Ms KOSKY — As I mentioned in my initial presentation, we have seen really significant patronage growth, particularly on the RFR corridors. On the RFR corridors, we have made a significant investment: we have put the V/Locity trains in place and we have improved the delivery — remembering as well that we have reduced fares by an average of 20 per cent for V/Line trains. We have made major investments, which have meant that people are using the regional rail network a lot more. Obviously petrol prices have had an impact as well, and the city traffic congestion.

If we look at patronage growth over the last financial year, on the Geelong line it was 20.11 per cent, but over the last two financial years for Geelong it has been 61 per cent. I will do the RFR corridors first. For Ballarat and Bacchus Marsh over last two years it has been 71 per cent; for Bendigo it has been 56.5 per cent; and for Traralgon it has been 109 per cent. Then if we look at some of the other corridors, for Warrnambool it has been 13 per cent; for Ararat it has been 101 per cent — it was worth reopening that line; and for Swan Hill it has been 299 per cent. Today on the way down on the train there were quite a lot of people who come from Swan Hill. People will often travel from New South Wales down to Swan Hill and come down.

For Albury-Wodonga, where we are doing the works at the moment, so you would not expect timeliness on that track — and there have been issues with timeliness on that track — it has been only 12.27 per cent over the last two years. Having said that, if we look at the last financial year, it has been 19.10 per cent, so it has actually jumped very much in the last 12 months. For Shepparton it has been 71 per cent and for Bairnsdale and Sale it has been 42 per cent. So you start to see the sorts of patronage increases, particularly where we have made those major investments on RFR lines. As well as providing the V/Locity trains, we have been refurbishing all the N sets, so travel is much more comfortable now.

The regional rail link will obviously make a big difference in terms of being able to provide extra services. But with Echuca, for instance, we have put on four services each day for Echuca down to Bendigo. They have had patronage growth over the last financial year — we did those about 12 months ago — at 107 per cent. It is in time for work and university, so there are significant numbers of people using that now.

What we have tried to do with lots of the services is to provide them in peak times but also we have increased the number of services in off-peak times as well. Some people are travelling for work, but today, for instance — we talk with a whole range of people — there were people were coming down to *Billy Elliott*, so they were coming down for the arts; there were people who were coming down for medical appointments; there were people who were going for job interviews; and there were people who were going to visit friends. So in the off-peak period or the hours outside that peak period, they were there for a whole range of reasons, and the train was basically full today. There has been an incredible uptake, which is why the regional rail link is really important.

We have a lot of people coming into the CBD. There are strategies and programs now in place to encourage counter-peak directional travel, so out to the regions. V/Line has an outbound campaign under way which to date has been really successful, so we are seeing increasing numbers of people travelling out to regional centres. It is a great price for a ticket. You can get a family ticket — that is, two adults and up to three children. It is much, much cheaper than normal travel, so we are seeing a really significant uptake in that, and that sits alongside an advertising campaign as well.

Just to give you an example, they had the Golden Age of Couture up in Bendigo, 20 per cent of people who travelled to that actually went by train. They did the surveys of people. That is starting to work where we connect it with different tourism opportunities.

Mr WELLS — Minister, could you please confirm that the myki software being developed by Kamco's partner ACS is now at its final version? Has the development of the software for myki been completed?

Ms KOSKY — The software has been completed, but — —

Mr WELLS — Completely finalised and signed off?

Mr VAN KUYK — The software is still a beta version, as all software is for this sort of development and, in accord with the schedule that we currently have for the delivery of myki, version 1.1, which is the production version of software, will be due in October this year.

Ms KOSKY — But what we are doing and one of the things we can do when we are rolling it out is that we are able to make adjustments, which are essentially to the software, to respond to how people behave and interact with the system. For example, I mentioned before the touch-on and touch-off. What the TTA found down in Geelong was that the beep when you touched on or touched off was not quite loud enough for people to hear, so they kept touching on. So that was just increased. That is an change to software that occurs, and you would want to be able always to do that in order to respond to customer behaviour.

Mr WELLS — Will there be any additional costs for any of these variations in the run-up to October 2009?

Ms KOSKY — No.

Mr WELLS — So it is all part of the — —

Ms KOSKY — No, that is part of the — —

Mr WELLS — So there will not be any variations or changes to the scope?

Mr VAN KUYK — There could be scope and variation changes, subject to need.

Mr WELLS — But that will not alter the cost?

Ms KOSKY — No.

Mr VAN KUYK — But it will not alter the total cost, nor the budget envelope.

The CHAIR — Thank you very much for that. I also thank the minister for accepting in principle the responses to our last year's report. I thank the witnesses from the Department of Transport for their attendance.

5.2 Roads and Ports Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 15 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr T. Pallas, Minister for Roads and Ports;

Mr J. Betts, secretary,

Mr R. Oliphant, chief financial officer,

Mr G. Liddle, chief executive, VicRoads, and

Mr T. Garwood, executive director, freight logistics and marine, Department of Transport.

The CHAIR — I welcome the Minister for Roads and Ports and departmental officers. 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 budget estimates for the roads and ports portfolio.

Overheads shown.

Mr PALLAS — Thank you, Chair. It is good to be with you again. I want to begin with something of a history of Melbourne's major roads since the advent of the car as a popular mode of transport in the 1960s. This slide shows how that development has occurred in pretty much a radial fashion as a response to the population growth on Melbourne's fringes. In most cases freeways were built to extend Melbourne's transport network beyond the reaches of the existing rail and tram networks.

Completion of the Western Ring Road and the economic and population growth it has spurred in the west have led to the volume of traffic we see on the West Gate Bridge today. That has also contributed to some of the challenges that the Victorian Transport Plan aims to tackle. Since 1999 the government has delivered major road projects like the Hallam bypass, the Craigieburn bypass, the Pakenham bypass, EastLink and, just last month, the Deer Park bypass. This joint commonwealth-state funded project links the Western Ring Road at Sunshine West to the Western Highway at Caroline Springs. It has also, I think, raised the level of road construction, in an architectural sense, quite high.

In regional Victoria the government has concentrated on improving those links that connect regional communities and those links that connect Victoria's producers with domestic and export markets. This has seen resources devoted to major projects like the Princes Highway between Melbourne and Geelong; the duplication of major highways like the Goulburn Valley Highway and the Calder Highway; the construction of the Geelong Ring Road, which on completion this year will remove 29 sets of traffic lights that currently hinder access between Melbourne and the south-west of Victoria; and a new Donnybrook Road–Hume Freeway interchange at Kalkallo due for completion this year.

Despite the size of these projects, they represent only a small share of the $2.7 billion invested in regional roads in Victoria since 1999. Work continues apace on the Monash–CityLink–West Gate upgrade, the first section of which opened to traffic just a couple of months ago when eight lanes of the 3.5 kilometre inbound and outbound carriageways between Forster Road and Warrigal Road were completed.

The M1 upgrade will include sophisticated traffic management systems that will not only improve safety but also increase capacity. The entire length of the M1 will use freeway ramp signals to monitor and control traffic and on-ramp signage to communicate to drivers. These improvements will not only increase the peak hour capacity of the M1 by about 50 per cent but also help reduce the incidence of serious crashes. This animation provides an idea of the sort of technology that we will see on the M1 and how that technology will contribute to better traffic flows.

Ultimately one of the most important dividends of our infrastructure spending is safety. The 303-deaths recorded in 2008 was the lowest number since records began in 1952, but I have to say it is still 303 too many. The government's road strategy Arrive Alive 2008–2017 aims to reduce road deaths and serious injuries by 30 per cent by 2017.

The channel deepening project is on budget and is also ahead of schedule, with about 76 per cent of the dredging now complete. A recent report by the Office of the Environmental Monitor found that the project is fulfilling all the requirements that the state government put in place prior to the dredging commencing.

We have become the first state in Australia to develop a stand-alone freight strategy. It has been very well received, I think, by both industry and the community in large measure. Freight Futures will do for land transport what channel deepening is doing for Port Phillip Bay.

Ms PENNICUIK — That is a worry.

Mr PALLAS — It is about establishing a principal freight network throughout Victoria.

Mr WELLS — Come on, Sue; get into it.

Mr PALLAS — You are not showing your colours on this, Kim, are you?

Mr WELLS — No, I am just supporting Sue.

Mr PALLAS — Okay; fair enough.

The CHAIR — Just ignore the comments, Minister.

Mr PALLAS — It protects major freight carrying routes from inappropriate development. One of the key initiatives of the roads and ports portfolio in the last 12 months has been Keeping Melbourne Moving. This program is aimed at extending tram and bus priority to help make public transport an attractive alternative to driving. Its key components include developing the bicycle and pedestrian network by building and upgrading shared paths, separating bike lanes and boosting priority; standardising clearways on existing arterial roads within 10 kilometres of Melbourne's CBD; expanding VicRoads' rapid-response services to arterial roads to keep traffic flowing by quickly attending to breakdowns; and minimising the impact of roadworks and events on traffic through improved planning management and communications.

This year's budget allocates $4.77 billion in operating expenditure for the Department of Transport and $1.46 billion for roads and ports. In terms of capital expenditure, $2.72 billion is allocated to the total department and $1.36 billion to roads and ports capital expenditure.

The largest investment is, of course, Peninsula Link — a 25-kilometre four-lane roadway that will ease the bottleneck in Frankston and get traffic out of residential streets.

Mr WELLS — Without a toll?

Mr PALLAS — Without a toll. I was pleased to be with the Premier today to announce that full funding availability from the state of $750 million will be invested in this project over four years.

The Springvale Road rail crossing in Nunawading will be grade separated, improving mobility on one of Melbourne's key arterials. The Victorian government will contribute $60-million to this joint state-commonwealth project. As you can see from this animation, the grade separation will lower the rail line and see the construction of a new station at Nunawading. The project will be carried out in the same manner as the Middleborough Road grade separation, which saw major efforts to minimise the disruption to traffic flows and the rail network and get the job done as quickly as possible.

Hoddle Street is critical to north–south traffic movements in inner Melbourne for both transport and the flow of Eastern Freeway traffic to and from the CBD. We are allocating $5 million for a comprehensive analysis of how intersections along Hoddle Street can be improved to smooth the flow of traffic on Melbourne's central road system for trams, buses and cars. Grade separating is just one of the options being considered, and if this were to proceed, a key consideration would be how disruption of traffic could best be minimised during construction. It will be quite a complex task.

Some $103.6 million of new money from the budget has been allocated to metropolitan road improvements, and $74.6 million of this money will be used to complete the 3.5-kilometre Dingley arterial, which links the southern end of Westall Road with the recently completed Dandenong bypass, which I think gives us about 11 kilometres of uninterrupted arterial work.

In Taylors Lakes we will spend $12 million from the program to remove a major bottleneck by duplicating Kings Road from Melton Highway to Palmerston Crescent. North of Palmerston Crescent we will extend Kings Road and use some commonwealth assistance in a $25 million project to upgrade access to the Calder Freeway and also to improve safety.

Late last year the Prime Minister and the Premier turned the first sod on the $2.25 billion joint commonwealth-state M80 ring-road upgrade, which will see widening and improvement along the Western and Metropolitan ring-roads for 38 kilometres from the Princes Freeway at Laverton North to the Greensborough Highway at Greensborough. The budget provides $132 million to fund the upgrade from Tullamarine Freeway to Sydney Road.

We will contribute $8.8 million over four years towards the duplication of the Western Highway from Ballarat to Stawell, beginning with the section between Ballarat and Burrumbeet. There is $9.4 million over four years towards the upgrade of the Western Highway from Stawell to the South Australian border, which

will include overtaking lanes, rest stop improvements and planning for the Horsham bypass. We will complete the duplication of the entire length of the Goulburn Valley Highway to Shepparton with the completion of the Nagambie bypass with $44.4 million of funding over four years from the Victorian state budget for this joint commonwealth-state funded project.

This year's budget also allocates $13.2 million to the $115 million Victorian cycling strategy. The strategy aims to improve the bike network within 10 kilometres of the CBD, install bike cages at 33 train stations by the end of 2009 and reinforce the safe cycling message through initiatives aimed at school-aged children.

The CHAIR — The member for Williamstown will be keen on that.

Mr NOONAN — I take my kids to that park, Minister.

Mr PALLAS — That is local for you, Wade. Some $5 million has also been set aside to establish a public bike hire scheme. I advise the member for Williamstown that we will also fund a key section of the Federation Trail between Millers Road in Altona and Hyde Street in Yarraville, which should come as some comfort to the people in the area and further out to the west.

In addition to our cycling initiatives we are also taking action to reduce the size of transport's carbon footprint, so $5.4 million will be dedicated to promote and encourage car-pooling, and $4.2 million has been set aside to increase the use of low-emission vehicles in Victoria.

Ms PENNICUIK — Including the Parliament fleet?

The CHAIR — Thank you, Minister. We have until approximately 5 o'clock for questions, and I ask Ms Munt to begin.

Ms MUNT — You have detailed a number of road initiatives in your opening presentation, and as the International Monetary Fund has identified, infrastructure spending such as that is a very important way to stimulate the economy, particularly during the current global financial crisis. In budget paper 3 at page 361 a number of initiatives are detailed and budgets given for those initiatives. What is the overall budget for the road spend in this infrastructure rollout, and what will be the impacts as you see them for the rollout of that infrastructure?

Mr PALLAS — The Brumby government is obviously taking action to deliver on jobs. It is a key component of our focus and our support for Victorian families. It is about building better infrastructure, creating jobs and improving connectivity right across Victoria. The budget starts the delivery of our $38 billion Victorian transport plan, which will build a world-class transport system for the state and secure jobs with a budget also securing up to 3500 Victorian jobs.

To put this into context, if I could, you will recall the $38 billion transport plan was contingent upon some contribution from the federal government — I think it is about $11 billion over a 12-year period. We started off pretty well, securing essentially $3.25 billion from the federal government in respect of the regional rail express. Working in partnership, by investing in new roads, making our roads safer and tackling congestion we are generating thousands of jobs right across the state, driving new economic growth and also providing better transport options for Victorian families and also for businesses.

The 2009 state budget outlines over $2.4 billion in new road projects, which include around about $1 billion of new state operating capital. Packages now include: $750 million over four years for Peninsula Link, which will secure 4000 jobs in construction for the life of this project; $206 million for metropolitan and regional road improvements, securing up to 200 jobs in construction; $27.8 million for green transport initiatives; $13.3 million for noise walls; $5 million for the Hoddle Street engineering investigation; and $1 million for scoping works for a sophisticated urban road management system. This is an area that I am particularly interested in, because it is about not just building greater road space and capacity but getting greater efficiency out of the road space that we have — that is, working the asset harder for the purposes of delivering outcomes for the community. We are contributing $390.1 million to the $1.9 billion in the Nation Building AusLink 2 road projects being delivered in partnership with the federal government.

Projects to be delivered in partnership will also include $129 million for stage 1A of the $2.25 billion M80 ring-road upgrade, which will widen the Western Ring Road between Sydney Road and Tullamarine. An

additional $22.6 million will be provided for road maintenance in the 2009–10 financial year. These commitments come on top of $900 million worth of major regional road projects and $1.6 billion of major metropolitan road projects which are currently in progress, including the $1.39 billion M1 or Monash–Westgate upgrade. We are investing in the future of Victorian families by pursuing a multifaceted agenda, reducing congestion, connecting important parts of the state and making our road network safer.

Mr WELLS — Minister, I refer you to page 229 of budget paper 3 in relation to road safety and regulation. I am interested in the road safety Safe System project. When you met with Victoria Police — Noel Ashby — on 2 April 2007 did you discuss the Safe System project? What did you discuss about that particular project, and what other matters did you discuss on that day with Mr Ashby, please?

Ms MUNT — Chair, does this relate to the forward estimates in any way?

The CHAIR — I rule that question out of order. It does not relate to forward estimates.

Mr WELLS — Hang on! This is about the origins of the Safe System.

The CHAIR — No.

Mr WELLS — Yes, it is. It is about the Safe System.

Ms MUNT — It simply does not relate to the forward estimates.

Mr WELLS — We want to know the origins of this Safe System approach.

Mr DALLA-RIVA — Did this come from Noel Ashby?

Mr WELLS — Did Noel Ashby start this?

Mr DALLA-RIVA — What else did he talk to you about?

Ms MUNT — The origins do not relate to the forward estimates at all.

The CHAIR — Thank you — without assistance!

Mr WELLS — I just want to know — —

Ms MUNT — No relationship.

Mr NOONAN — No relationship to budget estimates.

The CHAIR — The question seems to have no relationship to the forward estimates. Insofar as this particular program is included in the forward estimates, I am happy for the minister to talk about that program.

Mr PALLAS — Thank you, Chair. Obviously the issue of the Safe System of road safety is one that was put in place — —

Mr WELLS — Was Noel Ashby the initiator of that?

The CHAIR — Without assistance, please.

Ms MUNT — Once again, Chair — —

Mr WELLS — I am just asking.

Ms MUNT — Will the minister be allowed to answer or not? You have interrupted the whole time.

The CHAIR — Let the minister — —

Mr WELLS — Did it originate from Noel Ashby on 2 April 2007?

The CHAIR — Can you stop interrupting, Mr Wells? Your behaviour is not good. Please, Minister, answer.

Ms MUNT — It is — —

The CHAIR — One at a time. Thank you, Ms Munt. We do not need any assistance.

Mr PALLAS — Victoria has had a great opportunity to actually demonstrate its credentials in saving lives on our roads. Let us not forget where we have come from. In 1970 we had 1061 Victorians die on our roads. This is a very serious issue, Kim. You might think it is clever to try and make some cheap political point, but this is about people's lives.

Mr WELLS — Why do you not just answer the question now? Just answer the question.

The CHAIR — Without assistance, thank you!

Mr WELLS — Just answer the question — —

The CHAIR — Mr Wells!

Mr WELLS — We say this is a very interesting — a very serious matter.

The CHAIR — Mr Wells — without assistance!

Mr WELLS — We want to know whether Noel Ashby was part of it.

Mr NOONAN — Just answer the question about road safety.

The CHAIR — Mr Wells, I will have a bit of order, please — without assistance, thank you. The minister, to answer without assistance from anybody. That includes Mr Wells and Ms Munt. Thank you.

Mr PALLAS — The government has put in place a strategy for road safety. You will notice that we have been able to drive from 2001 our death toll on our roads from 444 down to 303 — six consecutive years of record low deaths on our roads. The Safe System of road safety, as you describe it — which is about safer vehicles, safer drivers and safer cars — was a system actually espoused in the Victorian government's Arrive Alive strategy and incorporated in the strategy for 2008–17. That strategy aims further to reduce our road toll by bringing the toll down by a further 30 per cent over the 10-year life of that strategy. If we are successful, Kim, we will be able to boast — perhaps with some degree of pride — that the lives that we are saving will be something like 100 every year going forward from 2017 onwards.

I am proud of the efforts that VicRoads, the TAC and Victoria Police put in on a daily basis in order to assist us in being able to deliver what I think is an outstanding road safety achievement. We now have, as a state, one of the lowest road tolls per capita in the nation; we are equal with New South Wales at about 5.75 per 100 000 road users. We have every reason to be proud of that. This state has every reason to be proud of its achievements in terms of road safety. Of course I am proud of the partnership approach that has been adopted with Victoria Police, with the TAC and of course with VicRoads.

Mr DALLA-RIVA — That is right. So you would have spoken to Noel Ashby.

The CHAIR — Without assistance!

Mr WELLS — How much credit do you give Noel Ashby for that figure?

The CHAIR — Once again, I said 'Without assistance'.

Mr PALLAS — Do you get points for actually mentioning a particular name? Is that it?

Mr WELLS — No. I am just asking how much credit Noel Ashby gets for this particular program.

Ms MUNT — Is this a clarification, a further question or of any relevance at all?

The CHAIR — Minister, have you finished answering the question?

Mr PALLAS — I have, thank you.

The CHAIR — Okay. Mr Noonan?

Mr NOONAN — Obviously a great theme of this budget is really about jobs, and you have highlighted jobs on a number of occasions through your presentation and initial responses. But in terms of the overall budget, which refers to securing up to 35 000 jobs in 2009–10, how many of those jobs will be created as part of the major road projects over the forward estimates period?

Mr PALLAS — Thanks very much, Wade. On the issue of jobs in terms of our major projects, I think it is important to recognise that since coming to office the Brumby government has invested more than $6.6 billion in building better roads, including more than $2.7 billion in regional roads. So through the Victorian Transport Plan the government will deliver an unprecedented investment in transport infrastructure and services.

The plan is expected to create up to 10 000 jobs per year during construction, resulting in more than 100 000 jobs over the next 12 years. The VTP creates jobs now by providing a pipeline of projects. It is one thing the industry says to us is critically important to it — not only that we have a substantial volume of projects, but that the industry has a clear appreciation of how those projects will be brought online, and therefore it has a capacity to gear up and manage its workforce going forward.

Apart from creating additional jobs in transport and construction, major road projects support Victoria's economy. They also provide a significant benefit to businesses and all road users. Such projects improve access to growing communities and employment centres, reduce congestion, improve travel times and also reliability on key freight and commuter routes, and improve road safety.

The Peninsula Link, for example, will not only deliver a vital new transport link for Victoria's south-eastern suburbs and the Morning Peninsula but also produce around about 4000 direct jobs and a significant economic stimulus for both the state and national economies. We are taking action to deliver this vital project, toll free, under a PPP availability model, allowing us to partner with the private sector to deliver some innovation in this area. Indeed it is the first time an availability PPP model has been applied in terms of road infrastructure, but it is not a new model in terms of its application for social infrastructure. We have seen it applied in schools, in hospitals and of course in courts.

As part of the $1.39 billion upgrade of the Monash–West Gate more than 2100 jobs are being created during construction. We are building more lanes, and we are also increasing road capacity by 50 per cent in this particular arterial. Our investment will serve to decrease casualty rates by about 20 per cent and save around $14.5 billion through more efficient travel options.

The Dingley arterial is another example of road building that is spurring both jobs and economic activity. An amount of $74.6 million has been allocated for the Dingley arterial link — a 3.5 kilometre and four-lane section of road between Westall Road and Perry Road. I am sorry you could not be out there with us when we unveiled that, Janice, but I am sure you will be able to be there for the cutting of the ribbon. It will generate up to 87 jobs. This link will improve traffic flows in the outer south-east suburbs. It will take pressure off Cheltenham Road and will also improve access to the EastLink corridor and also into Dandenong proper as it is being revitalised.

Just briefly, $140 million has been allocated for the grade separation at Springvale Road. That is a joint effort by the state and federal governments: $60 million from the state and $80 million from the federal government. Some 220 jobs are created in that. For the Kings Road interchange the consolidated amount is $25 million, there is $12 million for the duplication of Kings Road, and about 87 jobs will be created.

Channel deepening, of course, is $2.2 billion in terms of the vitality of the national economy; it means 2200 jobs. To give you an appreciation of the breakdown of those 35 000 jobs, in the general government area, over about 8000 are likely to be created; in education and housing, over 10 000; the transport plan directly, 1500; the national Nation Building projects, around 2000; Partnership Victoria projects, about 900; desalination, about 1500; food bowl, about 800; and direct supply chain jobs, about 10 000. Of course that does not include the greater multiplier across the economy that the MBAV uses for many of its projects.

Ms PENNICUIK — I would just like to start by saying, Minister, that I was very disappointed that the Port of Melbourne Corporation offered 50 per cent as the figure for ships that are now not able to come into the port fully laden. That is higher than the erroneous figure that you yourself and the port corporation were quoting, which was anywhere between 25 and 48 per cent.

The CHAIR — Can we have the question, please?

Ms PENNICUIK — I am getting to the question. At the upper house standing committee the chief executive agreed that it was not any higher than what the Essential Services Commission said, which was around 13 per cent.

The CHAIR — It is not a time for speeches; it is a time for questions.

Ms PENNICUIK — The question is, if I can draw your attention to page 285 of budget paper 3, which deals with the channel deepening support package: given that the Port of Melbourne Corporation is meant to be a commercial entity, why is it that the government is allocating $0.7 million this year and for the next three years for the facilities improvement program; $1 million next year and the year after for grants for business support; and $0.6 million over three years for a multi-stage tourism and marketing campaign, given that the Port of Melbourne Corporation is already spending $4 million on advertising when there is no rival container port that it has to compete with? Can you detail what these things are for and why the government is allocating money to the Port of Melbourne Corporation?

Mr PALLAS — I think it does give us an opportunity to look at exactly how the port of Melbourne is operating. There is no doubt that the channel-deepening project is going on extremely well. I am pleased and, I have to say, satisfied about the professionalism by which the Port of Melbourne Corporation is going about its overall statutory responsibilities in terms of the delivery of its functions, and, importantly, channel deepening is a critical part of that. As I have indicated, we have moved about 17.42 million cubic metres of dredge material, about 76 per cent of the volume.

Channel deepening will allow vessels of up to 14 metres draft to end up in Port Phillip Bay at all times. The limit for the commencement of the project was 11.6 metres without tidal assistance. The size of the ships directly affects the price of goods that Victorians pay for the materials that they receive. It is the case that the Port of Melbourne Corporation is currently in the process of advertising. I think that is critically important. They are a core constituent economic part of the Victorian economy.

Ms PENNICUIK — Who is their target audience? Advertising in the — —

The CHAIR — The minister to answer, without assistance!

Mr PALLAS — The target audience is clearly the community of Victoria. It is necessary that people appreciate that a port right on their doorstep — and I would have thought that those who live in the inner-west would recognise and want to appreciate exactly the value of the port — —

Ms PENNICUIK — They recognise it, because they have got trucks going through!

Mr PALLAS — So you are advocating what? A move to the port of Hastings, are you? Or just magically receiving freight?

Ms PENNICUIK — No, I am asking you to answer what you were asked about.

The CHAIR — The minister, to answer without assistance and without reacting to interjections!

Mr PALLAS — From a government point of view, we think it is appropriate that the port is able to receive funds from the government when the projects that they are undertaking sit comfortably with government policies. For example, we have made a direct allocation for improvement to particular aspects of the port's capacity to improve infrastructure. I think we gave about $50 million, and we publicly stated that at the time that we gave funding support for channel deepening. That was to enhance port-side infrastructure as well.

In November 2008 the government also announced that it would give a $9.2 million package to support businesses in and around Port Phillip Bay. One of the great criticisms and concerns expressed at the time of the channel deepening was about the impact that a loss of confidence in the amenity of the bay from channel deepening would have on it.

As a government we took a very strong view that it was therefore important that we make a commitment in support of those things. The package comprises $3 million for the development of a marketing campaign to promote bay tourism, $2 million to enhance boat infrastructure and $4.2 million for ongoing beach

renourishment. All of those things, I would have thought, would effectively add quite substantially and valuably to the port's activities and operations.

Ms PENNICUIK — Minister — —

The CHAIR — Okay.

Ms PENNICUIK — No, he has not answered the question. I asked him what those particular programs were — the facilities improvement program — —

The CHAIR — I think it would be okay to move on to the next one. Ms Huppert?

Ms PENNICUIK — I will just put it on notice, thanks, Chair.

The CHAIR — Talk to Hansard.

Ms PENNICUIK — He did not answer it.

Ms HUPPERT — Thank you very much, Chair. I understand road congestion in Victoria is in fact not as bad as it is in some other Australian capital cities. However, I note that budget paper 3, page 244 lists a number of congestion projects which have been completed as well as some moving forward during the forward estimates period. Could you please outline to the committee what else is being done in the short, medium and long term to reduce congestion on the road network?

Mr PALLAS — Sure. We obviously take the issue of congestion seriously. It does have a quite dramatic effect upon not only the amenity and the efficiency of our city — it is one of those things that, if we do not take substantive action towards addressing, it will build up and become increasingly a problem. VCEC has in the past identified the cost of congestion as amounting to as much as $2.6 billion in metropolitan Melbourne.

That is a challenge that we do have to account for because it goes to the attractiveness of our port as a landing destination and the capacity of people to go about their business efficiently and also be able to go to the places where they would prefer to be rather than the places that they actually have to be — caught in traffic is clearly not one of those places.

There are a number of measures that we are putting in place to tackle congestion through a number of programs and initiatives — $30 million for the congestion improvement program, $112.7 million towards the Keeping Melbourne Moving congestion plan and also a $38 billion Victorian transport plan. I will go through each of those individually.

The congestion improvement plan — since 2006 the $30 million congestion improvement program has effectively alleviated congestion at several bottlenecks right across metropolitan Melbourne: the intersection at Pascoe Vale Road and Somerton Road; and the roundabouts at St Georges Road and Merri Parade, due to be completed shortly.

Improvements are also being made to the operational capacity of other key traffic routes — an enhanced traffic signal linking and improved integration of these with railway level crossings; CCTV is also a key opportunity for us in terms of managing traffic, and employment of this technology is just one of the improvements being implemented in 2009 on routes such as Bell Street and Warrigal Road. They are aimed to improved the flow of traffic for all road users.

The 2009–10 budget target is lower — we have got 12 projects, reflecting what are effectively larger and more costly programs, which are being completed in the latter years of the congestion improvement program. The specific initiatives that I have taken you through are in addition to other ongoing initiatives that are also aimed at congestion, including SmartBus, walking and cycling, Keeping Melbourne Moving and, of course, the VTP in the broader sense.

Keeping Melbourne Moving, at $112.7 million, is part of the government's congestion plan, which includes a range of initiatives such as $28.2 million for cycling and walking infrastructure. I might say that Victoria has now produced a comprehensive cycling strategy. I think it is the first time we have ever seen a comprehensive cycling network having been identified and the government committing to substantive infrastructure upgrades for that network. There is $37.8 million for targeted bus and tram priority measures, such as priority lanes,

improved signalling and infrastructure; and $11.7 million to expand VicRoads rapid response services to assist with breakdowns.

I have got to say that this is a key and important area of activity. We are increasing the rapidity by which we respond to breakdowns, and a point behind that is that if you get a point of congestion and you allow it to build up, it takes that much longer to clear, so getting in quickly and removing the point of breakdown and blockage on the arterial network stops it flowing right across the network.

We have allocated $3.4 million to better manage the impact of roadworks, $2.2 million to improve the efficiency of tram routes such as High Street, Malvern, tram route 6, and tram route 96 from East Brunswick to St Kilda; $16.8 million to provide more information to motorists and help them to make travel-smart choices, and $12.6 million to standardise clearways on state arterial roads in peak directions within a 10 kilometre radius of the CBD.

On projects to ease congestion we are making an ongoing investment in major road infrastructure, as you would be aware — $1.39 billion on the Monash–CityLink–West Gate project, the Deer Park bypass, the Geelong Ring Road, the Vineyard Road duplication, the M80 Ring Road upgrade, Kororoit Creek Road and other roads.

On top of this, the Premier last year released a $38 billion transport plan that will transform the way Victoria's transport network operates. It will also shape the way that the city operates and assure us of a prosperous, liveable and sustainable state. The plan is the result of a comprehensive process of consultation, and it is also a plan that will deliver both short, medium and long-term projects right across Melbourne and Victoria, starting with immediate initiatives to address congestion and also to increase public transport capacity.

Over the next two years Victoria will see the first of 17 new metro trains arrive, new regional trains, new regional rail services, metro trains, extra police on trains, the start of construction of the South Morang railway line, the regional rail link — and we are very pleased to see the federal government have made a very substantial commitment.

The CHAIR — We will try and keep to roads and ports, I think.

Mr PALLAS — Of course we are talking integrated transport now, Chair. It is a wonderful thing. It increases people's options. There is construction of the Dingley arterial, the grade separation of Springvale Road, Peninsula Link, and let us not forget the on-road public transport options that are continuing to occur. I think the last figure, Jim, was 88 per cent — I keep getting this wrong. You can correct me if I am wrong, but 88 per cent of all public transport journeys happening on road.

Mr BETTS — Public transport services, yes.

Ms PENNICUIK — I think I read that figure somewhere.

Mr PALLAS — When people think about roads and they want options in terms of transport, they should not just see roads as exclusively the preserve of the motor car. Yes, people have a right to choose to use a motor car, but governments have a responsibility to address congestion, increase the efficiency of the existing network and grow the network to meet people's expectations, but in the long term ensure that people have more, realistic and better choices going forward.

Mr WELLS — Is it because they can't get on the trains that the figures are so high?

Ms MUNT — It is because the bus services are so excellent.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the Princes Highway West duplication, the Waurn Ponds to Winchelsea project, which, according to the VTP is an AusLink project. I notice from the asset investment budget paper that there is $5 million committed in the 2008–09 financial year out of a total of $110 million, which I assume is the state contribution, with the balance to be committed beyond that. What is the completion time frame for that project, where is the remaining $105 million budgeted, and what is the commonwealth contribution and time frame for that project?

Mr PALLAS — It is, I think, a vital project and one which this government obviously sees as being the continuation of the Geelong Ring Road investment that we are making. One of the things from our perspective is that the ring-road is being delivered at an integrated and sustained level, and that means that we need to get each and every one of the stages completed.

I was pleased recently to see that stages 1 and 2 of the ring-road are now open; they opened in December 2008. We are likely to see stage 3 open by the end of this year, which will mean effectively that the ring-road all of the way around to Waurn Ponds is operational. There will be work around section 4A of the ring-road, which has already started and which will provide that vital connection to Anglesea Road. Once fully constructed, the Geelong Ring Road will provide an opportunity to avoid something like 29 traffic lights in and around metropolitan Melbourne.

The AusLink projects will be completed essentially in the next round, so this is a commitment over a sustained period of time. Those projects that are not fully funded in the context of AusLink 2 — what are we now calling it, nation-building program?

Mr LIDDLE — Yes.

Mr PALLAS — They will effectively be completed to full funding profile, and by agreement with the attachments to the agreement struck with the federal government they will be delivered in the time frames identified. It would be our intention to ensure that essentially once we complete the Geelong Ring Road, stage 4A, we will then proceed with the delivery of the remaining parts of the network, stage 4B, and Princes Highway West.

Mr RICH-PHILLIPS — What is the time frame specified in the agreement on Winchelsea?

Mr PALLAS — The agreement contemplates that it will continue into the AusLink 2013 time frame.

Mr LIDDLE — Yes, the agreement with the federal government is that it will continue as part of the next AusLink agreement, so not in the current five-year program between 2009–10 and 2013–14. I think 2013–14 is the end of the current one, so it will be completed within the five-year period after that.

Mr RICH-PHILLIPS — Beyond 2014? As far as the state's contribution — beyond the $5 million that was in the asset investment?

Mr PALLAS — The state's contribution should not constitute a concern. We have these discussions regularly. I just want to be clear about this. One of the things that the government is committed to doing is to meet the time line profiles that we specify for the delivery of these projects. How federal money flows and how state money flows from budget to budget is largely irrelevant. It is that we actually keep the funding up to deliver the project within the specified time frames. That is essentially our aim. As Gary indicated, our intention is to continue the work on Princes Highway West, progressively through both what was formerly known as AusLink 2 and into AusLink 3.

Mr RICH-PHILLIPS — Essentially we will not see the funding until we get to the time frame that Terry has spoken about?

Mr PALLAS — In fact that is the federal government's preference. What they have done in terms of their funding profiles in respect of the attachment to our AusLink agreement, the Nation Building Program agreement, is we get a single year's allocation, but they have a commitment to the complete project upon a funding share between state and federal. We will have responsibility for managing the cash flows. We have to do it within specified time frames and we will meet those time frames.

Mr SCOTT — Minister, I would like to draw your attention to budget paper 3, page 18 where there is a reference to regional road infrastructure. What action is the government taking to ensure country Victorians have access to high-quality road infrastructure?

Mr PALLAS — In respect of regional roads, the Brumby government clearly has a strong and ongoing commitment to road links between our regional communities. We know the valuable role that roads play in regional communities. They connect communities but are also very substantial economic enablers.

Since coming to office in 1999 we have invested $2.7 billion into building better roads in regional Victoria. That investment ranges from large-scale capital works improvement projects to road safety and maintenance treatments. Our investment significantly improved connections between Melbourne and also connections in Victoria's provincial centres of Geelong, Ballarat, Bendigo and Traralgon. There are now fully duplicated connections between the city of Melbourne and these regional centres, which is quite an outstanding achievement really, when you think of it.

It provides better access to Melbourne for residents in these communities, better opportunities to attract visitors from the city to these regions, and it also supports rural businesses. They need high-quality road links to maximise their competitiveness and local and international markets.

Through our agreements in place with the federal government we will deliver similarly high-standard duplicated links between Melbourne and Stawell, Shepparton, Winchelsea and Sale. Those are effectively the next areas of duplication and activity. This year alone the Brumby government has completed two major road projects that will better link the city and our regional centres. The final stage of the Calder Freeway upgrade between Kyneton and Ravenswood, which was opened on 20 April, will effectively take something like 15 minutes travel time off a trip between Melbourne and Bendigo.

The Deer Park bypass, which was completed on 5 April, will also reduce travel time between Melbourne and Bendigo by up to 15 minutes. Both of these projects help create and sustain around about 600 direct jobs each. They are two examples of why the state and the federal governments are working together to invest in transport infrastructure — because it creates jobs, and it also creates greater economic enabling opportunities, linking communities.

We have also opened the first stage of the Geelong Ring Road between Corio and the Midland Highway and the Hamilton Highway. This took place in December last year. We are progressing well on stage 3, which will complete the 23-kilometre link from Corio all the way through to Waurn Ponds. The physical works have also commenced on stage 4A of the Geelong Ring Road. That stage of the project is $125 million in terms of the investment that we are delivering, in collaboration with the commonwealth. Works are currently under way on the Colac-Lavers Hill Road, which is also a jointly funded state-federal initiative worth about $15 million.

The state budget handed down by the Treasurer last week has provided funding to continue upgrades of our major roads in regional communities. There is $56.9 million to upgrade the South Gippsland Highway between Sale and Longford, which will include an upgrade of Cox's Bridge. It is a pity that Bill is not here with us today; I am sure he would be doing cartwheels on behalf of his leader.

The CHAIR — That is why we are asking the question for him.

Mr PALLAS — This project not just benefits Gippsland residents but also improves access for local agriculture, dairy and gas, and those industries will be well serviced by it. The floods in June and November 2007 really demonstrated that the South Gippsland Highway needed those connections. They had their highway closed for around seven and five days respectively, with a one-lane operation under traffic lights for a further seven days. Quite frankly, it was a project that needed to be done. It will also reduce the frequency that the highway is closed during flooding.

We are also investing $44.4 million in the Nagambie bypass on the Goulburn Valley Highway, with the federal government, and committing a further $216 million to the project. It will provide a freeway standard bypass to the east of the township and will also duplicate the existing highway to the north. It is one of those projects that will be the last remaining link for the Goulburn freeway connection between the Hume Freeway and south of Shepparton. Also the traffic count showed that about 6300 vehicles use that section of the highway, including around about 1900 freight vehicles.

There is $8.8 million for the Western Highway, Ballarat and Stawell, together with $9.4 million for the Western Highway from Stawell to the South Australian border, which are both safety and capacity improvements, and $5.7 million for the Nhill trailer exchange. That is a critically important piece of work. It is actually a midway point between Adelaide and Melbourne. It will enable essentially the smooth and safe exchange of vehicles at the halfway point.

The CHAIR — Thank you, Minister. I would like to ask, as I have asked all the other ministers in respect of their portfolios, what federal funding or grants — which includes both output and asset — your portfolio and

any department or agencies associated received in the budget. Can your department provide the committee with a list and description of these grants including the accountability mechanisms, both federal and between departments and agencies with respect to these grants and funding.

Mr PALLAS — Yes, certainly, Chair, the government continues to work in partnership with the federal government. I think it is a work in progress, but it is a good work in progress; we are actually making good progress to improve transport infrastructure in Victoria and also to secure jobs and also create opportunities in the difficult times we find ourselves in economically.

The 2009–10 federal budget provided $760 million to Victorian projects through the Building Australia program, otherwise and formerly known as AusLink 2. I am advised by the commonwealth that this is an increase of $265 million or 53 per cent over the 2008–09 budget; so there was quite an appreciable increase, $120 million of which will be provided immediately in 2008–09. A lot of that money will hit the ground running, as it were.

The $760 million includes $74 million for the Western Ring Road upgrade; $17.5 million for Princes Highway East, Traralgon to Sale; $10.5 million for the Geelong Ring Road stage 4A; and $37 million for the Nagambie bypass.

Both road and rail freight will also be well served with $34 million for Anthony's Cutting; $5 million for upgrades to the Geelong port on the Melbourne–Adelaide rail line and also $8 million for the Altona–Laverton precinct and the Dandenong intermodal terminal; $5.2 million for the Wimmera intermodal terminal.

Another important inclusion in the Nation Building Program is the commonwealth's $80 million commitment towards the $140 million Springvale Road process. I will not take up any more of your time on that; I have spoken about it a bit.

In the nation building and jobs package the commonwealth has announced a range of economic stimulus measures.

Mr WELLS — Minister, are you trying to talk this out to 5 o'clock?

Mr NOONAN — There is so much good news.

The CHAIR — The minister, without assistance!

Mr WELLS — We are going to get about one question each.

Mr NOONAN — There is $265 million.

The CHAIR — The minister has only been speaking for 3 minutes on this one.

Mr PALLAS — I am effectively talking about millions of dollars that are coming to the state of Victoria.

Mr NOONAN — That is a lot of projects.

The CHAIR — Without assistance!

Ms MUNT — It is the same for everyone.

Mr PALLAS — Infrastructure Australia recently released its priority list. Perhaps it may be important to some members of the committee that $3.25 billion has been allocated for the commonwealth for regional rail express. Certainly that will have a very substantial effect upon rail freight as well into the long term.

That list identifies 28 projects right across the nation in terms of the priority pipeline that will be considered for future funding from the Building Australia fund, including Peninsula Link, the green triangle road and rail package, Donnybrook-Beveridge freight, port of Melbourne international freight terminal and port of Hastings development.

The accountability issues: we are accountable for these projects to the commonwealth through a range of legislative instruments and bilateral agreements which have been undertaken with the commonwealth and

states. Essentially the accountability measures that are required include monthly project reporting, including key milestones and project completion dates; monthly project financial reporting; annual auditing and also post project completion evaluation.

The one good news part of the allocations and the story that flows from these contributions is what we have seen the share of Victoria grow essentially to, if you use the old AusLink 2 category of allocations; we got to a little bit over 20 per cent, 20.4 per cent of federal allocations.

If you add the recent Infrastructure Australia or national building and jobs package allocation — that is, if you include the rail contributions where we picked up 40 per cent of national allocations — we are actually close to 23 per cent; it is 22.9 per cent of national transport allocations.

It is the job of roads ministers to complain if the federal government does not give us enough on roads. I might be able to keep that up but if we are talking transport, we are coming very close to our national GDP share.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3, page 386, 'Chart B 14: proportion of freight transported by rail to and from Victoria's commercial ports'. There was a media release by the then Minister for Ports, dated 7 May 2002, which was budget day, stating that $5.1 million would establish dual gauge rail access at the port of Geelong; and that this would improve access and reduce freight cost for regional Victorian export producers. To date not one sod has been turned on this vital project for creating jobs and increasing efficiency.

There was also a media release by the Minister for Transport in respect of the state budget 2001 in which there was an assurance that the rail link between Mildura and Portland would be converted to standard gauge as a key priority. Not 1 centimetre of track north of Ararat to Mildura has been converted to standard gauge.

Is it the fact, not these statements about what you have mentioned in the budget paper but the fact that the lack of commitment to the projects or the promises that you made; and is that the reason why freight being transported by rail to and from Victorian commercial ports has plummeted from 20 per cent to only 12.3 per cent over the past decade under your government?

Ms PENNICUIK — It is supposed to be going to 30, isn't it?

Mr PALLAS — There is a lot in that.

Ms PENNICUIK — Is the target 30, Minister?

Mr DALLA-RIVA — It was going to 30, Ms Pennicuik, you are right.

Mr PALLAS — It is starting to be clear: it may actually have escaped the attention of at least one side of politics in this, but there actually has been a drought.

Mr WELLS — So it is the drought?

Mr PALLAS — The principal commodity carried by the port, by volume — —

Mr DALLA-RIVA — So the drought was the reason you did not do the — —

The CHAIR — The minister, to answer!

Mr DALLA-RIVA — I am just curious: would the drought stop the Mildura road — —

The CHAIR — Without assistance!

Mr WELLS — The Mildura line.

Mr PALLAS — We will get to it because I relish the prospect of actually talking freight with the opposition because — —

The CHAIR — You are talking with the committee actually, Minister, so answer the question, please.

Mr PALLAS — It is good to actually see that you understand the word 'freight', you did not use it in any of your election policies.

Mr DALLA-RIVA — It was freight, what happened to the $5.1 million, did it go into cyberspace?

The CHAIR — The minister, to answer it.

Mr PALLAS — This government has been serious about proceeding.

Mr WELLS — So when you do it, we know you are not going to deliver on it? There is a big difference.

The CHAIR — Thank you, Minister, just ignore their comments.

Mr PALLAS — This government has been serious about delivering on a massively improved freight issues.

Mr WELLS — No, you are not.

Ms MUNT — I do not think we have closed down any of the country rail lines.

Mr WELLS — So where is the Mildura line?

Mr PALLAS — For example, we are committed to the efficient movement of all freight in Victoria. We have put in place a plan for improving the efficiency of road-rail and sea freight, so actually maximising the carrying capacity of our freight linkages.

The Eddington report actually identified that the government should re-evaluate its rail freight target, so it was actually Sir Rod Eddington who recommended that the freight target be re-evaluated. Freight Futures, released in December 2008, actually notes that the government agreed with this recommendation and that we would re-evaluate the freight target. Quite frankly, the government supports rail playing an increasing role in the overall freight network, not just in the area of port freight.

In partnership with the federal government we have actually put in place something like $1.3 billion in terms of committed rail freight activities. We bought back the rail freight network. We have actually started making some very serious contributions towards those areas.

So $134 million towards regional rail network buyback; $45 million for the Tottenham-Dynon project; $15 million for the Tottenham flyover; $173 million for the Dynon-port rail link; $73 million for the Mildura line access; $33.4 million for the Geelong rail access improvement program; $42.7 million for the gold line funding and freight network maintenance; $33.4 million for the silver line funding; $551 million for the north-east rail revitalisation project; $50 million for the Seymour-Sunshine crossing loop, $15 million for the Maroona to Portland upgrade; $50 million for the port of Melbourne rail access improvement project; and $20 million for the rail freight support package. That is in stark contrast to the Liberals who effectively have not mentioned the word 'freight' once except in terms of criticism of the efforts that this government is putting in place.

We have taken the view that in terms of being able to put in place a sustainable freight strategy, the first thing you need to do is to demonstrate how you integrate your freight capacities right across the network, building up the capacity of our rail freight network. In respect of Geelong rail freight access, we have made a very substantial contribution — $33.4 million to the Geelong rail access improvement project — in terms of the completion of the Lascelles Wharf issue. We have always said that unless and until there is an adequate business case that demonstrates the viability of delivering on that project, from our government's point of view it should not proceed — that is, unless there is demonstrated demand for it.

But importantly, we need to recognise that if rail freight is all about just access of agricultural produce to our ports, we will never achieve a substantial, sustainable and contestable rail freight industry. We need to make investments around intermodal facilities, and the government has identified how we will go about that, in the Victorian transport plan. We have identified the provision for Donnybrook, for the works to deliver on a western and south-eastern upgrade for an intermodal facility. The Melbourne international freight terminal will be built on the current site of the markets.

It is about actually being able to give some capacity for contestability for rail freight up against road freight in metropolitan areas. Not so long ago the ACCC indicated that if you are talking about contestable freight between road and rail, only something between 20 and 15 per cent of freight is actually contestable in terms of market pressure. So the government has to make some very substantial investments, give some clear market signals and get a system operating. Given that metropolitan freight is such a key component of being able to meet any higher volumes, we recognise that you have got to get those intermodal hubs working effectively, and that will not be a short-term strategy. Our investment into the long term will be complemented with a reaping of rewards in terms of the investment that we are putting in place in respect of regional rail freight.

Ms MUNT — Minister, can I speak a little bit more about Peninsula Link as detailed on page 19 of budget paper 3 under the heading 'Moving around Melbourne'? You touched on this very important piece of road infrastructure that will be fabulous for the south-eastern and southern suburbs. You mentioned in passing that there has been an update on Peninsula Link this morning. I wonder if you can please detail that to the committee. Also, what do you think the benefit will be to motorists in the south and the south-east, and motorists who come from the rest of Victoria, of course, and visitors to the region?

Mr PALLAS — Peninsula Link is one of those projects that the Brumby government sees as being key to the delivery of the Victorian transport plan. One thing we said to the federal government about the Victorian transport plan — and I might say they have complemented Victoria on being one of the best prepared states, if not the best prepared state, in terms of being able to elaborate what an integrated transport system looks like. I think it has yielded results certainly in respect of the share of the allegations that the federal government has made.

One disappointment was that the federal government did not provide immediate funding for Peninsula Link but indicated it was a project that had the potential for future funding. Quite frankly, we cannot sit back and wait for that. As a government we are committed to meeting the sort of timelines in terms of delivery of our projects that the Victorian transport plan operates. Obviously, we accept that with a 12-year plan with $38 billion worth of investment there is going to be some rejigging of cash flows along the way, but there is absolutely no doubt that the government has a capacity for the purposes of the delivery of this vital project.

Today I was pleased to join with the Premier when we indicated that the government will be allocating the full $750 million for the project which will generate and sustain about 4000 direct jobs during construction. The Premier announced today that the Peninsula Link project will be fully funded, and reiterated that it will be a toll-free motorway.

Mr WELLS — Tolls?

Mr PALLAS — Do you want to toll it, Kim?

Mr WELLS — No, I was just wondering if I had missed what you said. Toll?

Mr PALLAS — So you want to toll it?

Mr WELLS — No. I am just asking you what you said — 'Toll' what?

Mr PALLAS — I am just trying to get clear what you — —

Mr WELLS — I am just asking what he said, Chair.

The CHAIR — Thank you! The minister, without assistance! Hansard should ignore the interjections.

Mr PALLAS — Putting aside the Liberal Party's love for tolls — —

Mr WELLS — I just said, 'Toll' what?

Mr PALLAS — We will proceed with a toll-free road despite — —

Mr WELLS — A toll-free road. That's fine.

Mr PALLAS — As a government we remain committed to taking this action to secure Victorian jobs and also to build crucial infrastructure.

As the Premier said, this is a shovel-ready project. It ticks every box. We are already taking action to ensure that we can get preliminary works at the Lathams Road overpass commenced in July this year. The state budget allocated $354 million for the project. The remaining balance of the funds set aside in the budget will effectively come out of unallocated capital. As the Premier has made quite clear, there is ample capacity for the budget to meet that.

As the committee would know, the Brumby government has announced that the project will be delivered as part of a public-private partnership through an availability model — the same model that has been useful in this state to build social infrastructure, as I have said previously. The availability model will not be based on traffic numbers. It will be based on service performance and meeting key performance indicators in terms of design, construction, delivery and maintenance in an ongoing sense. It actually allows us to get greater ongoing performance out of the way that the asset operates. Expressions of interest have now closed for the main works, which have attracted five high-quality bids; there is a fair bit of interest in terms of bidding for this project. They are currently being reviewed with a request for proposal being issued for short-listed tenders in June. We would expect to be in a position by the end of the year to make determinations about that. Subject of course to the EES processes being approved, we would anticipate that work would commence by the end of this year.

Peninsula Link will provide a 25-kilometre, four-lane freeway standardised road between EastLink at Carrum Downs all the way through to the Mornington Peninsula Freeway at Mount Martha. It will reduce travel time to just 17 minutes, saving up to 40 minutes in terms of travel time. It will not only boost the local tourism industry but will improve the linkages with the city and the summer hinterland. This is a key project. It is one that the government sees as being critically important for delivery.

I think the announcement today is a demonstration also that not only are we focused on jobs, but we are focused on making sure that the things contained within the Victorian transport plan that require greatest attention and implementation are being met and delivered. Whilst there are areas which we would have preferred the federal government to have immediately accepted and agreed to give us funding for, we can hardly complain when we are almost at 40 per cent of national allocations. We have to rejig cash allocations, and we think that we can do that quite comfortably.

Mr RICH-PHILLIPS — Just to follow up on that, Minister, what is the estimated construction cost of Peninsula Link, as opposed to the project cost?

Mr PALLAS — We anticipate that, excluding the land from the process, which is about $30 million to $40 million, it is around about $700 million to $710 million in terms of construction costs. We clearly do not want to go too much into the specifics of the cost of the project because we want to maximise the outcome of our commercial negotiations with any successful tenderer.

Mr RICH-PHILLIPS — I am just wondering: what would it cost if you built it and owned it like a conventional procurement — if you commissioned a contracted builder — given that you are already committing $750 million to this model?

Mr PALLAS — Can I be clear about this? When the government made its decision that it was going down the path of making a determination about which of the models it would seek to apply, whether it be a D and C model or an availability charge model, it looked at what a public sector comparator build would do. There are a couple of reasons — more than a couple, but I will take you through some of them — why the government took the view that an availability charge model is far and away the best.

Firstly, it drives innovation in terms of design, construction, operation and maintenance. It gives us the capacity to make sure that there is ongoing rigour and commitment to the quality of the roadway, not just at construction but all the way through. Secondly, it gives us the capacity to make sure that there is a contestable market. We continue to encourage and engage the private sector in circumstances where currently private sector capital is not there. Finally, because of the competitive nature of the bidding process, we believe that there will be incentives for earlier completion, and that is why we believe that a 2013 conclusion of this project is eminently attainable as a consequence of exactly these measures. Viewed in context, we believe that essentially we could get to a position where we get a better result in terms of the timeliness, the maintenance, engagement with the private sector, and design excellence around design, maintenance and the speed at which construction can be achieved.

Mr NOONAN — Minister, I just wanted to ask you about the response to the bushfires. I note at budget paper 3, page 9, there is an allocation in this budget to restore roads in bushfire areas. I would be keen to understand what role VicRoads played in responding to the bushfires in terms of recovery, and what work remains over the budget estimates period in terms of the restoration of roads.

Mr PALLAS — Thanks. I want to take this opportunity to place on record my appreciation of all the work that VicRoads staff have done during the bushfires. It has been an outstanding effort, whether from people who have actually had to manage the reconstruction and remediation of damaged and fire-affected roadways, or whether it was actually coming up with practical solutions to assist communities or people who have lost everything to reconnect with their communities by taking away a lot of the red tape and making sure that registration, licensing and proof of identity was in place quickly.

I have heard from a wide variety of people as I have wandered around these fire-affected areas. They have been full of praise for VicRoads for how quickly they have moved, how sensitively they have moved and how imaginatively they have moved in terms of overcoming what would be standard processes. I am very pleased, thrilled and gratified by their efforts.

At the height of the bushfire activity on Black Saturday, there were around about 100 roads that were closed. Overall VicRoads estimates that there were about 490 kilometres of roads that were affected by the bushfires, with damage to something like 35 kilometres of guardrail, 3100 signs, 16 750 guideposts and approximately 45 kilometres of boundary fencing along the Hume Highway. Drainage lines, areas of pavement, pavement marking, retaining walls and rest areas were also damaged. To ensure that both the access was restored to communities and that roads were reopened safely, VicRoads provided support to the police and emergency services, including assistance with roadblocks and access to fire-affected areas.

They cleared at least 9000 roadside trees in the worst affected areas. They returned roads to an acceptable level of safety. They made safety assessments and opened roads once clearances were given by the fire authorities and also by the police. They reinstated affected fencing, they installed new guideposts and they also progressively repaired affected guardrails. They provided regular updating of road closure information on the VicRoads website. VicRoads has now reopened all roads. There are still some temporary closures being put in place from time to time to undertake repair work. When roads did open, some had reduced speed limits for a period of time.

As well as ensuring the safe opening of the roads, VicRoads customer service arrangements were put in place to respond to registration and licensing needs of people affected by the fires. Many of these people were dependent upon identification such as licences for access to other assistance. In the time since the fires we have staffed 11 relief centres, we have issued 560 duplicate licences, 880 vehicle registration refunds, 260 duplicate registration labels and 135 three or six-month registration renewals. We have answered 2600 bushfire helpline calls, 11 700 road and traffic line calls, and 42 VicRoads people put their hands up to help assist in emergency coordination centres around the state.

The CHAIR — Thank you very much for that.

Ms PENNICUIK — I would have to say that I am probably the only person at this table who is not in the cheer squad for Peninsula Link, or the continued predominance of road funding over public transport. However, what I want to go to is the fact that this particular proposed road is still the subject of an environment effects statement and yet the conversation around this table has been that this road as planned, as presented in these budget papers, as the route that was put on the slide show, is the road that will go ahead — probably because there has been a route drawn on a map, dare I say, since the Bolte time that that was the way it was going to go.

But since that time a quite significant flora and fauna reserve has established itself unfortunately in the route of the road. My question, Minister, is: if the environment effects process identifies that as a hazard and recommends that the road not proceed on that route or some other arrangement be made, what contingency arrangements have you and VicRoads put in place for that eventuality?

Mr PALLAS — I think from a government point of view we have consistently taken the view, when it comes to the environment effects statement process, that we do appoint independent panels; they have a responsibility and that responsibility is about giving the necessary approvals in order to enable work to occur.

We take a very firm view that we believe this project clearly will meet the necessary requirements. We are not planning on failure and we believe that we can deal with the environmental issues sensitively. I am advised the independent panel report considering the EES is currently being reviewed by the planning minister, and the contract for the main works of the project will not be awarded until the EES review is completed. That will allow any measures coming from the review process to be incorporated into the project.

We do take the EES process seriously. What we see the EES process as being hopefully about is assisting government in managing its environmental responsibilities, not about actually telling government that projects should not proceed. They can, of course.

Ms PENNICUIK — They have.

Mr PALLAS — They have that capacity.

Ms PENNICUIK — The channel deepening, for example.

Mr PALLAS — The channel deepening is actually happening. But from a government perspective, we take our responsibilities seriously. We believe that we can meet them. We are confident that we have met them in respect of the considerations the panel put in place, and we believe that the design of the road will ultimately be the subject of approval by the panel and the EES. But we wait to find out.

Ms PENNICUIK — I suppose it is a matter of principle, Minister, in that you need to have in place some sort of contingency arrangement. For example, the channel deepening project, as you say, has gone ahead but it was recommended it did not go ahead and it cost the port another several million dollars.

The CHAIR — We need to have questions rather than statements.

Mr PALLAS — I suppose the contingency response in terms of channel deepening is a classic illustration: make sure that you manage your responsibilities in terms of satisfying environmental safeguards. I have every confidence that we will not need to fall back on a contingency because we have made the right effort to get the right result, and I am sure that the panel will take its responsibilities seriously. But as a government, we are committed to this project. We believe that it is the right project, a project that can be managed in the interests not only of the community but the environment.

Ms HUPPERT — Minister, I want to return to the question of road safety. I think we all understand the human devastation that is caused by road trauma — not just the road toll but the injuries that are caused by road trauma and the effect this has on productivity. Budget paper 3, page 33, talks about the road safety policies. Could you further expand to the committee on some of the work that has been done to reduce the road toll and the effect this will have in future years?

Mr PALLAS — Certainly. One of the things I think is quite debilitating in the job of minister with responsibility for road safety is to check the daily count in terms of the road toll. I think at the moment it sits at 120, which is exactly consistent with where it was last year. I know we would all like to see the road toll reduced. It is one of those areas where there is complete bipartisanship in terms of outcome and what we want to get. How we get there is one of those areas where I think we should have a healthy debate, but from the government's point of view, we announced our Arrive Alive strategies for 2008–17.

They come on the back of Arrive Alive 1, and that strategy saw the reduction of the road toll from 444 down to 332 from 2001 down to the end of 2007. That is important because it demonstrates that if you make the right investments, you get a good outcome. It is not just an investment in terms of hard infrastructure; it is about recognising that you have to get the system correct. That means integrating road safety, safer roads, safer vehicles and safer drivers, so the policy has to be a holistic one.

We have achieved six consecutive low road tolls over the last six years. Since 2001 we have had an estimated 720 lives saved, including 120 lives in regional Victoria. In 2008 Victoria recorded its lowest road toll of 303, which was quite a dramatic fall from the previous year of about 29 lives, which is a 9 per cent decrease in one year — quite appreciable. This eclipsed the previous record low of 330 in 2003.

As to the fatality rates, we have now driven our fatality rates from 8.2 by head of population down to 5.7 in 2008, so it is quite appreciable. We have also recorded our lowest country road toll on record with 137 fatalities — 37 fewer deaths than in 2007.

Based on preliminary information, there were 6615 serious injuries recorded in Victoria in 2008, which was a decrease of about 16 per cent compared to 2007, so it is quite remarkable that the work goes on not just in terms of the fatalities but also in terms of the casualties.

Our aim in Arrive Alive 2008–17 is to reduce the fatality rates again by 30 per cent. The budget contains an extra $22.2 million for road safety initiatives. We are installing moving mode radar units in 200 police vehicles; we are extending tough vehicle impoundment laws to cover extreme speeding and repeat drink-driving and drug-driving offences. We will administer a further 20 000 drug driver tests per year. We are upgrading enforcement technology, and also increasing the number of hours of mobile camera operations by 3000 per month and the upgrade of 53 wet-film cameras to the new digital camera technology.

I know there is a lot of debate about this issue around, 'This is really just an effort to revenue raise', but can I say that all the research indicates and if you talk to Assistant Commissioner Lay, who has responsibility for road safety in Victoria Police, he will tell you that effectively the fear of apprehension does drive behaviour, provided of course there is a reasonable expectation that the state has got in place a more integrated and effective system to deal with road use and road behaviour. From our perspective, it is critically important that as a government we continue the efforts to reinforce the messages that responsible driving is critical. Our continued effort towards young drivers and our investments in respect of a graduated licensing system are critical in that part. I think importantly we do not want to reflect back too far, but it was not so long ago, in the early 1970s, when we had over 1000 people die on our roads. Importantly I think we have a commitment as a government in an ongoing sense to lead the nation in terms of innovative activities.

We led the nation in terms of mandatory seat belt introduction. We led nation in terms of random breath testing and random drug testing, and we are now leading the nation in terms of the movement towards requirements for electronic stability control and side airbag protection — to be in place for ESC by the end of 2010 and for side airbag protection by the end of 2011. That will have a profound effect upon the road toll, but it is once again Victoria demonstrating its commitment to an integrated approach to managing road safety.

The CHAIR — Thank you, Minister. We all appreciate the impact of road trauma, particularly on families, so I think anything you can do to further assist the road trauma association, which helps those families, would be appreciated.

Mr WELLS — Minister, I refer you to budget paper 3, pages 480 and 481 and the Victorian Transport Plan. The Victorian Transport Plan said in relation to growth in heavy vehicles that there were more than 20 000 trucks a day moving through Melbourne's inner west. It appears that the Rudd government has refused to provide any money in the budget for either the truck action plan, which you said would significantly reduce the number of trucks on inner suburban streets, or the east-west metropolitan road link. How are you going to fund the transport plan for the first bit that you have mentioned that would require funding of $380 million between 2009 and 2012, and what is your fallback position with the federal government not coming forward with their part of the money?

Mr PALLAS — As I say, we are gratified by the contribution that the federal government is making in terms of the Infrastructure Australia determinations, and I do not want to appear ungrateful because $3.25 billion is a lot of money in respect of a project and it will be of enormous value for the uplift and the effectiveness of our passenger train system, but the truck action plan is a critical part of the Victorian transport plan and it is one that the government intends delivering on within the time lines contemplated within the VTP. From our perspective, we announced the truck action plan. It was also part of the Eddington report.

It is in two stages. The first stage is the construction of new ramps, including connecting the West Gate Freeway and Hyde Street, enhancing connectivity to the port of Melbourne. These ramps will face west to reduce pressure on the West Gate Bridge. There will be upgrading of Hyde Street south of Francis Street and Whitehall Street, and the strengthening of Shepherds Bridge to ensure appropriate access for heavy vehicles.

The planning has commenced and is ongoing. VicRoads has sufficient capacity within its budget to undertake that planning within the current budget year. I do not anticipate any delay in terms of the planning

work being able to proceed. As you would appreciate, that planning work will require extensive consultation with the communities affected. The cost of stage 1 of the works is expected to be in the order of about $380 million. It was included as an immediate priority in the Victorian government's infrastructure plan. The critical works are under way.

I suppose one of the things I would say about this is that I would adopt the strategy that the state will press ahead with these projects, and we will make adjustments for their financing in future budgets. That will be our key and core message, but there will also be a noted delay in delivery. In saying that the state would press ahead with the projects and make adjustments for their financing in future budgets, I am in good company. I am in the company of Premier Colin Barnett from Western Australia, who has indicated that is his strategy in respect of areas where he believes future financing and funding should occur.

I think it is important, however, and the government is very committed to the implementation of the truck action plan. It will remove something like 1.2 million truck movements per annum through the inner west, and it will increase the amenity in the inner west quite appreciably when fully operational. The key part to the delivery of that is getting the design of the plan in place first.

From the government's point of view, Mr Wells, I will just draw your attention to table 3.4 on page 49 of budget paper 3, where you will see expenditure on approved projects. There is sufficient effectively unallocated capital for projects that are approved by government for these plans into the longer term to be met. But I have to say I do not really want the federal government off the hook. These are commendable plans. We think they should be adequately resourced in partnership with the federal government, particularly if we all recognise that our freight task is going to grow. It will effectively double in the next 20 years.

It is budget paper 2 — I said budget paper 3. I apologise for that.

The CHAIR — That's all right, we worked that one out.

Mr PALLAS — I am glad I have got adept staff.

Mr WELLS — We were looking at early childhood development!

Mr DALLA-RIVA — That is important, too.

Mr PALLAS — Absolutely — and no reference to committee members. Can I finally say there is adequate capacity, but from our perspective we think we cannot simply walk away from a proposition that partnership with the federal government is the best way to do this. High-performance freight vehicles are a core component to getting a freight strategy up and running. We remain committed to it.

We are committed to delivering on the planning stages, which is all we can do in this budget here in any event. We will recognise that there is sufficient expenditure available in unallocated capital for continued delivery of these projects into the future.

Mr SCOTT — On page 48 of budget paper 3 there is a mention of the opening of the EastLink project. Can you tell how the opening of this tremendous piece of infrastructure will benefit Victorians and how it relates to programs in the estimates period?

Mr PALLAS — From the government's perspective the EastLink project was one of the largest projects in Australia. During its delivery and its completion five months early it has set a new benchmark for infrastructure — sorry, did I say something, Kim?

Ms MUNT — He is not interested in EastLink now; that's all.

Mr PALLAS — The project just last week received the most highly acclaimed award in terms of engineering construction industry: the Australian Construction Achievement Award for excellence. I think this is a key point in the fact that we are moving urban design and improving the form and the function of our roads and, more importantly and broadly, our transport systems

The judges praised the innovation shown by the project parties — CEDA, ConnectEast and Thiess John Holland. EastLink delivers 45 kilometres of new roadway for the Victorian community. It is the biggest ever single addition to our freeway network. It includes two toll-free bypasses at Ringwood and Dandenong,

delivered at no cost. The Dandenong bypass, as Ms Munt would realise, is part of the Dingley arterial. The construction of the 1.6 kilometre Mullum Mullum and Melba tunnels guarantee the protection of the Mullum Mullum Valley, which has since been preserved as a state park, with $2.5 million funding from the Brumby government.

We have also provided $26 million along 35 kilometres of the EastLink trail, which is the single largest addition to the Victorian cycling network, which allows cyclists to ride from central Melbourne to Seaford on a series of interconnected cycling paths. The environmental benefits are that more than $50 million was invested in landscaping and also a range of environmental initiatives.

This includes planting 3.5 million shrubs, more than 3 million square metres on the eastern corridor — an area larger than the parks and gardens of the city of Melbourne combined. That is quite an amazing amount of flora that has been provided. It is also enough to cover the MCG with Australian flora 147 times. That is half a million trees planted along the project to help absorb greenhouse gases.

The economic benefits: 7500 extra jobs during construction; 6500 jobs during operation. That is more than 13 000 people effectively, including engineers, design planners and managers. There were 14 million men and women hours in creating EastLink. At peak times there were 3000 people working directly on the project.

It is delivering $15 billion of economic boost to Victoria's gross state product, with an additional $275 million resulting from the project opening five months early. I suppose the traffic benefits to motorists are that there is a significant travel time saving on EastLink, with a full trip taking just 25 minutes, and on the surrounding road network, which is important in terms of us not cutting off people's options, we have been able to substantially reduce, by up to 30 per cent, travel times on Springvale Road, Blackburn Road and Stud Road. EastLink also allows motorists to avoid more than 50 sets of traffic lights, two railway crossings and several major shopping strips along the main alternative, Springvale Road.

Car tolls on EastLink are the lowest of any private toll road in Australia, and they also include Australia's first discounted car tolls for cars: a 20 per cent reduction on weekends, public holidays and single section trips.

The CHAIR — What happens to the authority that has been running it, SEITA?

Mr PALLAS — It is in the process of handing over responsibility for the ongoing management of the road to VicRoads. SEITA will take responsibility for the management of Peninsula Link and its delivery.

Ms MUNT — I want to return to the freight network that, as you mentioned, was sold off by the previous government and has been bought back by this government.

The CHAIR — Keep to the point.

Ms MUNT — In particular there was a report recently released by Infrastructure Partnerships Australia that estimates the freight task will triple by 2050 to 1540 billion tonne-kilometres, driven by population and demographic changes mostly. How is the government planning to respond to this large increase in freight task as it relates to the forward estimates?

Mr DALLA-RIVA — What page is that, sorry?

Mr PALLAS — Budget paper 3.

Ms MUNT — Page 360 under 'Regional rolling stock' is where it is mentioned, and at page 363.

Mr PALLAS — In December the government, at the time that we released the Victorian Transport Plan — I suppose one of the key components of the Victorian transport plan is it actually integrates our transport networks. It also recognises the high level of proximity, obviously, between transport usages and connections and also land use. Importantly at the same time we produced Freight Futures. Freight Futures is designed to meet Victoria's challenge of its rapidly increasing freight task, which, as you rightly indicated, is growing massively and is likely to double by 2030.

To increase the freight-carrying capability on our road, rail and sea freight corridors it nominates those roads and rail lines that have been identified as the best conduits for Victoria's freight, taking into account all the

factors that determine how freight actually flows across the network from the source to the destination, to the condition of the infrastructure, to concerns like residential amenity.

Quite frankly, you cannot look at freight without looking at how most efficiently you move it around the system, what the commercial tensions are in terms of the attractiveness of each of the modules and where the state can make the best intervention in order to make prudent infrastructure investments and work with industry to ensure that we have the capacity to manage the freight task going forward.

An example of the sort of investment already under way in the principal freight network is the $2.25 billion M80 ring-road upgrade, which will see widening and improvement of both the Western Ring Road and the Metropolitan Ring Road for over 30 kilometres from the Princes Freeway at Laverton North to Greensborough Highway at Greensborough. The principal freight network will connect what we are calling freight activity centres, which is a catch-all term for ports, airways, intermodal terminals or any centres where large volumes of freight are generated.

As part of the process of establishing a freight terminal network, the government will relocate South Dynon interstate rail terminal to the Donnybrook-Beveridge area. One hundred and eighty trains per week go in and out of the Dynon rail terminal, carrying freight which is picked up by trucks and often moved to outer suburban metropolitan and industrial areas — a freight terminal network which will bring efficiency gains but will bring amenity gains as well. So it is about having the capacity to differentiate our on-road freight flows and servicing intermodal facilities in outer metropolitan areas.

We cannot simply keep sending more and more trucks into the inner city. It is unsustainable, and it affects the amenity of the community. So while Freight Futures talks about bringing new spending and new initiatives to make freight more efficient, it also looks at ways of lessening the impact of freight on the community.

We will build on and off-ramps at Hyde Street as part of the truck action plan. We are committed to it, and we will deliver it, lessening the need for trucks to travel along Francis Street and Somerville Road to access the freeway. We will fund $100 million worth of noise barriers for installation on those parts of the principal freight network that intrude the most on urban amenity as well as establishing an environmental freight zone in the port precinct as a way of offering incentives to those operators who operate late-night, low-emission trucks and maintain their vehicles in a state that the community expects.

Victoria's regional rail network will be future proofed by maintaining public ownership of all remaining regional rail corridors and assets where the rehabilitation is not currently justified — the so-called bronze lines that Tim Fischer's rail freight network review identified.

Sorry, but I will be brief; I am being very valuably advised — I am not sure what I am being advised of! $1 billion has been committed to that rail freight upgrade, so we are very pleased with that. Freight Futures is not just about building new freight networks but recognising the world-class network that we have in this state and working towards expanding it.

Victoria is the first state in Australia to produce a principal freight network. We understand that there is a fair degree of political pain associated with that, but it is the right thing to do in the interests of the community and the country. We have to recognise how we share road space, how we facilitate the efficient use of our on-road freight carrying vehicles, how we acknowledge that suburban amenity is something that we have to make very tangible steps towards addressing. Therefore we have to make substantial investments in intermodal hubs in order to differentiate the traffic and particularly the freight tasks to outer suburban areas where our intermodal facilities will be developed.

Mr RICH-PHILLIPS — Minister, I take you to the road asset management output group on page 245 of budget paper 3, and in particular the measure of pavement resurfacing. I note that for 2009-10 you expect the area of resurface to decline, in the case of metropolitan roads to 1.9 million square metres and regional roads to 9.2 million square metres. A footnote notes one of the reasons for that is an increase in the cost of resurfacing.

With respect to the targets for 2009–10 are you able to, on notice, give the committee a list of the specific projects that VicRoads intends to undertake with respect to resurfacing in 2009-10 against those two measures? Given the increase in the price of resurfacing work, can you explain why the funding for this output group is growing at less than the inflation rate? It has only gone up by 2 per cent.

Mr PALLAS — Can I deal with the first part of the question? I might hand over to Robert then to give some clarification about what we believe is an error in the budget papers, which has subsequently been corrected, but I think we should provide some clarity on that.

In respect of pavements and activity where we would be making investments, I cannot give you that clarity at the moment because this is one of those areas where we are still in the process of formulating the budget for VicRoads as a consequence of the state budget having been prepared. It is also one of those areas where you do have to have some measure of flexibility in terms of where your pavement rehabilitation occurs. I will give you a classic illustration. It may be because of bushfire activity, flooding or an identified and evident need. There is that need for flexibility in terms of where the pavement is put in place. We seek to keep that flexibility.

I might also say from a VicRoads point of view, having the additional $22 million in terms of maintenance incorporated within this budget will enable an improvement in terms of asset management for what is $22 billion-worth of book value of our arterial road network. It is important that we have that increased capacity.

Robert, it might be worthwhile explaining the problems in terms of these measures?

Mr OLIPHANT — There has been a correction to the budget papers, which have been updated online. We are happy to provide back to the committee the correct budget paper references. For the road network maintained, the footnote that relates to that is (t) in the budget papers; and (s) relates to the pavement resurfaced, regional road. I know it is a bit difficult doing it like this, but we can provide a detailed update back to the committee.

Mr RICH-PHILLIPS — So the only errors relate to the footnotes?

Mr OLIPHANT — Yes.

Mr RICH-PHILLIPS — Minister, to clarify, you said an additional $22 million for maintenance this year. That is not reflected in the output cost of this particular output group. Where is that accounted for?

Mr PALLAS — The allocation in terms of maintenance is reflective of also a forward allocation in previous years this financial year. When you add it together with the increase this year, you get to $22 million. We have to bring forward from DTF in this financial year, which is effectively being applied in the coming financial year as it has been totally expended.

Mr RICH-PHILLIPS — Should that not still be reflected in the output costs, even if it is a bring forward?

The CHAIR — It should on an accrual basis. Perhaps you can give us — —

Mr PALLAS — I have very dutifully been advised again: if you look at budget paper 3, on page 354, you will see the maintenance funding for roads in 2009–10. It is about the fifth marked item down, at $22.6 million.

Mr RICH-PHILLIPS — Okay, but I still would thought it would have shown up in that output group.

The CHAIR — Perhaps you can take it on notice and how that is not an output group. I might note that, in terms of the growth, it has ended up that your expected outcome is much higher than your original one, which was 366. It ended up 373.

The CHAIR — Okay. Mr Noonan?

Mr NOONAN — I did want to ask the minister about cycling, given his enthusiasm.

The CHAIR — You can put that one on notice, I think.

Mr NOONAN — I am happy to.

Mr PALLAS — I could talk to you for 10 minutes about cycling.

The CHAIR — I might add that Ms Pennicuik has also given me some additional questions on notice and clarification from today.

That concludes the consideration of the budget estimates for the portfolios of roads and ports. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests written responses to those matters be provided within 30 days. Thank you, Minister.

CHAPTER 6: DEPARTMENT OF INNOVATION, INDUSTRY AND REGIONAL DEVELOPMENT

6.1 Innovation Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 8 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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,

Mr R. Straw, Deputy Secretary; and

Mr J. Strilakos, Acting Chief Financial Officer, Department of Innovation, Industry and Regional Development.

The CHAIR — I now welcome Mr Jennings, Minister for Innovation, Mr Howard Ronaldson, Secretary of the Department of Innovation, Industry and Regional Development; Mr Randall Straw, deputy secretary; and Jim Strilakos, acting chief financial officer of the department.

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

Overheads shown.

Mr JENNINGS — Thanks. The essential building blocks of this story is actually since last time I appeared before the Public Accounts and Estimates Committee — notwithstanding what I have just done — last year we foreshadowed the introduction of the innovation strategy, where there was a contingency in the 2008–09 budget for an innovation statement, but the innovation statement was not published at the time of the budget. It was published subsequently.

Just for the sake of formality I want to make sure that the Public Accounts and Estimates Committee is aware of the importance of that program, the major features of it and what we have been doing with the programs as they commenced. This is a snapshot of the $300 million commitment in the forward estimates that built on the momentum of the outgoing STI program continuing the momentum of Victoria's interest in innovation and has led to new investments which we see here on the overheads, including Victoria's science agenda, a $145 million allocation, of which we are currently going through the first tranche of investments through a program where we have sought applications of high scientific endeavour in the Victorian community.

We are currently assessing 216 of those to be funded shortly. We have seen the life sciences computation initiative colloquially known as the supercomputer being committed and established at Melbourne University to deal with life sciences opportunities in collaboration with other research institutions.

We have seen the Biotechnology Bridges program, which funds things which include our program to support the development of that sector. We have an interesting new program to support innovative SMEs through a combination of bringing public policy outcomes that we seek as a government to secure better outcomes for our community. We are currently assessing applications from across the public sector to seek tenders subsequently for our SME sector to demonstrate how they can meet those challenges, and then we subsequently support them if they are successful.

We have the VicFibreLINKS program to underpin our capability throughout the Victorian community in terms of broadband capability, and we have further work in collaboration in innovation generally in the internet sector and then of course VARRI, which I have already mentioned earlier today in terms of driving greater resource recovery outcomes.

We have seen some successes in the portfolio in terms of the creative industries. We continue to have a very successful engagement with the film industry. Film and television projects resulted in $82 million worth of activity, and nearly 2500 jobs have been maintained in the sector through our engagement. It is very important to know that of the films that are secured in Victoria, about 83 per cent were leveraged through the direct involvement of Film Victoria.

We have seen continuing growth in the design sector; it is estimated that in Victoria 76 000 people are now employed in design-related fields. Under Healthy Futures we have seen a continuation of our investment strategy with major support to medical research institutions. Obviously the momentum was maintained yesterday with the joint announcement from the state and the commonwealth in relation to the comprehensive cancer centre, which demonstrates our ongoing commitment to that field of endeavour. We have seen very important successes through the VicStart program that again leads commercialisation in the SME sector and has been applied very successfully throughout the regional economy.

The synchrotron continues to be extremely successful in attracting leading scientists not only from around Australia but around the world. I am happy to talk about that later in terms of the success of the synchrotron and the proliferation of beamlines and activities that occur in those beamlines. It is very exciting work that underpins high science across a whole variety of fields in research and development. Research and development investment in biotechnology has been extremely successful. We have seen more than $555 million in R and D in that sector occur in the last reporting period. That is a significant increase, about a 95 per cent increase since 2003, and we continue to play a role in innovation across the nation.

This year we want to make sure that we secure the future of the Docklands studios. We have invested in this budget funding to try to provide for a business model and business certainty going forward. As recently as overnight we have had the good fortune to report that a major international *Footloose* production is arriving on our shores — —

The CHAIR — I saw that in the paper today.

Mr JENNINGS — That will lead to maybe somewhere in the order of 500 jobs in the local economy, and we want to try to make sure that we drive our investment at the Docklands further.

In terms of the ongoing nature of the program that is coming out of the innovation statement, this is a bit of a snapshot of the programs and the output expenditure in this year's budget that came from the intervening decisions and the commitments of the innovation statements, so you can see a significant effort and momentum and expenditure will be occurring through those programs during the course of 2009–10.

The CHAIR — Thank you, Minister.

Mr NOONAN — You moved through your presentation pretty quickly, Minister, so I want to come back to the issue of the Docklands Film and Television Studios and the allocation that has been made to investigate the potential for the additional capital investment in new sound stages and ask specifically whether you can explain that in more detail and how that funding may support further sector development?

Mr JENNINGS — Thank you for the opportunity. Yes, that is quite right; I was in high-speed mode going through the presentation, so I will breathe during this one.

What we have is a fine studio capability that has contributed significantly to major film and TV production. More than $470 million worth of activity has been generated since 2004. We have seen a number of major productions, which include *Ghost Rider*, *Hating Alison Ashley*, *Nightmares and Dreamscapes — From the Stories of Stephen King*, *Where the Wild Things Are*, *The Pacific*, which is one of the largest television miniseries ever made, and *Knowing*, which has been one of the highest grossing films across the world in the last few months and which was made in Melbourne late last year; it has already achieved box office sales of $99 million, I understand.

That is a pretty successful result. Notwithstanding the success of what I have just described, there have been a number of difficulties in the film sector over the last couple of years — fluctuations in the Australian dollar, issues such as the screenwriters strike in the US — that mean that we are currently trying to recalibrate the government's arrangements of the film studio not only to try to make it viable into the future but also to look at the way we can make sure it has the infrastructure in place to attract those footloose productions — a mixture of footloose productions of high value, high employment generating film productions — while also maintaining a level of TV engagement and production capacity within the studio.

That is a shandy that you try to work — to have enough capacity to deal with the big footloose productions and maintain an effort in terms of continuity of small-scale local productions. That is something that needs to be massaged through.

What this investment is doing is having a look to make sure that we have got the right sound stages, the mixture. We actually look for ways in which we can drive greater investment occurring down there. We are specifically looking at whether a 3700 square metre studio would add to our desirability and make us an even more desirable outcome than our direct competitors.

They are international competitors; we are in an international marketplace. We have some national competitors in terms of Fox Studios in New South Wales and some studio capacity in Queensland that we compete with. We actually think that this will enhance our desirability. As I then briefly announced, there is a new Miramax production that is coming to Melbourne shortly, and we actually think it will continue a momentum. Miramax is one of the more high-profile and successful independent filmmakers in the world, and we are pretty pleased that just overnight they have announced they will come and do a major project here.

Ms PENNICUIK — Minister, at the budget briefing breakfast yesterday I asked the Secretary of the Department of Treasury and Finance why the impacts of climate change are not factored into growth forecasts for the entire state budget — or I asked him if they were, and he said no, they were not, and the reason he gave

was that they rely on innovation to achieve a 3 per cent growth forecast in the state budget. So I am wondering if there is any resourcing in your department to assist in that regard, and whether there are any specific projects looking at that, particularly under the seven science projects?

The CHAIR — Minister, that is a very long bow, but see how you go.

Mr JENNINGS — It was, and I can imagine from Ms Pennicuik's vantage point, it was irresistible to use that bow. But interestingly enough, there is a serious answer.

Ms PENNICUIK — I was relying on you to provide one.

Mr JENNINGS — The thing about it is that the answer you got was not a bad answer. It may not have actually satisfied you but it was not a bad answer either — —

Ms PENNICUIK — That is why I am following up.

Mr JENNINGS — Because the answer you got yesterday means that in fact unless we are innovative we will not account for the greenhouse gas abatement, we will actually not account for the adaptation that is required to deal with climate change scenarios. So innovation is an essential part of that story.

Ms PENNICUIK — Exactly, and that is why there is a serious aspect to the question as well.

Mr JENNINGS — Yes, there is. From my vantage point, in terms of policy determinations and program settings across government, that is a focus. So if I have had some success in getting the head of Treasury to hear that message, that is a good thing. Beyond that, specifically, in terms of the innovation statement we commissioned, that I talked about in the overhead presentation, we have added into it an organising principle of sustainability within innovation, so key drivers of the innovation strategy going forward are health-related matters, so healthy outcomes; productive outcomes; and sustainable outcomes. So our investments are aligned in terms of the innovation strategy to try to achieve that outcome.

When I talked a few minutes ago about the support in the SME sector, what I actually was talking about was that through the strategy we have asked the public sector to identify what public policy outcomes they should seek to attain, and many of those relate to environmental performance, better efficiencies, community engagement, real-time information in communities about dealing with adaptation issues — interestingly enough, there is a high degree of alignment with what I am sure you would be concerned about.

We actually collate those fields in which we need those public policy outcomes and then we tender out through an innovation process to actually see how our SMEs can make a contribution, whether they have got technology, whether they have got processes, whether they have got advice on better outcomes, sustainable outcomes, so that we can then support them to develop further.

That is a relatively small program but it is totally consistent with that intention. Whether it be through that, whether it be through our approach to the drive across government in relation to the ETIS program — which is not my responsibility but is a program I am acutely interested in in terms of its supporting transitional capability in large greenhouse gas abatement — these are things that we are acutely interested in.

The CHAIR — Thank you, Minister — a long answer to a long bow.

Ms HUPPERT — I wanted to draw your attention, Minister, to page 128 of budget paper 3 on a matter that you highlighted in your presentation earlier. Under the 'science and technology' output there is an expectation the government will embark upon seven science projects and programs during 2009–10 and also that 60 per cent of funded science programs will be industry led or will contain an industry partner as a founding consortium member. Can you expand on this and explain how this measure relates to previous programs such as the very successful science, innovation and technology initiative?

Mr JENNINGS — Thanks for the opportunity to talk about that because you are quite right in the premise of the question, that in fact the STI has been extremely successful in terms of leveraging a great degree of not only public but also private investment in terms of science. In the early days of the program you would see a lot of these high science programs driven out of the university sector or were intellectually driven out of research institutions that may or may not have a commercialisation element to them.

That is not to say that we discount pure science; we actually appreciate the pure science. But increasingly in terms of the innovation space what we are trying to look at is the way in which that science can be applied to dealing with day-to-day concerns, whether they be health-related concerns, whether they be productivity concerns or whether they be sustainability concerns, and how we can lead to the application of it. The best way to get to the application of it is to see its commercialisation as part of economic activity or its clinical application in terms of health.

As a continuation of that effort in this program that you have referred to, we have an overlay because we want to actually have an eye for where these projects are coming from, who is collaborating on them and how likely are they through the nature of that collaboration to become a commercial reality. If in fact we see a high correlation between the commercial partners — the industry partnering — in terms of that collaboration, we now see this as an indicator that it is coming from the vantage point of an industry that is wanting to deal with a real-time business opportunity and is seeking out partners in academia and seeking out partners in terms of being very entrepreneurial about who may bring this science to delivery.

What we have added into this program is a viewpoint for who is bringing forward the collaboration. What we are seeing is a very different profile than what we might have seen just two or three years ago. In fact we are so confident that that profile is changing, we set ourselves up for scrutiny by saying that we anticipate that 60 per cent of them will actually have an industry collaborator from day one in even making the submission for the research support.

The CHAIR — All right. Thank you very much.

Mr DALLA-RIVA — My question relates to what I think was the first slide, if you can get the first slide up.

Overhead shown

Mr DALLA-RIVA — Yes, that one there. In budget paper 3, service delivery, page 287 under 'Victorian innovation strategy' I note that footnote (g) states:

> These initiatives were previously reported in the 2008–09 budget update.

In terms of the second part of that slide, they are already programs that have been announced. That is my understanding of it. I am trying to get clarification. You are investing a further $300 million in innovation. Where is that? I am just trying to work that out in the budget papers.

Mr JENNINGS — I am not having a go at you. Maybe I spoke very quickly, maybe you were not quite in the room when I spoke about it, but that is in fact how I started. How I started my presentation to you today was that last year when I appeared before the Public Accounts and Estimates Committee there was a contingency in the budget for the innovation strategy, but it had not been announced. Just to square the ledger with PAEC, I started by telling you from last year to this year about how that contingency was committed and is now being expended. Without preamble, that now may make sense to you.

Mr DALLA-RIVA — That is the $300 million?

Mr JENNINGS — Yes.

Mr DALLA-RIVA — That was previously announced?

Mr JENNINGS — Yes. Then the rest of the presentation flows, and the logic of it is how we have been acquitting that funding both historically — what we have done in the last year — and the last slide ended up with a demonstration of some of the programs that are going to be the output expenditure in this year's budget of those programs that we announced.

Mr DALLA-RIVA — So in terms of the forward estimates — I am trying to get clarification — it appears there is no new money in this year's budget for innovation. Would that be right? It is not meant to be a loaded question.

Mr JENNINGS — No, I understand.

Mr DALLA-RIVA — It was announced; it is in the forward estimates. In terms of this budget, are there new moneys allocated or is it just existing moneys that were pre-announced?

Mr JENNINGS — It is a fair enough question. I am not worried about that question. There are a couple of answers to it. One of the reasons why I identified the money in relation to the film studio is that that was new investment. But in terms of what are we dealing with in the innovation budget going forward, it is in a similar context to last year's budget in the sense that there are some things that will be in contingency that we may be fleet of foot in responding to. And whilst I do not take exclusive responsibility for the comprehensive cancer centre, because that is in fact a whole-of-government initiative, the reason why I was at the launch yesterday is that about one-third of the capability of the comprehensive cancer centre is a research base. So about one-tenth is beds, about one-third of the floor space will be for scientists who are doing research. Without apportioning a number, I can say to you that from the innovation budget's perspective we are a significant contributor or user of that investment that was announced yesterday. So that is not an item that we have referred to.

There are similar contingencies in relation to some other investments that may come, depending upon the availability of leveraging and support from the commonwealth. I understand you might come back to this. Whilst there is a high degree of collaboration between the state of Victoria and the commonwealth in relation to a lot of the investments that the commonwealth supports, probably I can volunteer to you that it would have been nice if we had got the sequence slightly differently so that the comprehensive cancer centre could have appeared in the budget paper rather than being a contingency. That would have been nice for your purposes and it would have been nice for our purposes, but that is not the way that it fell. There are other projects that may actually have an innovation flavour that will be in the pipeline, depending upon our contingency and the commonwealth's leverage.

Mr DALLA-RIVA — Just to clarify that, because I was just asking the Chair, where are the contingencies that you talk about? I am sure you have got them.

The CHAIR — We should ask the Treasurer that, I think.

Mr JENNINGS — It is page 105 of budget paper 4.

The CHAIR — You will find that at the second last one, under expenses.

Mr DALLA-RIVA — Yes; 'not allocated'.

The CHAIR — As that relates to assets, that is all we have got coming forward. A final question, Mr Scott?

Mr SCOTT — This question relates to budget paper 3, page 128, and the measure of biotechnology projects and programs under way. I note that there is an increase in the target for 2009–10 when compared to both the expected outcome and the target for 2008–09. Can you explain this increase and what the government is doing to support Victoria's biotechnology sector during the global economic crisis?

Mr JENNINGS — Hopefully the government — and hopefully I — will continue to play a continuing supportive role. It is my intention to travel next week, and the reason we have brought this forward is so that I can travel to BIO, a conference in the US next week as part of our continuing momentum to support biotechnology in Victoria and expose our scientists and our start-up companies — and some well-established companies — in this biotech space, to international markets and international collaborators.

Last year out of BIO, for instance, the conference itself established a momentum for something of the order of $160 million-worth of connections in terms of licensing arrangements and market opportunities that came out of what happened at the event in its own right. For all of us who again have some degree of scepticism about the involvement of ministers or departments involved in networking and industry facilitation processes such as BIO, I actually think we have got a pretty good track record of demonstrating some traction there, so it is worthy of support again.

But that is not all we are doing. We are very interested in try to make sure that we do facilitate a high degree of collaboration. Again, consistent with the answer I gave Ms Huppert before, quite often you need not only the scientists but you actually also need those who can bring it to either clinical practice or commercialisation. We want to make sure that we continue that momentum through the commercialisation fund, and that is what that program is designed to do.

We see examples of that occurring, I am pleased to say, increasingly. In the last few months we have seen a relationship mature between Genentech, which is a major pharmaceutical corporation, and the Walter and Eliza Hall institute in Melbourne. We have also seen another collaboration that has involved ChemGenex with GBS and Alta Partners. That has been pretty exciting, to actually see these collaborations come to fruition.

Earlier this week I had a meeting with people from those parts of the Victorian biotechnology sector that are travelling to the US next week. We reflected on the huge investment in R and D, which is not only an achievement in its own right but the number of clinical trials that are currently being commissioned in Victoria is quite extraordinary — somewhere of the order of, from memory, 39 phase 2 clinical trials and about a dozen phase 3 clinical trials. What that means is that around the world people are collaborating with our institutes to do their research here at a higher stage level of clinical application, which is the pipeline to their application in clinical practice and then their commercialisation.

That is quite an extraordinary thing. Somebody put to me that if, in fact, we bundled up that collective capability and called it VicInc we might be close to being the leaders in investment and collaboration across the world at the moment in terms of this space. We will not overreach or overdescribe ourselves, but it is pretty exciting to actually see what is happening in Victoria.

The CHAIR — Thank you very much, Minister. I would like you to take on notice the same question for DIIRD in terms of the department providing the committee with a list and description of federal grants that your portfolio and agencies receive in the budget and the accountability mechanisms that these grant programs use.

That concludes the 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. It has been a very interesting session. Where questions were taken on notice, the committee will follow up with you in writing at a later date. The committee requests a written response to those matters be provided within 30 days. We will meet again on Monday at 2 o'clock, with the Premier.

6.2 Financial Services Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 12 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Lenders, Minister for Financial Services,

Mr P. Collens, Executive Director, International Investment, and

Mr H. Moor, Manager, Financial Services, Department of Innovation, Industry and Regional Development.

The CHAIR — I welcome Mr Peter Collens and Mr Hugh Moor. I now call on the minister to give a brief presentation of no more than 5 minutes on the budget estimates for the financial services portfolio.

Overheads shown.

Mr LENDERS — Thank you, Chair. We always leave the best until last. Financial services is the third-largest industry in Victoria. It is 9 per cent of the state's economy, it directly provides $23 million in GSP and more than 90 000 jobs and indirectly it adds further to GSP and adds a lot more jobs. So it is a big part of where Victoria is. Two of Australia's four major banks are here in Victoria — we have the ANZ and the NAB here. In addition to those two larger banks, we have a series of innovative regional banks. Clearly in that category Bendigo Bank and Members Equity Bank are the two that symbolise those innovative regional banks.

We are also the home of major industry funds. The Future Fund, the VFMC, which I have already talked about today, are all headquartered here in Victoria. We also have very strong regional insurance players. We often look at insurance companies and see Sydney as the heartland of insurance, but we forget that a lot of the innovative niche is in Melbourne. Whether it be the WorkCover authority or the TAC, both of them are leaders in risk mitigation and claims management, and they are based in Melbourne. Whether it be Medibank Private or health, we have a lot of niche insurance in Melbourne. We should not always concede that Sydney might be the place, because Sydney does general insurance but Melbourne does a lot of the niche insurance.

We have a critical mass in skilled workforce. We have, as I have mentioned, the centres of excellence in the VFMC and the TAC, and of course the Future Fund has been located in Melbourne. Between the FMC and the Future Fund and the largest private pension funds we are actually the centre of funds management.

Coming up on the screen is a series, just to highlight some of the companies we have here. As I said, we have the Members Equity Bank, innovative — and superannuation leveraging off it, the TAC, Medibank, AAMI, WorkSafe, and then a series of international fund managers, whether they are some of the really old established ones like Franklin Templeton, which has an operation here with $2 billion in funds management, or, as I said, the Future Fund and a range of others.

If we go through some of the challenges, clearly the global financial crisis started in the finance sector in the United States. It has certainly hit London like a sledgehammer — the financial services sector in the UK has certainly been hit. It is affecting financial services across the globe. That is clearly a challenge that faces financial services everywhere, but Melbourne and Victoria are well positioned to go forward because of the strengths we have.

We have some challenges with commonwealth taxation and regulation, and we are working on them on a commonwealth level. We have some challenges with distance — there is a range of issues. There are a lot of challenges before the financial services sector, but there are also a lot of opportunities for Victoria. We have a lot of the boutique funds, and we certainly have the critical mass of pension funds: the value of one-quarter of the world's private-sector pension funds is in Australia. A lot of that is a legacy of those years in the Hawke-Keating government when the 9 per cent superannuation phased in, which many other countries around the world are seeking to do. We often do not see that statistic, that the fourth-largest amount of private pension funds anywhere in the world are managed in Australia.

To go forward, we have a financial services statement that we will come up with later this year, that we have pledged to do. It will build on the strengths going forward. We have dealt with a range of issues in investing going forward. We have certainly put a fair amount into the Melbourne Centre for Financial Studies over time that builds on that. There have been more than 60 research projects done, and to date more than 70 events have gone through that particular area.

In the Victorian industry and manufacturing statement last year we outlined some of the financial service priorities, which I have mentioned. They include pension funds management. Carbon markets is a real opportunity for Victoria going forward. It is a new area of financial services that is a niche that we can take advantage of in Australia. There is a range of issues, including e-security and venture capital. We led in Australia with legislation to make venture capital easier through amending legislation back about three or four years ago, and there is a range of areas, including the APEC financial centre, that we can work with.

Going forward, we have also helped to fund the Mercer index, which I announced at a financial forum, that I think from memory that Mr Wells, Mr Dalla-Riva and Mr Rich-Phillips were all at. We had a forum where that

was announced. We can highlight the strengths of our pension funds, our superannuation funds worldwide, so we need to leverage off our reputation. Going forward, we need to enhance the business environment of the sector. We can do that by flexible rules, low regulation — a lot is in commonwealth hands. We can boost financial services through research and education, and we can build a profile where we go around the world.

In January a year and a half ago, I went to China. The thing that would grip the imagination of anybody in any financial market in China was the fact that we have had compulsory private pensions in place since the mid-80s. It gets the attention of people everywhere.

Ms MUNT — And the USA.

Mr LENDERS — And in the USA, as Ms Munt says, and across the world, because have led in this area. So there are a couple of niches that we certainly have. We need to promote strongly Victoria's strengths. If you are someone contemplating in the Australasian context whether you set up in Sydney, Brisbane, Auckland or Melbourne, you can get square metreage in Docklands for 40 per cent of the cost of square metreage in Pitt Street in Sydney. There are a lot a very strong financial advantages. We have skills, we have a range of things in Victoria. We need to promote them to encourage more financial services to come here because they are almost 10 per cent of the value of our economy. They are a classic area that suits the skills of our population and, I might say, despite the chill winds of global change that are affecting financial services everywhere across the world, Victoria's sector has remained far more intact compared to when you cross the border north or you go internationally. That is the strength of Victoria and the people and the companies that work in that particular area.

Ms HUPPERT — In your presentation, you talked about the challenges facing the finance sector due to the global financial crisis. I notice that in budget paper 3 on page 16 down at the very bottom it talks about an allocation of $1.2 million over four years for financial services initiatives. Could you expand on the action being taken to develop the financial services sector?

Mr LENDERS — I thank Ms Huppert for her question. I mentioned before pension funds management. This fits into a lot of the particular issues going forward. Pension funds are a great Victorian strength; there is no question of it. We have, I think, 7 of the 10 largest pension funds here, and I mentioned before that in Australia we have the fourth largest in quantum in private pension funds across the world.

It is an area of great strength to us. Yet, if people are looking internationally at making investment decisions, unless we actually tell the markets and tell the world about that, they are not going to know about it. Part of our joint project with Mercer is to have an international pensions fund so that we can start looking at where Victoria lines up with Singapore, North America, Europe — a range of other places — to show that there is a lot to learnt from here and reasons why people should invest here, have offices here, work through this area.

It is one of those issues where in this particular area it is a modest investment from the state. Often the scene is set very much on the indices that are around. We all talk about the livability index that goes out about the world's most livable city. It focuses minds on it and suddenly the index is there and people start focusing on Melbourne, in this particular case, as a livable place. Similarly with the pensions index. It is an area where we can go proactively out there and do particular work. Carbon markets are an area that we can certainly work on, and e-security and venture capital. One of the stabilising features in these very uncertain global times is that we have a very stable financial services sector. Data is relatively secure, compared with the rest of the world. We have boutique managers and we have managers who are often accused of being conservative but in difficult times we have come out of this relatively well.

An interesting anecdote, Chair, is that the Rabobank is the only AAA-rated private bank left in the world. It is a Dutch bank. It comes off a good Dutch farmers' coop, so I have an affinity with the Rabobank and I have a number of relatives who work for it in the Netherlands. There are 11 banks left that are AA or more; Rabobank is the only AAA private bank left in the world. It is interesting that the senior executives of the Rabobank, I am reliably told, are going through their teledexes and ringing all those doubters over the last 10 years who said they were too conservative, why were they not being more ambitious et cetera — because they have come out of this process the envy of the financial system.

Melbourne has a prudent reputation for risk mitigation. I mentioned before the TAC and WorkCover, Chair. I think it is fair to say that Victoria and Sweden are probably the world leaders on risk mitigation in transport.

There is a long, rich history in Victoria since 1970 when the state decided collectively that enough was enough with the carnage on our roads; we had to do something about it. We have the WorkCover authority., I am not making political points on this, but most other jurisdictions look to Victoria with some envy. They say injuries are down in workplaces, therefore premiums are down — claim management and injuries are going down. So there are a lot of risk mitigation things which run through the entire financial services sector. It is a long response to Ms Huppert's question but there is a range of these areas that we can work on.

The final one I will touch on is the Docklands precinct. Docklands is a great success story for Victoria and Melbourne on financial services organisations moving down there, whether it be two banks, whether it be ATSA, whether it be Bendigo Bank — three banks — or whether it be the other services that are down there, it is a good location. If you are someone who is on the road around Australia and can choose to live in Melbourne, Sydney or Brisbane, Docklands has great proximity to the airport, if that is the way you go. It has great communications. It has custom-made, new, innovative and green buildings. It is a good place to work.

The CHAIR — It has trams as well.

Mr LENDERS — Indeed.

Mr DALLA-RIVA — I refer the minister to budget paper 3, pages 16 and 17, in relation to building our industries for the future, which was announced, as he indicated in November last year. I note also in budget paper 3 at page 326 the allocation of $1.2 million directly to the financial services initiatives over four years, given you have indicated in your overheads that it represents 9 per cent of the state's economy. The question really relates to the amount of money that is directed, given the money that has been thrown at other industries.

From the $1.2 million over the forward estimates, and given that it is under creating jobs, exactly how many jobs and how many export dollars have been generated to date as a result of this initiative, and how many jobs and how many export dollars in this program are projected to be delivered for each of the years that it will run? Further to that, while we are on that particular issue, if that is not the case, are any of those moneys from the financial services initiatives being used to propping up the Melbourne Centre for Financial Studies and, if so, how much?

Mr LENDERS — Chair, I thank Mr Dalla-Riva for his multifaceted, comprehensive series of questions that he raises on what in budget terms is actually a very modest line in the budget. I congratulate him on drawing as many strings on the bow as is humanly possible.

Mr DALLA-RIVA — I am trying to get as many in as I can. They are on the same issue, though.

Mr LENDERS — There are a couple of things. I guess opening up personally, in industry support the government has a series of choices. I do not think you measure success in industry support by the amount of money you put into a particular area. That is a measure people could use. Another one is what leveraging you make and how you take best advantage of where a state is. Clearly for us, in any of these financial services initiatives, creating the environment for having financial services here for a starting point is as significant as any money you put into a particular project or a chair at an academic institution.

Having the environment where we have high year-12 retention, having the environment where we have courses at our major tertiary institutes that actually provide financial services skills, having the environment where banks and financial institutions will come and operate out of Victoria because we have lower congestion in our inner urban areas than, say, Sydney does, having the environment where you can get to an airport more quickly and back if you are footloose, having the environment where if you are a bank and the manufacturer of credit cards and things is in Melbourne and do you want to have the other part of the organisation there, having the environment where you have the pension funds present and therefore things can be leveraged off them — they are all critical things that go to the strengths of our financial services sector.

The challenge for government then is: how do you leverage off that and make further decisions going forward? That is a significant part. The funding for particular chairs, the funding for particular projects, all leverage and help in the skills sector. You say we might be propping up a centre at a university or tertiary institution, for us the skills and the work that come out of a tertiary institution are a part of the story that makes Victoria attractive. It is a part, as is cheaper floor space in Docklands than in Pitt Street.

It helps us leverage beyond that. It is what industry puts in — the leveraging in work. Often an innovative idea is what starts us going forward. There are a range of things that are in place that we have with the institute, the Melbourne Centre for Financial Studies. There are a range of initiatives we have in place which all build on that particular competitiveness. In the end the financial services are a private sector. They are industries that we seek to grow here. We seek to show the opportunities we have, so I do not think we are propping anything up. In fact we are leveraging with private sector in adding strengths to Victoria that are enhanced by our contribution.

Innovation in Victorian financial services is quite interesting. It is not my role to praise one bank or another, but the Bendigo Bank model and the community banking model, for example, is an innovation. I know the Chair here is on the board of the community banks, so I probably need to be careful I do not cross over a conflict of interest or whatever. But the innovative form of banking by itself has actually added to the GSP of the state of Victoria, let alone the extra services it has provided, the innovation it is provided in the model that has been rolled out across the country.

They are the sorts of strengths. We will facilitate what we can in those areas, but they are things that are fairly unique to Victoria. Bendigo Bank is actually a great model of community banking. Think of the insurance sector: if there is a lack in an area of product, if we go back to the insurance issues of, say, 2002–03, there was no innovation in that sector like there has been in banking. Bendigo Bank has people chasing it to move into their communities and operate businesses in partnership. That is Victorian innovation. It happens in dozens of other areas. That is probably one of the flagship areas.

Mr DALLA-RIVA — Chair, can I just put that on notice, because it does relate to the number of jobs.

The CHAIR — No problems.

Mr SCOTT — Treasurer, I refer you to your presentation and budget paper 3, page 16. Your presentation mentioned attracting the carbon market to Melbourne as a priority. What work is under way to bring the carbon market to Melbourne?

Mr LENDERS — I thank Mr Scott for his question about the carbon markets. This is, again, a classic area where there is a potential to grow jobs.

The CHAIR — World Vision actually advertised for a position in this the other day.

Mr LENDERS — Clearly with the carbon market — carbon cap and trading, the whole concept going forward — there is going to be a growth industry in this area. We have carbon markets at the moment, we have a few around the world. There are ones in the US, which obviously have been where people opt into them, those who want to be ahead of the legislative scheme in the US.

There are some in Europe that clearly leverage off the rules of the European Union in carbon cap and trade. For us the opportunity here is we have a national government that will bring in a CPRS in the years ahead. That project has slowed down a bit with announcements recently the commonwealth has made. The reality is it will come.

The commonwealth correctly is using the market mechanism to try to deal with cap and trade of carbon, going forward. There is an opportunity for us to go forward, to say, 'What can that do for jobs here in Victoria?'. There is an opportunity. If we have a hub, if we get the regulator here, if we get some of the trading here, it builds on itself, with the analysts, the providers, a range of other people who will also seek to work off that.

Dr SYKES — Layers upon layers of bureaucracy.

Mr LENDERS — Mr Scott asks what the state is doing. We clearly have an active interest. One of my first acts as acting minister for industry was actually to chair a meeting that my predecessor, Mr Theophanous, had gathered together of a whole lot of interested parties across Melbourne to see what we could actually do. We have had two subsequent meetings of that task force, going forward — what government, academia, industry can do together to attract these jobs to Melbourne.

Firstly, we need to have a mindset which actually says, 'We welcome and embrace this going forward as an opportunity'. We do not say, 'It is all too hard'. We actually say, 'How can we move forward and do things?'. There have been a series of actions that have arisen out of it. We are clearly seeking to get the regulator from the commonwealth based in Melbourne. We have certainly been looking into feasibility into a cooperative carbon market institute coming into Melbourne. We have sort of then formed a network. We have also be released already a carbon market services guide. All of those put Victorian businesses and citizens in a position of more information than they otherwise would have. If information is out there, the work is being done out there, we are more likely to attract those various parts of the carbon trading and capping system in place and the jobs that come to us through that.

The world is moving in this direction. The election of the Obama administration is probably the single largest move that has happened in a long time in this policy sense. People put their heads in the sand and hope it goes away. It is a legitimate argument over the transition — a very legitimate argument affecting a state like Victoria. It is a very legitimate argument as to the timing, as to how gentle the start is. There will be differences in this particular area, but there is a real opportunity here for us to leverage off the changing policy settings of the commonwealth, the changing focus of the world. This will be jobs for Victoria if we can get this balance right. I look forward to the challenge.

Ms PENNICUIK — Will it actually reduce carbon emissions? But my question is not actually on that. It is to follow up, Treasurer, on the remark you made regarding WorkCover premiums. You made a remark that WorkCover premiums have reduced because injuries have reduced. You know my background in occupational health and safety. That is a long, ongoing conversation. My question is: don't you really mean compensated injuries have reduced? Certainly the data that has been around for the last decade is that the actual injury rate is a lot higher than the compensated injury rate.

The CHAIR — Insofar as it relates to your portfolio, Minister?

Mr LENDERS — As the former WorkCover minister, I would be delighted to have that off-line, long conversation with Ms Pennicuik on this issue.

The CHAIR — And I would as a former parliamentary secretary.

Mr LENDERS — That is right. And her as a former OHS officer with the ACTU. From my view, as far as it affects the budget and where we are saying Victoria is a centre of excellence, however one measures it, we have seen premiums come down — four lots of 10 per cent and then 5 per cent.

We are seeing, as part of the OH & S act of 2004 or 2005, whenever it was the new act went through, a reduction in injuries. The issue is whether it is compensable injuries or injuries, but our workplaces are, from the government's perspective, becoming safer, but

I guess in the context of the financial services presentation, if you measure OH & S regimes and you measure the WorkSafe authority and the like, ours compared to I think almost any measure, certainly compared to Comcare or certainly compared to the other state schemes, is one where the costs to employers is down. I think as far as benefits go, the only one that is a cheaper scheme as far as costs to employers go is Queensland, and quite frankly you would not want to be injured in the state of Queensland. If Ms Pennicuik has issues here, Chair, if you have to get injured anywhere, Victoria would be a better place than Queensland — not that I am advocating that anyone gets injured anywhere, but in the sense that compensation is certainly more generous here.

We certainly see it in the context of the financial services portfolio. Other jurisdictions are looking at the Victorian scheme to see from their perspective how you can reduce the number of injuries, and they see the Victorian scheme as a good one for that, and also the view as to how can your claims management be more efficient. Claims management is always a challenge. There are two completely different perspectives from the employer to the employee, but it needs to be one that is certain, it needs to be one that is prompt and it needs to be one that has a sound policy foundation underneath it.

So I would suggest — and I follow your guidance — we need to stray not beyond the financial services portfolio here, but it is a conversation I would be delighted to have, and I am sure Ms Pennicuik could also have with the WorkCover minister, and he would be delighted to have a discussion with her in this forum as well.

The CHAIR — Thank you very much for that, Minister. That concludes consideration of the budget estimates for the portfolios of Treasury, information and communication technology, and financial services. I thank the Treasurer and departmental officers for their attendance today.

Where questions were taken on notice — and there were a number of those — the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days.

In respect of the commonwealth arrangements which we hope are coming out tonight, the Premier did promise to try and get those to us as quickly as possible. Thank you very much.

6.3 Information and Communication Technology Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 12 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Lenders, Minister for Information and Communication Technology,

Mr R. Straw, Deputy Secretary, Innovation and Technology, and

Mr J. Strilakos, Acting Chief Financial Officer, Department of Innovation, Industry and Regional Development.

The CHAIR — Treasurer, welcome back. I now call on the Treasurer — the Minister for Information and Communication Technology — to make a brief presentation of no more than 5 minutes on the information and communication technology portfolio.

Overheads shown.

Mr LENDERS — Thank you, Chair. I have been minister in this portfolio since late December. In the first four months of the year Theo Theophanous was the minister, then Gavin Jennings was acting minister for three months, and I have been minister for last five months.

There a couple of things to note here. Firstly, there are some really strong trends in the ICT sector. What we are seeing is that employment has grown consistently, and while it is levelling out it is still strong. We are also seeing revenues in the sector going up and also exports. While these trends are not as strong as they have been over a period of time, at a time of global contraction, Victoria's ICT sector has held up quite well.

There have been some achievements in the portfolio. We have seen the progress report, which I will not go through, but it really is the history of where we have gone and the targets we set ourselves. It is a progress report on that. Through this we are seeing jobs going forward and ongoing capital investment. While we often focus on jobs that leave an area, we are certainly seeing some good successes here, like the 300 jobs going forward at IBM in Ballarat. We are continuing to do the job that the department is meant to do in this particular area, which is building on the skills in the area and investing in particular projects. There are some very interesting measures, like the number of people applying for undergraduate courses in ICT, for example. There has been a very strong uptake this year.

The CHAIR — I hope many of them are women, because I actually gave a presentation a year or two ago to try to get more women into the ICT sector.

Mr LENDERS — I do not have that detail in front of me, Chair, but I certainly know that ICT is more than blokes drinking cans of Coke and eating pizzas. There are probably a lot of people who do not fit the stereotype as well.

There is a lot of stuff going on this year. In broadband, clearly the commonwealth has made its huge announcement of where it wants to go over the next eight years and is making a big investment in this area. Victoria, of course, has the highest, I think, or certainly close to the highest rate of broadband access to homes and businesses already. We went out there very early in the piece in this area. There are fibre links going forward in this budget, and the linking to TAFEs; there is a whole of range of areas in here which build on Victoria's actual capacity in this area.

If we go to research, last year at the end of the financial year we announced $50 million towards the life sciences super-computer. That is coming through in this budget for the project to be up and running. There will be further works in the synchrotron area. There are big challenges going forward. There is continuing growth in the current economic climate. That is big. It is how we leverage off the national broadband network and try to get the headquarters here in Victoria, which will be big for job creation. Clearly we have the issue of Satyam, a great project which we are managing through unfortunate circumstances that that company went through in India.

There is a range of challenges going forward in the area, but this has been one that Victoria has been strongly at the forefront of. I give full credit to the Kennett government. It set up a designated minister for multimedia in then Treasurer Alan Stockdale. It is something this government has worked on strongly since. The current Premier was our first minister in this area. It is an area of growth — we go forward, and we are delighted to continue working in the area. There are some real opportunities and some challenges, but it is an area where Victoria has had strength in people investment and it is a portfolio that will go forward strongly.

Ms MUNT — I am interested in your opening presentation in particular in relation to budget paper 3 at page 128. Under science and technology it gives the details and says it facilitates growth and sustainability of Victoria's science and technology sector through the development and advanced use of new, emerging and transformative technologies. In particular there are ICT projects and programs under way — there are 40 listed. In relation to your opening presentation, you detailed a number of broadband initiatives and issues, innovation funds, the development program, the national broadband network, the leverage for new national broadband

network, the bid for national broadband network headquarters. Could you explain for me the interaction between these 40 ICT projects and the broadband revolution, really, that we are going through at the moment?

Mr LENDERS — I thank Ms Munt for her question and her interest in this area. She is absolutely correct in her premise: all these things are interlinked. There is nothing that is in a sense stand-alone. The commonwealth will talk of a project over eight years that is the size of our budget — setting up a company to run out the broadband connection to the home for 90 per cent of homes with the cover of satellites for the rest. You say, 'Where does that start fitting in?'.

The starting point in Victoria I guess firstly is: why is this important? Broadband is the new infrastructure of the present. If you talk to a number of small businesses — I saw some figures, I think they were the VECCI's or they might have been DTF's figures, a while ago showing that access to full broadband saves a small business on average $5000 a year. That was an economic measurement of the difference that it will actually make for having access to broadband. It is not just an academic exercise. It actually cuts costs to business, let alone what it does to information that is available to citizens in the 21st century, let alone what it does to the ability for students to learn, either at their own homes or through educational institutions. The question in this sense is where this all fits in. For us the starting point is that Victoria was out front there with linking broadband to every government school in the state. Once you have got 1590 or 1600 or whatever the number of government schools is these days, when you have had to work with the private sector in getting those links out to there, clearly, every significant community in the state is connected as you start off, so the capacity for businesses and individuals to actually leverage off that and get access is straightaway enhanced.

Your question of where the 40 projects fit in and how they all come into place is also particularly relevant. We have obviously been able to leverage off there. We have got more than 600 kilometres, I think, of VicTrack. They have lines out there, so one would obviously manage to use that as the information highway, literally linking the physical infrastructure to that.

A lot of that enhancing — we have put a lot of bids in to the commonwealth. We have the VicFibreLINKS program this year that really looks like adding long term to what the commonwealth can do with us. This linking to schools, whether it is a linking to TAFES, all of these build on the capacity in this area, so all the projects interlink. We have also had a number of fairly unique things in Victoria. If we look at Aurora, I think it is, on the edge of Melbourne, where there are 8000 homes being built on a classic, VicUrban modern estate. Now they have not only got third pipes and recycled water, they have got broadband to the home going into that new estate. So we are quite innovative. I think there is a similar project in Queensland — I think there is one other in the country — but essentially Victoria has been in the lead with all of these, and they logically fit together for us to be in a position to be the platform from where the commonwealth can roll out broadband. Why? We have got such a direct penetration into homes and businesses going forward with all these things linking together — the culture, the expertise and the skills — all of them in place in Victoria for us to logically lead the way.

It has been a boon to our economy, but it has also been a great boon to citizens in having more information. That is what being a part of the 21st century is. It is amazing how our language has changed now. People talk of 'googling'. 'Googling' generally implies that you actually have the capacity to get information quickly, and that implies an information highway to get it for you very quickly.

Ms MUNT — Can I say that a lot of businesses are now run from homes, so you have an interaction between that — and a lot of education comes from the home, too, through these information superhighways.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the Victorian broadband demand report, which used to be published each year by your department. It was published on an annual basis by DIIRD or whichever agency had responsibility, and it highlighted the availability and speed of broadband throughout various regions in Victoria and where the shortcomings were and was used by all your predecessors to attack the previous federal government over the poor quality of broadband in Victoria. Since the change in federal government that report no longer seems to be published. It is normally released in February-March. My first question is: when can we expect last year's report, or have you simply ditched it? Or will we see this report being released going forward as it has been in the past?

Mr LENDERS — I thank Mr Rich-Phillips for his question. I will specifically refer the question about the report being issued to the deputy secretary, Randall Straw, for a response on the report being issued and where,

but I think the context I would like to paint on this is that I was not part of the history of blame games — you know, the commonwealth or state, who is responsible for broadband? In my opening remarks I actually, for me, was very generous to Alan Stockdale. I am not often very generous to Alan Stockdale.

The point I would make though, I guess, on this is: if you need reports to show inadequacies, that is fine, if what you are using it for is to actually plug the holes. That is absolutely relevant; you want relevant data to do the priority areas. But I think where the world has transformed — no pun intended — has been that the commonwealth has actually come out with a plan, with a funded plan, to completely rejig broadband with universal access in the country: direct access with broadband to the home in 90 per cent of homes, and where that is just not physically or economically doable, a satellite overlay to give those homes access.

So I do not see the particular need, if the commonwealth is doing its program and delivering — and if people are dubious about the commonwealth doing it, then I think it is a legitimate question, but I am not. I am absolutely convinced that Stephen Conroy will deliver on his national broadband network plan. The commonwealth is investing what it needs. Without too much hyperbole, this is of significance like the Snowy was — in fact, more, because this is for the entire country; the Snowy was for a part of the country. Ms Pennicuik might have a different view on how good the Snowy was. But certainly the national broadband network is a program — again, Randall Straw will add or correct me — where I think about 50 per cent of homes in Victoria have got access at the moment, which is high, certainly higher than in Tasmania, where this rollout is starting. We are in a situation now where if we need to have reports going forward — —

I have completely underestimated it — the equivalent broadband coverage of the state's population. We will need figures for connection to the home, or whatever — but anyway, regardless of that — —

Dr SYKES — No, tell us the figure.

Mr LENDERS — Well I am answering — —

Dr SYKES — No, come on, you were going to.

Mr LENDERS — Dr Sykes, I am answering Mr Rich-Phillips's question, and Mr Straw may well wish to put that figure forward. It means I am underselling Victoria.

Dr SYKES — Let the man speak.

Mr LENDERS — I am underselling Victoria.

Dr SYKES — How much are you underselling it by?

Mr LENDERS — I am normally accused of overselling. I am underselling, which goes to show what a modest minister I am.

Dr SYKES — Tell us how modest you are.

Mr LENDERS — In response to Mr Rich-Phillips — —

Dr SYKES — How modest are you?

Mr LENDERS — In response to Mr Rich-Phillips's question, before I hand over to Mr Straw, the issue is seriously this: you have a report to show gaps so you can actually get the commonwealth to address those gaps or the state can plug the hole behind it. That is why you have a report; that is logical, you do not have a report for the sake of a report. The commonwealth now has an ambitious eight-year plan, a $40 billion-plus plan, to have broadband to the household for 90 per cent, and then 10 per cent by satellite over the top where it is not practical. So we have addressed the need.

I will happily handpass the issue of why we are not producing a report, but I think I know the answer already: because the fundamental need has been addressed by the commonwealth policy.

Mr STRAW — Mr Rich-Phillips, the policy rationale on why we did a supply-demand report and did it for years was that we believed there was a lack of information in the market and we believed information would provide — obviously from a policy perspective, we could work through what government should do in this

area — to the private sector quality information around investment decisions. We believed that was lacking in the marketplace, hence we did the supply-demand reports. It showed, obviously, gaps, certainly in regional areas, but it also showed what the demand opportunities were, which we believed helped the private sector make decisions.

One of the reasons why we have not done one in the last year, I think it is — I think October 2007 was the last data — is that we believed it was moving on. Obviously the commonwealth was moving into this space and other areas, but we believed that was all about first generation broadband, and what we call first generation are things like basic ADSL services, basic satellite services et cetera. In the end the report was showing I think that 94 per cent of all Victorians were covered by basic broadband.

The next game is basically next generation broadband, which is what the commonwealth and the minister were referring to, around the national broadband network. They have made commitments in regard to coverage. Certainly if we did anything around supply-demand we would be doing it in next generation broadband, not basic broadband. That is basically why we did not see value in doing that next report, and we are considering whether or not it is worthwhile, in the context of the commonwealth announcements, to do next generation supply-demand coverage reports.

Mr RICH-PHILLIPS — Given that the Treasurer has acknowledged that the commonwealth plan is eight years, if there is genuinely a tool to identify gaps rather than a political tool after October 2007 — the timing is obviously ironic — would it not be relevant for the Victorian government to continue with that demand report until the commonwealth platform is implemented in eight years time?

The CHAIR — I will take that as a statement, and we will move on to the next — —

Mr RICH-PHILLIPS — No, it was a question. It was: shouldn't the state be continuing with it?

Mr LENDERS — We did VicFibreLINKS, which I mentioned before, reading this budget, and we continue to plug gaps while waiting.

Mr NOONAN — I want to stay with the issue of the national broadband network, which is clearly dominating this space, and refer to budget paper 3, page 130, which refers to investment attraction and facilitation. Given those output levels, I wonder how the state government's recently announced determination to win the national broadband network's corporation headquarters for Victoria impacts on those output projections.

Mr LENDERS — I thank Mr Noonan for his question. For us to get the headquarters of the national broadband network in Victoria would be a really big shot in the arm to our already strong ICT sector. In the end there will be jobs created right across Australia for the rollout. There will be technical jobs, there will be construction jobs, there will be labouring jobs — a whole range of jobs which will go consequently around the country for the rollout of broadband, and that is a win for every community across the country. But in the longer term for getting the headquarters of the network here in Victoria is that there is a lot that goes with it; it is not just the jobs themselves in a corporate HQ. What it does is leverage off that — whether it be the research and development that goes with it, whether it be the innovation, whether it be a lot of the companies that we have in Melbourne and the academic institutions that are already taking people through. That just builds on that going forward. Telstra has had its headquarters here in Melbourne, so the largest telco has been down here. But we also have so many other companies out here. When the commonwealth announced it we were looking at what Victoria had to go. I went out into the eastern suburbs at the time and saw a string of companies that were around and were providing real service in this area.

People are exporting technology to other parts of the world. We are doing work. The R and D that goes out there is quite extraordinary. Going out to Bayswater, Pacific Broadband is an Australian company that is out there and is exporting overseas, The extraordinary thing about Pacific Broadband — it is well worth seeing and this would be typical of so many other companies that are at the cutting edge in this particular area — is it is actually employing young Australians straight out of I think it was Swinburne University in this particular case. There were a number of students I met who have placements for a year or more out in companies like this. They are earning a living, they are learning a skill and it is an absolute investment in young Australians in these particular areas.

If we get the national headquarters of the broadband company here, one for the national company doing it, you have actually got a very strong churn out of ICT graduates in Victoria with skills in this area. For them, they have got a good labour market to actually employ people. You have got so many of the critical companies out here who, again, they can work with. So R and D involves that, also the rollout, also the convenience — the costs of doing business will be less in Victoria because we have got the critical mix here.

For us they are good jobs for the future, they are export-oriented jobs and having the headquarters here means that that next generation — referring to the next generation, but as we go on and on into the future, as you have the refinements of it, if we have got the corporate HQ here, if we have got the R and D that goes with it here, it all builds on itself and means Victoria becomes even more of a hub of excellence in ICT. That is the attractiveness for us in having it here, but the immediate thing for most citizens, of course, is getting that high-speed broadband to the home of the next generation. But for the state economy, having the headquarters here will really leverage off a lot of what is already here, so that is the attractiveness for us.

The CHAIR — Thank you. A final question on ICT from Dr Sykes.

Dr SYKES — My question relates to the rollout of the national high-speed broadband coverage. I should say that lack of broadband coverage is a significant issue in much of the electorate of Benalla. I have many people in the Strathbogie ranges, lifestylers and genuine farmers, who just cannot access reasonable speed broadband, if at all. Even fellows like a young fellow called Daniel Hooper, a 20-year-old, next generation farmer at Devenish, 20 kilometres from Benalla, just off the Hume corridor, cannot access adequate broadband coverage. So there is a need out there.

Mr Rudd has made a commitment to provide the new, high-quality service to 90 per cent of Australians or homes, but as I understand it communities of less than 1000 are not covered in his commitment — even though you talked about delivery for the entire country, communities of less than 1000 do not appear to fit into that. You made some reference to access for other communities to satellite broadband. I would ask the question: how will the missing 10 per cent be covered? If it is by access to satellite services, will they be at a comparable quality and a comparable cost? As a very specific question: can the nearby community access broadband that is connected to the state's schools around the countryside?

The CHAIR — Minister, we want to wind this up.

Mr LENDERS — I will be quick. While I have certainly been spruiking and talking up the federal scheme, the eight years, I do not want to be churlish and say to Dr Sykes, they are specific federal initiatives, some of those he is referring to. They are a legitimate part of policy discussion here and the commonwealth, through its broadband to the home, the new generation, has dealt with the 90. There is obviously a big debate going on in Tasmania and other places over where this is rolling out over the towns of under 10 000.

Dr SYKES — Under 1000!

Mr LENDERS — Under 1000. They are issues in a sense that really are more federal. We have an interest in that and we will obviously advocate with the commonwealth for that satellite coverage to go down to places where there is not new generation broadband to the home.

The specific issue, though, about whether people can access the broadband that goes into government schools, I will take formally on notice. I know part of the big driver we have had always has been that once a commercial operator actually needs to run the old-style cable to a government school, it means the cable is in that town and suddenly it becomes that the leveraging off that for commercial use has just been so much easier.

The specific of whether or not a person can access it, that one I will take it on notice. The main design has been that we need to use the market to roll it out — putting in that requirement to go to every government school in the state has brought it to areas that otherwise it would never have been to. That has been the main driver of what we have done.

Dr SYKES — I just clarify that there are many, many communities in my electorate and other parts of rural Victoria that have less than 1000 people, so you were spruiking the national program, but please lobby and ensure that many country Victorians have access to the technology that has been offered to other people.

The CHAIR — Thank you, Dr Sykes and the minister for taking that one on board. I thank Mr Straw and Mr Strilakos for their attendance.

6.4 Small Business Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 14 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Helper, Minister for Small Business;

Mr H. Ronaldson, Secretary,

Mr D. Latina, Executive Director, Small Business Victoria, and

Mr J. Strilakos, Acting Chief Financial Officer, Department of Innovation, Industry and Regional Development.

The CHAIR — I now welcome Mr Helper, MP, as the Minister for Small Business, Mr Howard Ronaldson, Mr Justin Hanney, Mr David Latina and Mr Jim Strilakos from the Department of Innovation, Industry and Regional Development. I will call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the small business portfolio.

Overheads shown.

Mr HELPER — The opening slide is not the prettiest of them all, so I will go with that. What I want to do with this presentation is examine the contribution and challenges facing Victorian small business, major achievements and priorities for Small Business Victoria.

The CHAIR — You have got 5 minutes, so you will have to be quick.

Mr HELPER — All right. The second slide shows that the last time the ABS took a count, in June 2007, there were over 482 000 small businesses in Victoria, representing 96 per cent of all businesses. Over the last five years, small business has experienced steady growth of around 3 per cent per year. Small business owners are a diverse economic group — 28 per cent are regionally based, 32 per cent are women, 29 per cent are born overseas and nearly 62 per cent of small businesses are home-based.

The past year has been a challenging time, I think it goes without saying, for small business. Two years ago small businesses were primarily concerned with finding skilled staff. Today they are more concerned with business survival. Businesses are increasingly concerned with keeping their customers and paying their bills. Business confidence has fallen significantly. These concerns have been echoed during my visits to small businesses and in individual business conversations I have had.

The government believes that providing information and programs to help intenders start a business or small business owners grow a small business is even more important in these tough economic times. In the 2008–09 fiscal year, over 2200 small business owners have benefited from a variety of intensive management programs and workshops — C21, Grow Your Business, My Business My People — on all aspects of running a business, from business planning to selling a business.

Since 2002 over 19 500 people across Victoria have benefited from the small business workshops and seminars program. More than 31 000 people attended Energise Enterprise, Victoria's small business festival, participating in more than 300 events across the state. Over 653 businesses have participated since July 2008 in the small business mentoring program, which facilitates low-cost mentoring for small business or small business intenders.

Forty-three automotive companies have participated in the C21 challenge. KPMG estimates that $38 million will be earnt in increased exports, turnover and efficiencies over the next five years as a result of the program. The business loan finder is a national product developed by the Victorian government to help small business search for loans, understand their financial options and maximise their chances of securing credit. Since its launch, over 7000 businesses have used the loan finder.

Priorities for 2009–10: economic circumstances require stronger support for small business. The government recognises at a macro level a competitive business environment is required. A massive investment in infrastructure will have a flow-on effect to small business, and efficiencies of doing business in Victoria need to remain at a very high level. At a portfolio level, most successful businesses in difficult times are the most flexible and those with [inaudible] of management of their business. Small Business Victoria focuses on providing services and information that adds that flexibility and management capacity to Victorian small businesses.

Skills for growth: $52 million over three years, 5500 businesses will have the opportunity to engage with Skills for Growth and will provide training outcomes for 55 000 employers.

Leading national comprehensive legislative review on retail tenancy disclosure statements will save businesses up to $46 million nationally over the next 10 years, and Victoria is leading that legislative review. World Class Service — another small business Victoria initiative — makes it easier to deal with government. There are over 4000 phone inquiries to World Class Service each month and 100 000 web users each month.

Small business workshops and similar programs will deliver 250 workshops and seminars in 2009, and 2500 attendances are expected.

The Koori business network continues to support the development of our indigenous businesses. It does so through the provision of training and support for those small businesses and through the promotion of those small businesses, so if I have made that in less than 5 minutes, then I can go on.

The CHAIR — You have done very well and you have added a couple of other slides for our information, which we may well use later on.

Mr SCOTT — On page 75 of budget paper 2 it states:

> The government remains committed to providing a fair and efficient tax system that is competitive with other states.

Could you please provide a comparison on government charges on small business compared to other states?

Mr HELPER — The Victorian government has a strong commitment to regulation reform, including improving the quality of regulation and reducing red tape to promote a competitive regulatory environment. We have committed $42 million to reducing the regulatory burden initiative which aims to reduce red tape by 25 per cent by 2011.

A progress update on reducing the regulatory burden initiative released in November 2008 projected a net red tape reduction of $162 million in July 2009, going very much to the competitive advantage that the Victorian business sector experiences. In 2007 Victoria was identified as the only state in Australia to consistently achieve good ratings in the Business Council of Australia score card of state red tape reform, which measured the performance of jurisdictions in implementing reform of its regulation-making regime.

If we look at payroll tax, while the government recognises that revenue raised from payroll taxation helps to provide services that benefit the entire economy, it is committed to ensuring that Victorian businesses pay no more than necessary. The Victorian government has reduced payroll tax rates to make it the second-lowest tax rate among the states and territories in Australia.

Mr WELLS — But you are receiving a record amount of payroll tax.

The CHAIR — Without assistance!

Mr WELLS — Is $4 billion a record amount?

The CHAIR — Without assistance!

Mr HELPER — Since 2000, the government has cut the rate and the economy has grown also.

Mr WELLS — What about the aggregate amount?

The CHAIR — Without assistance!

Mr HELPER — Since 2000 the government has cut the rate of payroll tax from 5.75 to the current rate of 4.95, which is the lowest level since 1974–05. I think a couple of your governments are amongst those in that time.

Mr WELLS — What about the threshold? Is that the lowest of all?

The CHAIR — Without assistance!

Mr HELPER — As a percentage of state tax revenue, and I am going to the question of the competitiveness of our payroll tax regime, Victoria collects less tax than New South Wales, Western Australia, Tasmania and the Northern Territory. Approximately 9000 small businesses in Victoria are liable for payroll tax; 95 per cent of the 183 000 employed in small businesses in Victoria are therefore exempt from paying payroll tax.

If you look at land tax, again going to the question of competitiveness of the Victorian economy for the small business sector, since 1999 the government has reduced land tax by more than $3 billion. Virtually all Victorian businesses with holdings valued between $400 000 and $5.7 million pay lower land tax than in New South

Wales and Queensland. On a $1 million commercial property a Victorian small business pays less than $3000 in land tax.

Mr WELLS — I think you are being very selective with your figures.

Mr HELPER — This is $6700 below the national average for a property of this value. So with that, I am describing an economy that is vibrant, that is competitive with other economies in Australia and indeed other economies internationally; on that basis, it is an environment where business confidence can be better than in those other jurisdictions.

Ms PENNICUIK — The Skills for Growth program that you mentioned on one of your slides — I am wondering about the costs and the targets of that program. The targets are 1500 businesses assisted at a cost of about $8800 each, which seems quite high per business, and the number of businesses is a bit low, and the latest measure — I think it is 10 places per business, which, if we are talking about small business also seems high — could you comment on that, and how you arrived at those figures and costs?

There is another part of the question, Minister: I understand that some of that advice would be provided by private providers rather than TAFE, for example, and I am just wondering whether the department has thought about risks in terms of private providers that may be linked to private training institutions?

Mr HELPER — Let me take that last point first. In terms of the training providers that are contracted to the program, we developed, with all appropriate probity safeguards, a framework of tendering that was neutral to the structure of the training provider, except they obviously have to meet our requirements or the program's requirements, so I cannot give you a full listing, and it would be inappropriate to give you a full listing, of all those that sought to be considered.

All I can say is they went through an extensive selection process which was overseen by extensive probity arrangements to ensure that we get the maximum value, the maximum outcome and the minimum risk for the providers that are selected. The cost per business of the scheme needs to be put in the context of what we actually do. If I may, I will just run through what we do with each individual business.

Firstly, we develop a workforce action plan, which identifies the business improvement opportunities, including workforce planning, people management initiatives and the future skills needs of the business. It is quite an exhaustive and extensive process that each individual goes through. Out of that we develop a workforce training plan, which is a tailored training and development plan that identifies businesses and individual skills needs, and recommends the relevant training opportunities to meet that skills need.

We then go to the third stage of the project, which is placement into training and facilitation and placement of staff into the training identified in the workforce training plan. Finally, as you would expect us to, we do an evaluation of the overall business outcomes, including progress and of implementing the workforce training plan and workforce action plan.

A component of that is the provision of the training and the training places that are purchased. Another two components are some quite detailed planning work that gets undertaken on an individual basis with that business. When you have a look at the outcomes of My Business, My People program, which is in a way a precursor to this program, a pilot for this program, you see the quality of difference it has made to businesses is tremendous. It really does position businesses to be competitive, to be commercially successful and to get value for money out of going through this particular program.

Coming to the point of the question where you asked about the targets, they are targets that we are confident we will meet in terms of the number of businesses that go through. We have averaged it out at 10 employees per business. It is a program that is targeted at small and medium businesses. We define 'small business' as a business with less than 20 employees; and 'medium business' as less than 200. It is a broad range. I think it is a strong strategy and one that I have every confidence will make a real difference to the individual businesses and to the individual employees who gain an accredited skill set.

Ms PENNICUIK — Is the skills growth meant to go on after this particular forecast period?

Mr HELPER — We have budgeted for it for the next three years. How we will progress beyond that will be a decision that government will consider.

Ms PENNICUIK — It is obviously going to be evaluated?

Mr HELPER — Yes.

Ms MUNT — I am interested in budget paper 3, page 126, under 'Small business' it has that 'Agencies participating in World Class Service initiative' are expected to grow to 200 in 2009–10 — that is, agencies. In your opening presentation you listed, under World Class Service — strong growth in Business Victoria registrations — for March 2009, Businesses Victoria registrations at 35 000. I am interested in knowing what work the World Class Service initiative is and how it will impact the forward estimates?

Mr HELPER — Thanks for your question. World Class Service initiative is a key component of our plan to reduce red tape. World Class Service is about reducing the regulatory burden. It is not one-dimensional, saying, 'We will reduce regulation'. It is actually saying, 'How can we make it as efficient as we possibly can for businesses to engage with the regulatory framework that we do have? The highly efficient regulatory framework that we have — how can they engage with it most efficiently?'.

As an explanation for committee members, the service provides you with the ability to search all government websites in one go, access step-by-step online learning guides. They are terrific; I have gone through half a dozen of them. We need excise those stats from small business registrations, but I think I did it in one go, so there will not be that many. You can ask questions and find a business adviser — whether that be in the area of accountancy, whether that be in the area of legal assistance — so you can actually quickly, geographically and in an area of expertise, match up with expert providers.

You can find books and connect up with the workshops program that we run through Small Business Victoria. You can subscribe to updates and use an integrated online visit. To me this is the key and exciting part of World Class Service — you can use an integrated online account to manage your business licences and permits and registrations.

So you can do your business name renewal et cetera online. All of those transactions that require you, or in the past required you, to shuffle paper, you can do online; you do not have to fill in 500 000 times what your ABN number is and because you have an individual account, your identity and your details are automatically linked to any interaction that you may have with government regulation. There is a strong uptake of — —

The CHAIR — How does it work through the — —

Ms MUNT — Is there a portal or gateway?

The CHAIR — It is a portal, is it?

Mr HELPER — Yes. You select your area of interest. It is a little bit like internet banking, I guess. You log in to your personal account in terms of your regulatory functions — —

The CHAIR — How do you log into your account from the front page?

Mr HELPER — David, how do you log in from your front page?

Mr LATINA — There is a box that says 'log on here' and register with Business Victoria.

Mr HELPER — I thought that would be the answer, Chair. I forgive you though, Chair. It is better when you see it on a full-size screen rather than in a presentation.

There has been strong uptake of World Class Service for small business. In March 2009 there were approximately 30 000 business interactions, including over 4700 calls. It is not just the web presence; the business line that we have also links to a similar set of information. Additionally over 100 000 businesses each month visit the Business Victoria website. That equates to one in five Victorian SMEs, and we are pretty proud of that.

We obviously evaluate all our programs, and over 80 per cent of World Class Service users state it makes them more efficient and confident in dealing with regulatory matters. We think it is crash hot and commend it to any jurisdiction that would pay us the royalties.

The CHAIR — Is anyone copying it?

Mr HELPER — I have my tongue in cheek on that, Chair.

Mr DALLA-RIVA — Minister, in the Treasurer's speech he states:

> The government's commitment to reduce red tape by 25 per cent over five years has already led to major reductions in business costs …

I refer you to budget paper 2, page 74, where it says:

> Through the *Reducing the Regulatory Burden* initiative, the government has committed to cutting red tape by 15 per cent over three years and 25 per cent over five years.

That follows on from the government's earlier Dorothy Dixer. The issue is, though, that at the PAEC hearing on 16 March last year Mr Wells asked for a list of the regulations that had been removed or planned to be removed or reduced for small business. I have been through the report on the 2008–09 budget estimates part 3, dated October 2008, and in particular page 388 under the subheading 'Details on regulations that have been already removed and those which will be removed by July 2009 under the small business portfolio'.

You go on to list in your response that you have responsibility for 'the following acts', and you mention six acts. You mention sunsetting one act and then go on to speak about something else entirely off the issue, about the regulations that would provide some of the initiatives in terms of cutting red tape.

I ask again: can you please provide to the hearing a list of the regulations that have already been removed and regulations that will be removed that meet the requirements on so-called reducing the regulatory burden for small business — and over the forward estimates as well?

Mr HELPER — What you need to be aware of, and maybe I could have made that clearer at last year's estimates hearing, is that Small Business Victoria is not actually a regulatory agency. We are not an agency that regulates an enormous amount of activity.

Mr DALLA-RIVA — So there is no regulation or red tape on small business?

Mr HELPER — No, I am not saying that. We are not a large regulator within the functions of the Victorian government. You need to be able to make a mental leap between regulation and regulatory burden. What small business owners — and I was one — get concerned about is the regulatory burden, not the amount of regulation.

Dr SYKES — Not the amount of red tape?

Mr HELPER — You need to have efficient regulations, and I think it is fair to say that Victoria, certainly in all areas that I am aware of, leads the country in terms of a focus and an emphasis on efficient, useful and practical regulation. The business council's statistics giving Victoria regular ticks on the effective and efficient regulatory regime we have in this state pay testimony to that.

So you come to the consideration of the regulatory burden, and that is where my department through, for example, World Class Service, is making a significant difference in reducing the regulatory burden that an individual business actually experiences. It makes it easier for business to interact with government.

That there are regulations is a given. We live in a society; therefore there will be regulations. What jurisdictions — and we are one — that concern themselves with regulatory efficiency focus on is to ensure that the interactions that the business community and the general community have with that regulatory regime are as practical and efficient as they possibly can be. In the other column, that of regulatory efficiency, we indeed lead the country. But if you are gong to explore a great swag of regulatory reform to have occurred in Small Business Victoria, I am sorry to disappoint you because we do not have that great swag of regulatory reform.

Mr DALLA-RIVA — We asked it last year, Chair, and we are asking it again.

Mr WELLS — We asked last year. How can we ask for the same question and not get anybody to answer?

Mr DALLA-RIVA — There is nothing in your statement, Minister, that related to a reduction of 15 per cent over three years and 25 per cent. All we got was spin about how great it is, but nothing else. Unless you can provide us with some — —

Mr HELPER — That is a whole of government — —

The CHAIR — Let me comment on that as the Chair. Minister, we once again ask you to provide us with some information in that regard. I do note that page 74 of budget paper 2 does say that the Treasurer brings down a report, usually in November — I think it is a VCEC report, from memory — and he is going to produce another one later this year. I guess we will have a look at what the minister provides to us as well as what the Treasurer will provide to us, too. We need to finish this off.

Mr HELPER — With respect, Chair, the targets that are referred to are whole-of-government targets.

The CHAIR — I understand that.

Mr HELPER — I genuinely appreciate the members' interest in ensuring that we have regulatory efficiency. What my department — what Small Business Victoria — contributes in the regulatory efficiency area is the ease of interacting with regulation. We do much more in that space, because — —

Mr WELLS — So there might be a 25 per cent reduction in small business. Is that what you are saying? In red tape and small business?

Mr DALLA-RIVA — You have not committed that.

Mr HELPER — No. Small business interacts in a regulatory sense — —

Mr WELLS — I know, but it is getting lost in the spin.

Mr HELPER — I do not know. Have you been in small business by any chance?

Mr WELLS — Yes. My family had a farm machinery business.

The CHAIR — We need to finish off, Minister.

Mr HELPER — How much of that regulation that your family business interacted with came from Small Business Victoria? Not a great deal.

Mr DALLA-RIVA — You claim it.

The CHAIR — I think we have finished. You have said that we will get some further information and we will do some further analysis. That concludes consideration of budget estimates for the portfolios of small business. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that written responses to matters be provided within 30 days. Thank you, Minister.

6.5 Tourism and Major Events Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 15 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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 G. Hywood, Chief Executive Officer, Tourism Victoria.

The CHAIR — I welcome Mr Holding, Minister for Tourism and Major Events. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the tourism and major events portfolio.

Mr HOLDING — I welcome the CEO of Tourism Victoria, Mr Greg Hywood, who has joined me as part of the presentation. I will go now to the slides.

Overheads shown.

Mr HOLDING — This slide makes the self-evident point that tourism is a major part of the Victorian economy and contributes a large amount in terms of the value to the economy and the state's gross state product, but it also employs a lot of people, and obviously in these difficult economic times an industry that is capable of generating new jobs and providing jobs for people across a wide range of skill categories is a very important part of the Victorian economy, and that is exactly what tourism does. Going to the next slide: what is happening at the moment?

Firstly, we can say that Victoria, from a tourism perspective, is doing remarkably well. Our tourism industry is holding up in these very difficult economic times. What we have seen, firstly, is that our share of international visitors is strong. In fact it is stronger than it has ever been. Melbourne is outpacing Sydney as the destination in Australia where Australians spend most of their money.

Ms MUNT — Beauty! Well done.

Mr HOLDING — This is the first time this has happened.

Mr NOONAN — It won't be the last.

Mr HOLDING — For those of us who live in Melbourne, it is no surprise that people would want to come here and spend money and generate economic activity. For those of us who have been to Sydney, it is no surprise as to why Melbourne would be doing so well.

Also we are seeing domestic, overnight and daytrip visitors spending in regional Victoria — that is very important. I also want to say just one thing about the airport. Melbourne Airport at Tullamarine has been doing an extraordinarily good job at attracting more direct international services to Melbourne. This has always been a priority for the government, but seeing it growing its passenger numbers has been very important. The pace of growth there has well and truly outstripped Sydney and Brisbane, and that is also fantastic.

What have we achieved? We launched the regional tourism action plan in this financial year — the one we are in at the moment; we have just launched it. The new elements of the regional marketing program have been released. The tourism modules for the tourism excellence training program have been launched. That has been well received by the industry. We will shortly open the new convention centre. If you have not been down to have a look, you ought to — it is awesome. It is another one where we are now setting the Australian benchmark in terms of a building that is 6-star energy rated and environmentally rated. It will draw visitors from interstate and from overseas. We have secured a large number of events to hold in that convention centre, and I mentioned before that we have increased direct flights.

What are the key priorities going forward? Bushfire recovery is critical. I would be happy to take questions on some of the bushfire activities. We have provided a package, in conjunction with the commonwealth, of $10 million to support bushfire-affected communities from a tourism perspective. We have ongoing marketing campaigns. Investment attraction continues to be very important to us. It is a new and growing focus for Tourism Victoria. We launched, as part of that, the nature-based tourism strategy in the financial year we are in currently.

I launched the tourism investment guidelines. Major events and business events continue to be important to Victoria. Business events, with the convention centre, but also major events more generally are our key point of difference with our interstate competitors. We continue to do very well in that area. When we look at why our tourism numbers are holding up while other states are struggling, I think you need go not much further than the outstanding calendar of major events that we maintain here in Victoria as an explanation for that.

What is in the budget? There is the bushfire money, which is joint commonwealth and state money. There is money for marketing Melbourne. Whilst it is not embedded in the new money in the budget — it is part of the major events cap — I can say that we have *Jersey Boys* starting its Australian premiere. This is a multi-award winning Broadway classic which we think will be fantastic when it starts in Melbourne. The Winter Masterpieces this year will be the first major Salvador Dali retrospective held in Australia and *A Day in Pompeii*, which will be fantastic. We have got a World Cup qualifier, Japan against the Socceroos, and the Australian Masters golf.

Mr NOONAN — Minister, I might add that the western suburbs of Melbourne are also going through some great periods of growth in tourism, which I know you know about.

Mr HOLDING — Yes.

Mr NOONAN — My question relates to tourism investment in Victoria. I note on page 138 of budget paper 3 that the first line item is about investment projects facilitated. My question is regarding those investment projects and whether the minister can explain what the Victorian government is doing to facilitate investment in Victoria's tourism industry.

Mr HOLDING — That is a key question. Historically Tourism Victoria's focus was on marketing the state. In recent years that focus has changed and evolved to have a much greater emphasis on supply-side product development and on investment attraction. To attract new tourism investment to Victoria, both public sector investment but particularly private sector investment, you need to have a whole-of-government approach. That is exactly what we have been doing here in Victoria. That is the focus of the 10-year tourism and events industry strategy, which my predecessor launched.

It is the focus particularly of the tourism task group, which is a cross-government group chaired by Greg Hywood, which draws in government agencies that have tourism developments and proposals coming across their desks or that have some interface with the planning system or whatever it might be. It makes sure that the importance of securing more tourism investment is understood across government.

We have seen also the launch of the tourism investment guidelines, which I launched a few months ago. These things, specifically along with funding from RIDF — the Regional Infrastructure Development Fund — which Jacinta Allan uses to leverage regional tourism infrastructure projects, have seen many projects supported across the state. We have seen things like upgrades to the Mildura airport so that regional jet services can continue to access that airport, the Goulburn River high country rail trail and the Bendigo Chinese tourism and cultural precinct. They are all projects that Regional Development Victoria has supported through RIDF.

Projects that have already been completed of a tourism infrastructure nature include the Melbourne Convention Centre, with $370 million worth of investment; the $45 million redevelopment of the Grand Hyatt Hotel, which I had the pleasure of opening about a month or so ago; the Melbourne Recital Centre, $74.5 million; the Ibis hotel in Glen Waverley, which I opened with the Kuwaiti sovereign fund investors in that project; the Mantra at Tullamarine, which is a $30 million development I opened there last week; and the Hepburn Bathhouse and Spa.

These are key projects that are already completed, but the encouraging thing is the pipeline of projects going forward. There are big projects in Melbourne, such as the third Crown hotel — $300 million. That will be the biggest hotel in Australia when it is finished. I just opened the Hilton Melbourne South Wharf as well, which is another major development in Melbourne as part of the convention centre development. I also had the pleasure of opening a few weeks ago the InterContinental at the Rialto redevelopment.

Dr SYKES — You have been doing a bit of a pub crawl, Minister!

Mr HOLDING — Other projects that are in the pipeline are the Wyndham Cove marina development — that is $30 million worth of investment — and the Melbourne Yacht Club Hotel and marina.

In regional Victoria there is the Nagambie Lakes resort, which I know will be of great interest to the member for Benalla — a $150 million development that is part of a larger residential development — and the RACV Torquay Golf Club and hotel development, which is an $80 million development down at Torquay. There are some fantastic developments right across the state. There are things already finished and new things coming.

Those investments will generate jobs, but they will also create a fantastic environment to attract more visitors to a survey.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3 at pages 138 and 139. It talks about tourism and total output costs, and then footnote (f) says:

> Variance between the 2008–09 to 2009–10 target reflects the transfer of funding for major events funding to the Department of Planning and Community Development …

There are a couple of questions in relation to the reasons for the transfer, but I am trying to get some clarity as to where major events fit in, because if you go to page 124 in the same budget paper you will note under 'Ministerial portfolios' for DIIRD that it references that major events are the department's responsibility and the ministerial portfolio fits within there. Then if you go to page 304, it talks about funding under DIIRD's tourism output. I am just trying to get clarification of where the total funding for major events occurs. Is it split between two departments, because it appears that it has ended up in sport and recreation within the Department of Planning and Community Development as well as within DIIRD. I just wonder if you can answer: what is the total funding per year for major events specifically for 2009–10?

Mr HOLDING — To the extent that the question asks if I am the only minister for major events in Victoria, let me assure Mr Dalla-Riva that I am. The transfer of money that he refers to in relation to the Department of Planning and Community Development pertains to track works at Albert Park Lake as part of the grand prix and some other ancillary works that are occurring there as part of the redevelopment and enhancement of the facilities. That is why there is a transfer to reflect the agency that actually has the responsibility for the delivery of those works.

You mentioned a number of other budget references, but you seem to be asking who has responsibility for major events. It is me, as the major events minister. Obviously other ministers from time to time have responsibility for specific events, because they might be the minister for sport and recreation, the Minister for the Arts or ministers with other departmental responsibilities — for example, the Minister for Innovation takes particular responsibility for the AFI awards and the Minister for Industry and Trade is responsible for the international airshow and the fashion festival specifically. Whilst I have an engagement with a lot of those major events and all of those events are funded from the major events cap, individual ministers may have actual responsibility for the delivery of the event with the event organisers.

Mr DALLA-RIVA — On notice perhaps, what is the total funding per year for major events, because it is broken up a bit and I would just be interested in the forward estimates to work out specifically what it is?

Mr HOLDING — I am actually happy to answer the question. The major events cap in Victoria is just over $80 million per annum, and the Premier and I referred to that figure at the time that we announced the securing of Tiger Woods for the Australian Masters. We spend just over — a little over — $80 million per year out of the major events cap. Having said that, a number of agencies provide funding for events that you would not necessarily describe as major events, but it is event funding. Tourism Victoria has a regional events funding program, which is done on a grant basis on the back of applications. Regional Development Victoria also from time to time provides event funding for different events, frankly as do other government agencies.

The CHAIR — Multicultural events.

Mr HOLDING — Multicultural events, Arts Victoria et cetera. So there is other funding for events across other areas of government, but the major events cap within the understanding of the question that you are asking, Richard, is predominantly within that cap.

The CHAIR — You can provide any more information. I also point out to the committee footnote (ah) on page 177 in the other department's outputs section.

Ms HUPPERT — Minister, I want to return to the subject of bushfire recovery, which is clearly a key theme through the budget for this year. You mentioned in your presentation earlier some of the devastation of snowfields and other tourist attractions within Victoria. I have to admit to an interest in this, as I am a frequent visitor to the snowfields at Lake Mountain. Could you please outline what steps are being taken to assist in increasing immediate visitation to assist the bushfire-affected regions in their recovery?

Mr HOLDING — Thanks very much for the question. The Premier and I announced on 17 March, with the federal government, the $10 million package that I referred to in the earlier presentation. Six million dollars of that funding will go towards cooperative marketing and brand rebuilding; $1 million will go to the bringing forward of postponed events and the marketing of existing events, so $1 million to support events; and $3 million will go towards the enhancement and redevelopment of tourism and visitor facility infrastructure in national, state and regional parks adjoining bushfire-affected areas. That was, if you like, a key step — $10 million to support bushfire-affected areas themselves and to provide the best possible framework so that visitors could return and understand that the state is open for business.

The second element of bushfire assistance was the $51 million package to business that was a shared commonwealth-state response. That will go towards providing support for businesses that were directly burnt or damaged in the fires. There are, as you have mentioned in your question, some businesses that fall into that category that are tourism businesses. They will be able to access that funding support — those grants and the financial counsellors and the business support network — to assist in the recovery.

I am pleased to say that, in partnership with VECCI — or really by VECCI, but with a seed grant from the Victorian government — a private-sector trust fund was established to provide businesses that had cash flow problems as a consequence of the bushfires with direct support. This is a very problematic area. It is obviously very difficult for government to compensate businesses for a loss of cash flow, particularly when the bushfires coincided, as they did, with the general economic downturn that was experienced around the world.

It is difficult sometimes to unpick what is the consequence of the general economic environment and what is the consequence of bushfire, so that fund is very important in enabling the private sector, through VECCI, to make judgements about those issues and not the government being put in the invidious position of trying to determine some of those issues.

The other point that I would make is that the response from Victorians and people from interstate to returning to bushfire-affected areas has been overwhelming. I have been either in the north-east of Victoria, the Gippsland area or the Yarra Valley over the Labor Day long weekend; since then the Easter period; and then more recently with the Grape Grazing Festival and even on Mothers Day, and the visitation in those areas has been absolutely staggering. Some businesses have been reporting record turnover. That is very encouraging.

I did an event in Sydney two nights ago. Whilst we have the horseplay or the backwards and forwards with Sydney, we do appreciate the support that Sydneysiders and people from around Australia have provided to our bushfire recovery efforts. That was for a food and wine promotion, which over the next month will see Victorian produce from the Yarra Valley and from north-east Victoria showcased in some of Sydney's best eateries. I think that is a great way of getting across that message that, even if you cannot come to Victoria and visit the bushfire-affected areas, you can eat Victorian produce in outstanding restaurants in Sydney. That is another great way of showing your support for these affected communities.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the expected decline in international visitation this year as reported in the budget papers. What strategies or plans is the government putting in place at an international level to mitigate the affect of the global financial situation on international visitation?

Mr HOLDING — You are right. The budget papers do anticipate a decline. This is a very challenging environment for us. Despite the fact that Victoria last year enjoyed a 29 per cent share of international visitors to Australia, which is the highest share we have ever achieved, we would be foolish if we did not acknowledge that the outlook over the next 12 months will be particularly challenging. International visitor numbers are likely to be particularly hard hit, and the budget performance measures reflect that.

The question is then: what do you do about it and how do you respond? Firstly, we are going to reaffirm our commitment to securing more direct services to Melbourne. This is very important. It provides greater choice for people who would like to come to Melbourne if they can fly from a greater variety of locations. Our ability to sell Melbourne as a destination that is easy to get to is very important.

We are also looking again at the way in which we market and promote Victoria offshore. China is going to be particularly important to us. We have entered into a partnership with China UnionPay, a very large provider of debit and credit cards in China, therefore they have a vast customer base of consumers with high or medium discretionary incomes who are a good target market for us for securing more visitors to Victoria. China is one of

our fastest growing international visitor markets, and being able to access new arrangements to promote Victoria in those markets is very important.

We are also looking at the way we promote Victoria in new or emerging locations, such as India. We have in recent years appointed a new manager of our promotional activities in India — a Mumbai-based company — so that we can more forcefully promote Victoria in a destination which is very important to us, another destination with a rapidly emerging middle class with access to disposable income and discretionary time for the first time to travel extensively, and Victoria is a location that is well placed to capitalise on those markets.

In other markets we need to look again at where we might have had a focus in the past as to whether or not that is desirable. A particular market that has been challenging for us from an international visitor perspective is Japan. Our numbers have declined in Japan over a number of years now, over more than a decade, and we would be foolish if we continued to resource Japan at the same way that we have historically without freeing up resources or not accessing the opportunity to free up some of those resources to promote ourselves in India and China in newly emerging markets.

They are not easy decisions to make, but you need to go where the greatest growth potential and opportunities are, and that is how we are rejigging our offshore promotion activities so that we are focusing our efforts in the markets that are likely to grow the fastest.

Mr RICH-PHILLIPS — Are there any additional resources into those international activities, in those international offices?

Mr HOLDING — We are providing some additional resources — reprioritisation from within Tourism Victoria, partly to reflect the exchange rate changes — so that we are able to continue our existing effort with the adverse changes in the exchange rate.

At the same time I would point to the $5 million in Melbourne marketing funds that I pointed to in the presentation. We have done an outstanding job of marketing regional destinations in recent years and relaunching or committing to brand campaigns right across the state. It is fair to say that we have probably been a bit underdone in the Melbourne marketing and marketing Melbourne is very important for drawing in visitors for the rest of the state as well. The $5 million that we have committed there, whilst not specifically designed exclusively to go to international marketing, will have a benefit more generally just because of the quantum of the resources.

The CHAIR — Thank you very much, Minister. That concludes the consideration of budget estimates for the portfolios of finance, WorkCover and Transport Accident Commission, water, tourism and major events. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that written responses be provided wherever possible within 30 days. Thank you, Minister. We will reconvene at 2 o'clock.

Dr SYKES — Chair, I have a very brief and specific question on notice for the Minister. I am sure he will be able to answer it.

The CHAIR — All right.

6.6 Major Projects Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 15 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr T. Pallas, Minister for Major Projects,

Mr H. Ronaldson, secretary,

Mr A. Smith, deputy secretary,

Mr S. Sweeney, executive director, Major Projects Victoria, and

Mr J. Hall, acting deputy secretary, Major Projects Victoria, Department of Innovation, Industry and Regional Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for, firstly, the portfolio of major projects. Dr Sykes is an apology.

On behalf of the committee I welcome: Mr Tim Pallas, Minister for Major Projects; Mr Howard Ronaldson, secretary; Mr Alf Smith, deputy secretary; Mr Sean Sweeney, executive director, Major Projects Victoria; and Mr John Hall, acting deputy secretary and Ms Beth O'Conner (managing slides presentation), Major Projects Victoria, Department of Innovation, Industry and Regional Development. Departmental officers, members of the public and the media are also welcome.

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

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

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

I ask that all mobile telephones be turned off.

I now call on the minister to give a presentation of no more than 5 minutes on the more complex financial and performance information related to the budget estimates for the portfolio of major projects.

Overheads shown.

Mr PALLAS — Thank you, Chair, and committee members. It is a pleasure to be here today to talk about the Major Projects portfolio. Last week Treasurer Lenders brought down a budget that put infrastructure investment and securing jobs at its forefront. A record $11.5 billion will be invested in infrastructure during the next financial year to fast-track job-creation projects right across the state, creating up to 35 000 jobs. The Brumby government is delivering the largest major projects program in our state's history; since the year 2000, more than $24.5 billion has been invested in infrastructure.

In this year's budget we have announced $7 billion in net infrastructure investment for the year 2009–10 and a record figure aiming at stimulating investment, creating jobs and seeing us through these hard times safely. The budget also committed to an average net infrastructure investment of $4.4 billion over the coming three years. To give you a comparison, the average infrastructure spend per year under the Kennett government was around $900 million compared to $3.5 billion — —

Mr DALLA-RIVA — How much is government?

Ms MUNT — They hate being reminded.

The CHAIR — Without assistance from members on either side, please.

Mr PALLAS — Thanks, Chair. That is worth at least another minute. It was $900 million compared to the $3.5 billion per year under the Bracks and Brumby governments, and we are spending nearly four times as much as the previous government did on infrastructure. The value of combined projects currently being delivered in the major projects portfolio is around $3.3 billion of both public and private sector capital investment.

Since 2000, the major projects portfolio has represented around $12.2 billion in economic benefits in Victoria, and has created almost 10 000 construction jobs.

The CHAIR — I hope some of them are women too, Minister.

Mr PALLAS — The 2008–09 financial year has been an exceptional year for Major Projects Victoria, with a number of notable achievements. Since it reopened for business in September last year, more than 18 000 people have visited the $10.6 million Hepburn Springs bath house, which is now one of the largest spas in the country and which employs more than 70 people.

The award-winning Melbourne Recital Centre and MTC Theatre was delivered three months ahead of schedule, creating 500 jobs during construction and now employing 25 full-time staff and a large casual workforce, including hundreds of actors and musicians.

The completion of stage 1 of the award-winning Kew Residential Services redevelopment delivered 55 private dwellings and 20 community houses, providing high quality, socially inclusive homes for 100 former residents and setting a new standard for disability accommodation.

The new Melbourne Convention Centre is a fantastic new economic engine for the state. It is the largest centre of its kind in the Southern Hemisphere. It will inject about $197 million a year for the next 25 years into the Victorian economy and will create 2500 jobs. We already have 48 international and 190 national conventions confirmed, which is likely to bring something like a quarter of a million delegates to Melbourne. The $1.4 billion development has already delivered an estimated $4 billion in economic benefits to the state.

Projects currently under construction include the $267.5 million Melbourne rectangular stadium, which will be Melbourne's first ever purpose-built venue for Rugby League, soccer and Rugby Union. This 31 000-seat stadium, with its iconic bio-frame roof, fills a missing link in Melbourne's renowned sporting facilities, and it will be operational early next year.

A lot has been said about this stadium so far, but probably the greatest accolade that I have come across recently is a report from Melbourne Victory supporters, of whom essentially 62 per cent said the no. 1 event for them in the coming year was the opening of this stadium — which is pretty amusing, given that only 19 per cent of them actually considered the defence of the A League premiership as an important event.

The CHAIR — As a member, I think both are very important, Minister.

Mr PALLAS — Currently in the major projects portfolio we have two projects under procurement: the Melbourne Markets relocation and Biosciences Research Centre. Another interesting upcoming project is the $128.5 million Southbank cultural precinct redevelopment, which begins with the refurbishment of Hamer Hall at the arts centre.

One initiative is the Princes Pier project, where this year $20 million has been allocated to deliver the final stages of the restoration. This funding, in addition to the $14 million already committed, will allow the first 196 metres of the pier deck to be replaced, the restoration of the gatehouse and other improvements to the space currently being finalised. The restoration is expected to be completed in 2011.

Beyond project delivery, MPV is also actively engaged in planning for the future, doing early thinking in areas where we think there might be successful project delivery. The state government has allocated $2 million in funding progress planning for the future of the E-Gate precinct in West Melbourne, a project with a potential value of more than $1 billion. A comprehensive business case will explore a range of land uses, such as sporting, commercial and residential.

Another large-scale project currently being planned is the redevelopment of Melbourne Park and Olympic Park, to accommodate the growth of the Australian Open tennis tournament now and into the future. During the Australian Open in January this year the Premier announced that $5 million had been put aside to develop a capital works program with detailed designs to upgrade the entire precinct.

In the current economic climate clearly the global financial crisis presents a challenge to the construction industry. The government is serious about doing whatever realistically it can do to protect the construction industry during the financial crisis. The construction industry is a major part of the Victorian economy. It provides about 7.8 per cent of the state's GDP, employs more than 224 000 people and exceeds about $16 billion in net sector production. Our record infrastructure investment is intended to support jobs in the construction industry.

In conclusion, although the immediate future looks challenging for the construction industry, the Victorian government is working hard to stimulate the economy so that we can go forward with some confidence. We entered the global financial crisis with a strong state economy. We have delivered and will continue to deliver record levels of infrastructure investment to world-class standards. In the 2009–10 budget we have committed to a range of strategic infrastructure designed to drive the Victorian economy forward, create jobs and protect our state. Thank you.

The CHAIR — Thank you, Minister. We have until 3 o'clock for questions on the major projects portfolio. I might begin by asking what federal grants, both output and assets, have your portfolio department agencies received in the budget. Can the department provide the committee with a list and description of these grants and programs? What accountability mechanisms are there in respect of them?

Mr PALLAS — Thanks, Chair. In terms of federal grants it is generally not the case that we pick up much in the way of federal grants. We do not generally directly receive federal funding for any projects that MPV is involved with. Our client departments may, however, receive federal funding for construction. Major Projects Victoria has not received any federal funding in the most recent federal budget. In respect of the bushfire clean-up, you probably would be aware, however, Chair, that the commonwealth has committed to providing funding to clean up and dispose of the waste that has been caused by the destruction of the buildings during the 7 February bushfire. Major Projects Victoria is currently directly involved in the bushfire clean-up, administering the contract for the clean-up, for the disposal of bushfire waste and also for the clearing of the more than 2000 buildings, including homes, businesses, community buildings and outhouses destroyed by the fire. Federal funding was in the past provided for the Australian Synchrotron, not for construction purposes but for the additional beam lines.

The CHAIR — If there is anything you can tell us about the accountability mechanisms, I assume you can give it to us on notice.

Mr DALLA-RIVA — Minister, I am just going to budget paper 3, page 140, and looking at major projects. We have had previous ministers here talking about projects that they are undertaking. I am trying to get some clarity in terms of the budget and the forward estimates. How much of the major projects portfolio is actually involved in major projects, and in particular how much are you claiming is yours within the major projects portfolio when in fact projects have been totally managed by other ministers — for example, the desal plant, the Springvale Road level crossing, the east–west rail tunnel and a few other things have been mentioned? Exactly how much is Major Projects Victoria involved in, and in particular what is the relationship you have with DTF through Partnerships Victoria, which seems to be more about the major projects development than in fact your department?

Mr PALLAS — I might say that at least in respect of one minister — the minister managing the grade separation at Springvale Road — I can assure you it is in good hands.

Mr WELLS — That is what we are worried about!

Mr DALLA-RIVA — That is what we are worried about!

Mr PALLAS — No, you are not. Relax.

The CHAIR — The minister, to continue.

Mr PALLAS — In relation to the differentiation in terms of responsibilities between Major Projects Victoria and other government departments, it is probably relevant to give a broad analysis of how that comes about and why it is the case. Major Projects Victoria traditionally manages large-scale development construction projects for the Victorian government. MPV is obviously an expert in project delivery. Projects are effectively allocated to the Minister for Major Projects and MPV under the PDCMA, or the Project Development and Construction Management Act. Not all of the government's major projects, nonetheless, are delivered by MPV. To deal with that issue, traditionally there are two main reasons why a project is allocated to MPV, to look at it in a positive perspective.

Firstly, there are situations when MPV is responsible for a big one-off project that the state is delivering. Examples of that are the Commonwealth Games athletics village, the Australian Synchrotron and of course the rectangular stadium. They are all examples of one-off projects. Because MPV is the government's expert

project delivery agency, it can also deliver projects on behalf of the departments that do not have the same sorts of expertise. An example of that would be the Hepburn bathhouse, or for that matter the Kew residential project; they are both being delivered on behalf of departments that are not project delivery experts.

MPV, however, does tend not to deliver projects on behalf of departments that have an established expertise in delivering their own projects. For example, the Department of Education and Early Childhood Development builds a lot of schools, and therefore are experts in this project delivery. Similarly the Department of Transport also has a high level of project expertise, which is why the Department of Transport is successfully delivering a variety of projects, including of course, through the Port of Melbourne Corporation, the channel-deepening project.

Ms MUNT — I refer you, Minister, to page 8 of budget paper 3 under the heading 'Record infrastructure investment program' where it states:

> Accelerating investment in public infrastructure will balance any decline in private sector investment resulting from the economic downturn —

referring to the global financial crisis, I presume —

> and be a key source of employment opportunities in the state, generating tens of thousands of jobs in construction over the next four years.

Can you please explain to the committee how that investment in public infrastructure is being delivered and be a bit more specific about how that will generate jobs and the level of jobs?

The CHAIR — Minister, particularly in relation to your portfolio.

Mr PALLAS — The government has made a commitment to securing and creating jobs for Victorians, and obviously that, in the current economic circumstances and current climate, is critical to our broad objectives. That is why we are putting in place such a record infrastructure expenditure. Picking up Mr Dalla-Riva's point, that is being delivered right across government, and MPV, of course, is proud to play its part. We are also aware that the global economic crisis is having an impact on economies right across the globe, and I am pleased to be able to tell you that despite these challenging times we take the view that the Victorian economy is holding up comparatively well. Part of the reason for this is that over the last 10 years the Bracks and Brumby governments has also invested appreciably in infrastructure. That has set us at a pretty good baseline in terms of the robustness of the economy and the jobs that have been created up to this point.

Since 2000, as I indicated to you earlier, we have invested more than $24.5 billion in infrastructure. It is the largest infrastructure program in the state's history. In the 2009–10 budget we have committed to an average net infrastructure spend of $4.4 billion over the next three coming years. The value of the projects currently in the feasibility planning and construction phase in the major projects portfolio is around about $3.3 billion of both public sector and private sector capital investment. Since 2000 the government's investment in the major projects portfolio has created what we believe to be around 10 000 jobs, and we have used the calculation used by the Master Builders Association in formulating that.

This commitment to investment in infrastructure and job creation has seen the government, through MPV, deliver benefits right across the state. For example, we have improved health services such as the Austin and Mercy hospital; we have boosted our arts and our cultural precincts and capacities, such as the MRC and the MTC facilities, to enable Melbourne to continue to preserve its global reputation as an arts and cultural centre; and we have delivered world-leading science and technology facilities, some of which I think from a national as well as an international point of view we have every right to be quite proud of, including the synchrotron and first-class sporting facilities. I know there is an enormous amount of excitement around the rectangular stadium, and I think this will be one of the architectural crowning achievements of this state in many ways. It will be iconic, and it is a tribute to all involved, in particular to Grocon, which is managing what is an extremely complex design and delivery program. We are very pleased with how that project is progressing.

We have delivered in regional Victoria. For example, there is the Hepburn spa bathhouse with more than 18 000 visitors, which has also featured on the TV program *Postcards*. Clearly the capacity to identify the offering that regional Victoria has to the rest of the nation has a great tourism potential.

As Minister for Major Projects I am also responsible for projects that continue to create jobs and also to support the Victorian economy. The bioscience research centre, for example, is a major new agricultural research facility the government is delivering in partnership with La Trobe University. We estimate that that will create approximately 320 jobs during construction and will continue to support up to about 450 jobs once it is open. Construction of the biosciences facility is due to commence in mid-2009.

We showed in the recent budget that we as a government are about creating jobs, and I am proud of those achievements to date. We continue to invest in infrastructure, deliver world-class major projects and create jobs in Victoria.

Mr DALLA-RIVA — Minister, I am interested again in page 140 of budget paper 3 in relation to the performance measures for major outputs and deliverables. In particular, under the heading 'Quality' we see 'Delivery of nominated Major Projects Victoria projects complies with agreed plans', and — surprise, surprise — each one is 100 per cent, despite the fact that Hepburn Springs bathhouse was delayed 18 months from the original date it was meant to be delivered. We still do not know what the situation is.

We have vacant land up in the Melbourne fruit and vegetable market. Nothing has been sorted out there in terms of the forward plans. The Melbourne Wholesale Fish Market, which you advised three years ago was going to be closed in March of this year — —

Mr WELLS — How can this be 100 per cent?

Mr DALLA-RIVA — Exactly, Mr Wells. Princes Pier is in fact nominated underneath the heading 'Timeliness', and we know the debacle that happened there. So how does Major Projects Victoria come up with a 100 per cent success rate when I have just cited four delays as an example?

Mr PALLAS — Could I go through the individual items first and then come more broadly to the issue? The 100 per cent criteria contained in those papers are essentially 100 per cent of the criteria of success that those budget papers set, and indeed I think the MPV agreed key performance indicators agreed in its business plan are 80 per cent of projects delivered within plus 10 per cent of agreed budget.

Mr WELLS — What?

Mr PALLAS — It is 80 per cent of projects delivered within — —

Mr DALLA-RIVA — So it is 80 per cent within 10 equals 100?

Mr PALLAS — Within plus or minus 10 per cent of agreed budget and agreed time frame. You do realise that in any major project you would have to incorporate — —

Mr WELLS — How can you say 100 per cent?

Mr PALLAS — It is 100 per cent of that key performance indicator.

Mr WELLS — One hundred per cent of the 80 per cent?

Mr DALLA-RIVA — No, with a 10 per cent variance.

Mr PALLAS — One hundred per cent of the indicator, Kim.

Ms MUNT — They have trouble with figures, Minister.

Mr DALLA-RIVA — Maybe it is a Labor calculation!

Mr WELLS — Eighty per cent plus a 10 per cent variance gives you 100 per cent. That is amazing. I bet your media unit worked that one out!

The CHAIR — Without assistance, thank you.

Mr PALLAS — But because I really want to make this clear to you, Kim — —

Mr WELLS — Please make it clear. Talk slowly — —

Mr PALLAS — I would not want you to walk away with any level of doubt — —

Mr WELLS — Okay, and I think — —

The CHAIR — Without assistance please, from anybody.

Mr PALLAS — One hundred per cent of the performance indicator, the performance indicator is 80 per cent of the projects, plus or minus 10 per cent of agreed budget and agreed time frame. Since 2000, of 15 projects, 93 per cent of those projects have been delivered within 10 per cent of the agreed budget.

Mr WELLS — So it is not 100 per cent?

Mr PALLAS — And 80 per cent of projects have been delivered within 10 per cent of the agreed time.

Mr WELLS — That is not 100 per cent.

The CHAIR — Thank you; without any comments, Mr Wells.

Mr PALLAS — Therefore MPV has achieved 100 per cent compliance of its agreed business plan target.

Mr DALLA-RIVA — This is a real *Yes, Minister* answer, Minister.

Ms MUNT — It is very simple.

Mr PALLAS — I thought it was breathtakingly obvious, really.

Mr WELLS — So your benchmark is 80 per cent with 10 per cent variance?

The CHAIR — Thank you. We have had the answer. Mr Noonan?

Mr NOONAN — Minister, from your presentation I am interested in the E-Gate project. I note its proximity to Australia's busiest container port, just by the map you have provided. I note also that page 331 of budget paper 3 refers to $2 million for the planning and development of a business case for E-Gate. Can the minister explain to the committee what the E-Gate project is, and also what is the value of investing in the development of the business case.

Mr PALLAS — I think the E-Gate project basically says a lot about the Brumby government and also it is evidence of a government with a vision, a government that shows that it is committed to a strategic long-term process in terms of planning for the state. E-Gate is probably demonstrative of that in a lot of ways, because it is about the long-term strategic fit and planning.

E-Gate is about 20 hectares as a site, and it is ripe with possibility. It is one of the last remaining brownfield sites in inner Melbourne, and it is currently without a long-term strategic plan in place. We are going to have to make decisions reasonably promptly about the long-term future and possible uses of this facility, given the existing tenancies that operate at that facility.

The E-Gate precinct — which is actually called E-Gate because it is next to the E gate in the Melbourne rail yard area, so it makes it easy — is located between the North Melbourne train station and Footscray Road in West Melbourne. There is potential for the site for redevelopment, which is so close to Melbourne CBD, and it is well serviced by public transport, so it is pretty obvious that there are quite a number of opportunities and there will be a lot of potential ideas for us to work our way through.

Development of the site supports the whole policy that the government identified in Melbourne 2030. It has the potential to be a $1 billion-plus project, comparable to the MCCD in terms of its scope and size of investment. One-billion-dollar-plus projects create jobs, they secure jobs and they also boost the construction industry and associated industries, and in the current environment that is critically important. And in this case over about a 20-year redevelopment program the project has the potential to create something like 1700 jobs.

The government has been looking at ways to realise the E-Gate potential while also maintaining the essential transport infrastructure which is currently in and around that site. In 2007 VicTrack commissioned MPV to undertake a concept master plan of the land at E-Gate. MPV submitted that master plan to VicTrack in

December 2007 and presented it to the VicTrack board in February 2008. So $2 million has been allocated and it will provide for detailed technical and commercial assessments of the redevelopment opportunities to inform a long-term strategy for the precinct.

The ideas and concepts for the site are quite wide and varied. Obviously we are not at a point where we are sifting or selecting. The land would support options and mixes, including commercial and residential. Some ideas that have been floated around, to give you a flavour for it, are: an eco-city, an environmentally sustainable city, possibly free of cars. An example is a city of the future like they have outside London, but nothing like it exists in Australia.

Another option: the site could be suited to support a large-scale institutional development, such as a hospital or a university or some other social infrastructure. A third option: the site has the potential to support affordable housing. A fourth and final option: the site would be large enough for a sporting stadium.

Any development of the site would require a whole-of-government approach. Portfolios such as roads and ports, public transport, planning, community development, housing and environment are all potentially affected by a development of this nature. We are working with and consulting VicTrack, BlueScope Steel — as I say, the current tenant of that area — and other stakeholders as we look into the options in the site. BlueScope Steel currently leases the site until 2014 but on a site this large and this strategically significant, I think it is important that we start planning now and also start sending some pretty clear signals about our intentions to that tenant in due course.

Mr DALLA-RIVA — Minister, in terms of the previous question about the 100 per cent of the 80 per cent with the 10 per cent variance.

The CHAIR — Twenty per cent, I think.

Mr WELLS — Ten per cent.

Mr DALLA-RIVA — Yes, 10 per cent. You would probably agree that there ought to have been a footnote to indicate that, because it appears that it looks like straight up 100 per cent. But anyway, I think that is for us to consider.

Mr WELLS — You do not think there should be a footnote?

Mr PALLAS — I think it is pretty clear that the statement is that it has met its performance indicators, as agreed in its business plan.

Mr WELLS — Where is it?

Mr PALLAS — It is meeting its performance indicator.

Mr WELLS — According to you.

Mr DALLA-RIVA — Where does it say that?

Mr WELLS — Where is that?

Mr DALLA-RIVA — It is misleading.

The CHAIR — Is that a question or a comment?

Mr DALLA-RIVA — No, I am just saying that perhaps there ought to have been a footnote.

Mr PALLAS — But the good thing is, Richard, you have got the opportunity to ask, and I have provided the necessary level of clarity.

Mr DALLA-RIVA — Whilst we are on page 140 and the figures that appear there, I note reference to Princes Pier, and I note there are only two projects listed in terms of timeliness. I gather they are the only two projects that are currently in the process within MPV. That is the first part of it. The second part of it states 'Princes Pier: commence reinstatement of deckworks'.

I noticed you said there is $14 million committed and an additional $20 million, I think, from the discussion, yet target not met quarter 1, and you say it is because existing:

… beams were exposed, their reuse was not viable …

Has that cost us $14 million to discover that? Where has the rest of that money gone and what is $20 million going to do into the forward estimates? When are you anticipating the Princes Pier project to be completed?

The CHAIR — There are three questions there, Minister.

Mr DALLA-RIVA — It relates to Princes Pier.

The CHAIR — I understand that.

Mr PALLAS — Sure. I will just clarify here that if you go to budget paper 3, page 140, you will note under 'Quality' the targets are basically explained:

Delivery of nominated Major Projects Victoria projects complies with agreed plans

That is effectively the targets and the performance indicators that I have just taken you through.

Mr DALLA-RIVA — Where are those agreed plans?

Mr PALLAS — If nothing else, Richard, that would have alerted you to the fact that there is a criteria.

Mr DALLA-RIVA — Yes, but where are they? Somewhere in the public domain, are they?

Mr WELLS — Where are the agreed plans in relation to that?

The CHAIR — Can we get on to the Princes Pier?

Mr WELLS — It is an agreed plan. I am just wondering where it is.

Mr DALLA-RIVA — In a crystal ball?

The CHAIR — I think he is going to tell us now about Princes Pier.

Mr PALLAS — It is pretty important that we recognise that the government has taken action to secure and assure the redevelopment of what is an iconic and historically significant pier. There has been $20 million allocated in this year's budget for the final stages of the pier restoration.

I actually visited the pier yesterday and confirmed the government's contribution. I can tell you a little bit about the historical significance of it, and that is why the government has determined to proceed with the delivery of what I think is a vital project.

It is the second-largest timber-piled wharf structure in Australia. It is very important to Victoria and Australia's history in many respects. It was the departure point of Diggers in World War I and World War II. It was also the arrival point of many postwar immigrants. These were times and events that obviously shaped our state and our nation and necessarily due regard needs to be paid to them in terms of our investment priorities.

The development of the pier will ensure that this important part of Victoria's history is retained. The project was announced in 2006; $14 million was allocated to the first stage of the project. That was to demolish the decking on the pier. It was not until demolition works began that it became clear just how derelict and rotten the old pier deck was. I have a handout to give you an appreciation of exactly what it was we were dealing with; while that is being handed around I will continue and come back to that.

We had a problem with Princes Pier. We have to accept that. The demolition works were temporarily halted largely due to the extent of the deterioration of the existing structure, which only came to light as part of the demolition process. The demolition works recommenced in October 2008 and are progressing well. The demolition works will be completed by the end of this year.

There might be a question about what the $20 million was for. The $20 million announced in this budget will allow the government to complete the vision for the project. The $20 million will fund the final stages of the

project, that is to re-deck about 196 metres of the pier and also restore the gatehouse. Beyond that the decking will be removed, with the original piles being preserved as heritage in the structural sculpture of the centrepiece. I have a handout for that.

The gatehouse will be restored for possible use as a cafe or perhaps also as a historical centre. Details are currently being finalised in the consultation with both the City of Port Phillip and with Heritage Victoria. As with all our projects, however, we are going about securing and creating jobs. The project is likely to generate about 100 extra jobs on site.

It is anticipated that the impact of the construction on the associated industries of the restoration will be about $40.6 million — that is the MBAV's rubric, while up to about $30 million in other economic benefit to the community will be generated. It is estimated that the refurbished pier will be protecting its heritage value and will attract 200 000 visitors a year, so the redevelopment is also seen as a final stage for the completion of the waterfront revitalisation of Beacon Cove. It is due for completion in 2011.

I might say, that will come as a large measure of comfort, Jennifer, to yourself, and also to the member for Albert Park, who was with me yesterday at the unveiling; and also a lot of the structural engineers who seemed to be taking up part-time observation work from Beacon Cove, giving us very useful advice as we go along.

Ms PENNICUIK — Minister, I notice that on the front of Major Projects Victoria's website that MPV has a commitment to environmental sustainability in its projects, which is to be expected when it is spending so much public funds and they are due to last many decades, one presumes.

My question relates to the Melbourne rectangular stadium. Also on the website is a list of environmental features that are or will be present by the end of construction, including rainwater harvesting and storage, low water-use fittings, provision for 95 per cent reduction in use of potable water, low energy light fittings, maximum natural ventilation, recycled building materials, low embodied energy, hollow-core concrete slabs, only plantation or recycled timber, low embodied energy bio-frame, low VOC carpet and paints, a fully integrated waste management, building automation system to minimise power use, bike storage facilities and access to public transport.

My question is: will all those features be present when the project is finished, unlike the Southern Cross station which had a similar list but missed out due to cost cutting?

Mr PALLAS — For a minute I thought you were building me up, and then you took it all out from underneath me! Major Projects Victoria takes seriously its environmental responsibilities. I will come back to the rectangular stadium, but let us not look exclusively at that, because I think Major Projects Victoria has a pretty good story to tell also in terms of, say, the convention centre, which will be the first convention centre in the world to achieve the Green Building Council of Australia's six-star green-star rating for convention centres.

Mr WELLS — What does it go up to?

Ms MUNT — What is the highest possible?

Mr PALLAS — I will not take you through all the wonderful things that are in there because clearly you are more excited about the rectangular stadium. We believe we will be pushing the boundaries of sustainable design for construction of sporting facilities, and I think that is a place where Major Projects Victoria is quite comfortable being: they take those responsibilities quite seriously. So while the goals will be scored on the pitch of this completed facility, environmental goals have been scored during the construction of the stadium already. We are already ahead on points, Sue.

Ms PENNICUIK — Are you ticking off the list and making sure they are all there, Minister?

Mr PALLAS — I am just about to, so you can hold me to account. If I get it wrong, I will hold Sean to account, and he will find somebody further down the line to hold to account. The roof contains about 50 per cent less steel than a typical cantilever structure; rainwater will be collected from the roof; low water use fittings; low energy light fittings where possible; maximum natural ventilation and light — —

Ms PENNICUIK — It is the same list.

Mr PALLAS — I just want you to be sure that I have them all. Recycled building material where appropriate; use of low embodied energy hollow core concrete slabs; only plantation or recycled timber to be used — —

The CHAIR — Does that include the piles from the pier?

Mr PALLAS — No, apparently we are not allowed to touch those.

Ms PENNICUIK — They are heritage, Chair.

Mr PALLAS — They are far too precious. They have to be left where they are, Chair.

Only plantation or recycled timber to be used; a fully integrated waste management and recycling system; bike storage facilities and good access to public transport. Is that your list?

Ms PENNICUIK — You missed out low VOC compound carpet and an automated system to minimise power use. However, my question is: are all those things going to be present when it is completed?

Mr PALLAS — All the things that I said.

Ms PENNICUIK — Thank you, Minister.

The CHAIR — Okay. It sounds like a very good list. I am not too sure why the six star and the green star are there. Do you have an explanation for that? I understand what five star and six star is, but what is the green star? Is it an industry standard?

Mr SWEENEY — The green star is the rating system; that is the actual rating system. It is a green star rating system. There are other rating systems in the world; we have selected that one.

Mr PALLAS — It is a Green Building Council of Australia — —

The CHAIR — Can you give us some details of that on notice?

Mr SWEENEY — Six stars is the highest rating you can get.

The CHAIR — All right. That is pretty useful.

Ms HUPPERT — Minister, thank you for the information you gave us about Princes Pier. I want to ask you about another project that is also in my electorate, and of course in Ms Pennicuik's electorate, which is the Melbourne Convention Centre. Page 9 of budget paper 3 states that:

> the new Melbourne Convention Centre, which when combined with the exhibition centre will be the largest convention and exhibition facility in Australia;

Could you please explain to the committee the benefits that this construction has had for Victoria, and why we have built such a big convention centre in Melbourne, and the benefits that will flow in the forward estimates period?

Mr PALLAS — I think the introductory comments that I took you through really outline the great economic value that this facility is going to have. In a lot of ways you get a spin-off value to the state just by the sheer physical presence and the notice that you get. We anticipate that we will get a quarter of a million delegates to the convention centre in terms of committed projects, whether national or international.

Victoria is set to become one of the most sought after business tourist destinations in the world when the convention centre opens for business in July this year. We are tracking very well, and a lot of great work has gone into the delivery of what I think is not only an exciting project, not only a world-class piece of infrastructure but something that will set off in a visual sense and architecturally Melbourne to its best.

I hope that when it opens you will get an opportunity to go and see how the Yarra River is framed through some of the major common areas within the convention centre proper. It is a world-class convention centre, and it will strengthen Victoria's position in the national and international convention and exhibition markets. The

facility is a significant asset in terms of our state, and one which will help us weather the storms of the current global economic slowdown.

The investment by the Bracks and Brumby governments in the Melbourne Convention Centre project is $368.8 million. The total investment in this project from commercial development is about $1.4 billion. To put that into some sort of context, it is just slightly more than the amount of investment that the state is making in terms of the M1 project — the Monash–West Gate project. The project has already delivered an estimated $4 million in economic benefits to the state. As I indicated to you earlier that is through committed conferences, and the employment spin-offs that have flowed from the delivery of the project.

The MCCD has created jobs and will continue to create secure jobs. There are 1780 jobs during the construction stage, and 2500 jobs across the state over the next 25 years is our anticipation of ongoing employment opportunities.

So far 48 international conventions and 190 national conventions have been booked. That is pretty impressive for a structure that hasn't even opened its doors yet. These will bring something like a quarter of a million delegates to the state. The first of the conventions will start in early July, and we will meet their expectations of having a fully functional convention centre up and running then.

It is worth noting how the convention centre delegates boost our economy. I think it is quite interesting when you look at the 2006–07 Melbourne convention delegates study that found international delegates spend on average about $876 a day in Melbourne and that they stay for an average of about six nights. Domestic delegates spend about $860 a day but they stay for an average of about three nights. Compare this to how the national leisure tourists market operates. This really does put into contrast or stark reality why it is that we need to get the convention business. Leisure tourists spend approximately $100 per day. Clearly, convention delegates spend seven to eight times that amount on a daily basis.

These delegates will be able to stay at and enjoy the $150 million, 20-storey Hilton Melbourne South Wharf. Construction began on the Hilton in May 2006, and it opened in April this year. The hotel includes 396 rooms, a restaurant, bars and a cafe, and will be the equivalent of a 5-star hotel.

The convention centre itself will include an impressive 5000-seat plenary hall which has innovative gala seating systems. It has a grand foyer, banquet room and fantastic views of the city. It will revitalise the precinct, providing a link between Southbank and the Docklands area. It will provide a significant tourism boost with new bike and pedestrian facilities, and ensure that the Polly Woodside remains a major tourist attraction going forward.

The convention centre, as Sue and I have just discussed, leads the world in sustainability. Sorry, Sue, we didn't — we actually talked about the rectangular stadium. I tried to discuss that one — —

Ms PENNICUIK — You are going to discuss it now.

Mr PALLAS — Good. Thanks for that. Our green credentials include solar panels to deliver all public amenity and hot water requirements; a black water recycling plant to recycle water waste to supply toilets, cooling towers and also to irrigate landscapes; natural light and energy-saving controls on installed lighting; and lighting fixtures that adjust depending on the amount of daylight that is available or detected in a room. Many of the building materials are sourced from renewable materials and sustainable industries. A public open day is due to occur on 31 May. Get along there. It is well worth it.

The CHAIR — It sounds very good.

Mr SCOTT — I would like to discuss the major project of Victoria's response to the bushfires. We have all noted the huge community response to the bushfires. I refer to budget paper 3, page 9, which notes the government's response to the bushfires of 7 February this year. What role is Major Projects Victoria playing in response to the bushfires?

Mr PALLAS — I might actually hand over to Sean at some stage so that he can at least get an opportunity to speak before this committee. He has taken quite a substantive role as part of an indoor agency task force that was formed in the immediate aftermath of the 7 February Black Saturday bushfires to coordinate the government's response. Perhaps I will just ask Sean to give us a brief update on how things are going.

Mr SWEENEY — I have been sitting on the task force, but primarily sitting there from a construction or infrastructure rebuilding needs point of view. Most of the rebuilding is going to be private individuals doing their own thing with their own property. There is actually quite a small amount of public buildings that have been destroyed. The focus of our efforts is as the contract administrator for the clean-up contract with Grocon, which is a massive logistical task, but it is now starting to proceed very well. As of last Friday, it had cleaned 1000 of the 3000 sites.

Mr SCOTT — Just by way of seeking some further information, what is the estimated value of the public buildings that were destroyed?

Mr NOONAN — I think it is about $80 million. We heard that this morning.

Mr SWEENEY — The building stock is of a highly variable nature, from $1 million high-end homes to very basic quarters. I think it would be quite hard to come up with a value. I think 3000 properties were registered as having suffered damage.

Mr PALLAS — One of the things that I think is interesting on this is that approximately 3000 property owners have registered for the clean-up — and Grocon is now mobilising in 10 regions plus having its Melbourne headquarters. Nearly 80 clean-up teams have been mobilised with 39 subcontractors; 69 per cent of the subcontractors and about 50 per cent of the clean-up workforce are local to the fire-affected areas. Separate operations have been mobilised to offer assistance to more than 90 property owners who have been served with emergency orders by councils.

About 28 per cent of eligible registrants have been contacted by the authority and have been approved for reimbursement, and nearly 70 per cent of those registrants have been reimbursed. Almost 20 per cent of the sites have signed consent deeds and have been cleaned up and are waiting formal approval as complete. We are making substantial progress in this area.

The CHAIR — Thank you. Minister, I just want to come back to the rectangular stadium as a bit of a fan of football and also rugby, as you have mentioned before. I have seen photos in the paper regarding the developments, and I will be pretty keen to get down there myself, particularly with some of the supporters of Melbourne Victory, to have a look. If you could organise that for us, that would be great.

I am looking forward to matches being played there. The best sporting spectacle in Melbourne is watching Melbourne Victory with soccer fans at one end and the other — it is wonderful. Can you tell us how this rectangular stadium is actually going to deliver jobs and fit in with the infrastructure spend that you outlined at the beginning?

Mr PALLAS — Sure. I am looking forward to the rectangular sports making the rectangular stadium their home. I had the great opportunity to play at Olympic Park on Monday night as part of a Labor Party All-Stars versus Celebrities match. We lost 3-1, and I think it was largely because of the pitch. But of course those problems will not occur in future on the spectacular pitch that will be available.

In the 2009–10 budget the Brumby government obviously has made investing in infrastructure and securing jobs a no. 1 priority; the $267.5 million rectangular stadium is a key example of this. The stadium will be known around the world as the next generation stadium, and there is a lot of excitement, I have to say, within the architectural and engineering community about what is going on at this stadium.

I have gone down to the site and spoken to be construction manager on site, Mr Stephen Richardson for Grocon, and he is doing an exceptional job. He is the same fellow who actually managed the work on the MCG development before the Commonwealth Games and he managed that project spectacularly, as did Grocon. This project similarly is going ahead very well.

It will be visually and structurally unique. It has a self-supporting roof with a strong focus on sustainability. It will be to Melbourne sport what the Opera House was to culture in Sydney. The stadium will also provide the missing link in Melbourne's sporting infrastructure.

In response to the growing popularity of football and soccer, and the support for Melbourne Victory, the government has decided to increase its capacity from what I think originally was around about 20 000 to 31 000

seating capacity, which is an increase of 55 per cent. More than 1200 workers are expected to be employed both on and off the site during construction.

The features of the cutting edge bioframe roof design provide extensive seat coverage. The stadium will aim to push boundaries for sustainable design and construction. The bioframe roof is unique in not only Australia but also the world and will give the stadium a very strong identity, both visually and architecturally in a broader sense. The innovative bioframe roof design helps reduce the amount of steel that is actually required for the roof by about 50 per cent compared with the traditional cantilever construction methods that are used.

Arup, who have been the engineers in the roof of the stadium, also worked on the Water Cube and the Birds Nest stadiums at Beijing. They say that the stadium roof is just as complex as the stadiums that amazed the world at the Beijing Olympics. Certainly the engineers who are putting together this task tell us exactly how complex it is.

The stadium is truly of an innovative character. It has already been recognised, winning such awards as the 2008 Bentley engineering awards of excellence. This prestigious international award is presented by US company Bentley, a market leading provider of comprehensive software solutions for infrastructure lifecycles.

The stadium will be the new home of Melbourne Victory and Melbourne Storm. We are pleased about that. It will also become a world-class event and administration complex. It will be open for events early in 2010.

Ms MUNT — Is it meant to look like soccer balls or is simply my imagination?

Mr PALLAS — It is simply your imagination.

The CHAIR — Thank you, Minister. I look forward to going down and watching the Melbourne Victory women's team.

Mr PALLAS — In fact what the architects tell me is it is supposed to look like: they got the inspiration for the design looking at the bubbles coming out of soft drink. It is effervescence of Melbourne.

Ms MUNT — It looks like a soccer ball.

Mr DALLA-RIVA — That sounds like you can get some naming rights!

As I asked the Minister for Agriculture the other day, and I will ask you the same question: why do you hate fruit and vegetables, and why do you hate fish? We have a situation of two iconic markets in Melbourne where there has been a total failure in terms of their relocation, decision-making and the whole lot.

You put out a press release on 2 December last year, particularly in relation to the Melbourne Wholesale Fruit, Vegetable and Flower Market — you hate flowers as well — that you were going to move it from the current Footscray home to a new 133 hectare site in Epping. Given that in your press release registrations were to close on 9 December 2008 and construction was expected to begin mid to late-2009, I ask: did you get any expressions of interest? Why is there is nothing in the budget or the forward estimates in terms of allocation of funds; and if there is, where are they, for those two markets?

The CHAIR — Thank you, Minister. Take no notice of the imputations but answer the question.

Mr PALLAS — I want to make it very clear to you, Richard, I do not hate vegetables except for broad beans. The relocation of the wholesale markets from Footscray to a new purpose-built facility and precinct in Epping is going ahead. The government is committed to it. The market has outgrown its current site; it has actually outgrown the site in quite a practical sense, and also the site where it is currently located is required for a variety of other issues. I know that perhaps in the next couple of hours people might want to ask me about our freight strategies.

Mr WELLS — I think Labor has got it down as no. 3.

Mr PALLAS — I think it might actually be your lot that might ask me about this one. It has outgrown its current site. We are committed to a new site at Epping with better transport access and also to ensure that there are state-of-the-art facilities and more capacity for the future. It will secure something like 600 jobs in the construction phase, and we are hoping that the markets will be operational in 2012.

They are an important part of the state's economic infrastructure and have an annual turnover of something like $1.6 billion. They will cater for the future demand and growth of Victoria's horticultural industry; they will help meet the government's export target of about $12 billion by 2010. The relocated markets will provide excellent road access to Melbourne and regional Victoria. They will also provide vastly improved occupational health and safety for market users.

About 75 per cent of the producers who use the current market site come from the north, so it will avoid the need for large truck movements, for producers to drive through the city; that will also have efficiency benefits to them and amenity benefits to the city and the inner west. I know Mr Dalla-Riva has a view that Epping only good for growing thistles.

Mr DALLA-RIVA — I have never said that.

Mr PALLAS — On 25 October 2008 on 3AW radio he said:

It's a lovely place to grow thistles.

The CHAIR — Without provocation, Minister!

Mr PALLAS — We can both agree that we do not like thistles.

Mr DALLA-RIVA — When was that, 2007 — two years ago?

The CHAIR — The minister, to finish the answer, please.

Mr PALLAS — However, we need to recognise that there are important uses for this facility now and into the future, so whilst the opposition has essentially said it would keep the fruit and vegetable market at Footscray, and Louise Asher has said that as recently as August 2006 — —

Mr WELLS — 'As recently as 2006' — that is 'recently'?

Mr PALLAS — I understand you have a very short-term memory, Kim, but some of us have a greater capacity for recall.

The CHAIR — Thank you — without assistance!

Mr PALLAS — Also very recently, in 2006, Peter Costello recognised that we do need that facility for port and for our freight development. The project budget, to the issue in point, has an allocated budget which obviously in the 2008–09 budget is identified as $218 million, budget information paper BIP at page 61. The MPV's role on the project is essentially delivering the design and construction of the core market facilities and, as such, I am the delivery minister with responsibility for ensuring that that all occurs.

The tenants of the market from our perspective have a pretty key role to play here, and we intend engaging with them to ensure they have a clear appreciation of what it is that is on offer, and we have every confidence, given the level of investment that the state is making not only in the core facilities but into the long term, in the broader success of this site in a holistic sense. We believe it will be attractive to them.

I make this point that there has been some concern expressed by some of the growers — it was in last year's budget papers — —

The CHAIR — We understand that. You will also find it in the budget information paper for last year, too, on infrastructure.

Mr PALLAS — Yes, 2008–09. One of the things that we are attempting to make clear in our dealings with the market community will be to invite them to register their interest in taking space at the new markets in Epping. This will allow the state to further develop the design and functional requirements of the new market before construction commences. The basic philosophy for the incumbents will be, from our perspective, that the store tenants will have preferential access to the Footscray Road footprint as part of the precommitment process, giving them some surety that they will get like with like in terms of footprint, but of course the facility itself will be remarkably and substantively better.

This will leave some space for new entrants and will also include stand holders wishing to move to stores. Because of the large volume of warehousing that will be available, it is our aim, to both freeholders and leaseholders, that this warehousing will be available close to and further away from the trading floor complex at Epping. We expect to see an accelerated level of development of the varied business models for the market tenants as we are capable of giving them greater clarity in terms of the process on offer.

Mr DALLA-RIVA — The second part of my question to finish: is the wholesale fish market going to Epping as well, as a number of members did say last year in Parliament?

Mr PALLAS — When I was in the Assembly, I understand a question was asked of Minister Helper about this issue, and he volunteered the advice that this is essentially an issue that relates to his portfolio, but the tenancy arrangements are with the City of Melbourne in respect of that facility. We have made offers, I might say, to the fish market operators, that we would be happy to talk to them about facilitating the move to Epping, and they have indicated to us they have no desire to move to that facility, and they are looking for alternative locations.

The CHAIR — Thank you, minister. I would appreciate if the department could try and complete question 9.1 on the questionnaire in regard to staffing. I thank Mr Ronaldson, Mr Smith, Mr Sweeney, Mr Hall and Ms O'Connor for their attendance.

6.7 Regional and Rural Development Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 20 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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,

Mr B. Ostermeyer, Executive Director, Infrastructure, Regional Development Victoria,

Mr J. Strilakos, Acting Chief Financial Officer, and

Mr C. Marsden, Manager, Business Improvement, Department of Innovation, Industry and Regional Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 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; Mr Howard Ronaldson, secretary; Mr Justin Hanney, chief executive, Regional Development Victoria; Mr Brad Ostermeyer, executive director, infrastructure, Regional Development Victoria; Mr Jim Strilakos, acting chief financial officer; and Mr Carey Marsden, manager, business improvement, all from the Department of Innovation, Industry and Regional Development. Departmental officers, members of the public and the media are also welcome.

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

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

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of 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.

Ms ALLAN — It is a pleasure to present to the Public Accounts and Estimates Committee. As you have indicated, I will briefly go through an overview of the regional development portfolio, and look forward to the questions that will follow.

Overheads shown.

Ms ALLAN — We will go straight to the slides, and you can use these figures that are before you on the slide from the budget paper as a backdrop. You can see how the regional development portfolio, through Regional Development Victoria, assists quite a wide range of industries right across regional Victoria, including at the moment those that we are having a particular focus on which might be impacted by the ongoing drought, the impacts of the bushfires, and of course the economic downturn brought on by the global financial crisis. We have, as I said, played a key role in the recovery phase of the recent bushfires, with particular focus on supporting businesses, small businesses and communities.

I want to mention on this slide about the agricultural sector. Given the dominance of the agricultural sector in regional Victoria, RDV plays a pivotal role in assisting Victorian food businesses, whether it is by helping increase investment into the food and wine sector or with a focus on facilitating exports. We have a particular focus at the moment in Asia and we channel a lot of our activity with the food and wine industry through our targetted trade and investment missions and our regional inward buyer missions.

In a moment I will talk a little more about the infrastructure support we provide through the Regional Infrastructure Development Fund. It is absolutely important that we continue our strong investment through these challenging times. Also, RDV has a focus on supporting businesses to get the skilled workers that they need to continue to grow their businesses or adapt and explore new opportunities.

The next slide will show you some of the achievements throughout the portfolio and particularly detail the investments that have been facilitated by the department into regional Victoria since 1999. All up there have been 499 facilitated projects into regional Victoria, and this has a cumulative total of around $10.5 billion. That is obviously a lot of money, and in turn that brings a lot of jobs. It has created more than 18 000 jobs. I will not

go through all of the figures that are on the slide, but as you can see there has been investment spread across every region in the state, and that in turn has seen significant jobs growth in every corner of Victoria.

The next slide talks a little more about the jobs growth from a slightly different perspective. It gives you the cumulative total of jobs that have been created from 1999 through to the present day. I have mentioned already the economic downturn and the ongoing impact of drought. It is critical that we continue our very strong focus on jobs growth. We are seeing how the GFC is having an impact, not necessarily across the board in regional Victoria but certainly it is having a limiting effect. I have seen companies unable to access finance for investment and new projects, so whilst a lot of the GFC circumstances are beyond immediate control of the Victorian government we have a very important role to play in assisting communities and businesses which are affected by this economic downturn to work through this period of time.

Some of the examples of the types of projects we have supported in regional Victoria are presented on this slide. You can see there is quite a bit of diversity, whether it is supporting IBM to establish its operations in Ballarat — and we have provided assistance for that and that in turn has created 300 new jobs — or helping support Bega Cheese to pick up the dairy factory in Strathmerton. This is a great story. It is creating 150 new jobs in Strathmerton, which is fantastic for that community but it is also a really big vote of confidence in the investment that the government is making in that region in the food bowl modernisation project. The other examples are there for the committee's information.

I have talked about jobs growth, and in previous years I have also made this correlation between jobs growth and population growth, and they do go hand in hand. This slide shows how year on year we are experiencing strong population growth. We had in the previous year a population growth rate of 1.28 per cent, and that is very strong in historical terms.

We have been doing some work on looking at population growth into the future, and regional Victoria is projected to grow by around 477 000 people in the next 30 years. If you compare that to the previous 30 years, where we saw a population growth of 320 000 people, you get a sense of the significant increase in the number of people we are expecting to move to live and work in provincial Victoria. We are now seeing where that population growth will be located in our regional centres. It will be located in some of the peri-urban areas a bit closer to Melbourne and also coastal and other lifestyle areas. The tree-change areas are seeing particularly strong population growth.

Just to wrap up on some of the key programs that are being delivered through Regional Development Victoria, we are continuing the delivery of the Moving Forward update, which was the packaging of $68 million of initiatives to support our regional communities in a range of different areas. Chair, I probably do not need to spend too much time on that slide.

The Regional Infrastructure Development Fund — and I am sure there will be an opportunity to discuss this in more detail — again, year on year, continues to be a tremendous success. To date RIDF has contributed in excess of $462 million towards 251 major capital projects, and this in turn has leveraged more than $1.31 billion in new infrastructure investment in our regional communities. It has certainly been a great success. That slide just gives you the information in a slightly different way. It shows the year-on-year allocations to the RIDF, and every local government area in regional and rural Victoria has received a project under the Regional Infrastructure Development Fund.

The Small Towns Development Fund is another fund that we have delivered through the department, and we have to date allocated $66 million to the Small Towns Development Fund. You can see there how the expenditure to date of $40.9 million to 427 projects has been allocated. Again, every region has received a share of that funding.

Bushfire recovery, as I said at the outset, has been a real focus of our activities since the start of the year, as indeed it has been for all of government and all members of Parliament whose areas have been affected. RDV has some particular programs that we are supporting and taking the lead on across government. There is the $51 million bushfire business support program. We have been providing support for the Together for Victoria memorial, in which a major memorial was held in Melbourne and a number of memorial services were held in communities in those bushfire-affected areas. Through the community events program we are providing funding to local communities that might want to have get-togethers, if you like, to provide support to the local community.

We are looking after a bushfire business mentoring service which is providing support to small businesses. Many of the businesses in these affected areas are our very small businesses which need particular support. We have worked with VECCI and supported its bushfire business relief emergency fund, which is also providing support to small businesses. We have also established a joint funding program with the Bendigo and Adelaide Bank through our bushfire community infrastructure program. Both parties to that fund are co-funding a range of infrastructure projects in bushfire-affected communities.

Just to finish, and looking towards the future, the work we are doing at the moment is on developing our regional strategic planning initiative, which is about building on the achievements of Moving Forward in the past few years and really looking at how we can work with communities to plan for the future — a livable, productive and sustainable future. The outcome of this plan will be the development of blueprints for each particular region to help them. Whether it is to manage growth and change or whether it is to look at new opportunities those regions might want to explore, the important thing is that these plans will be at regional and subregional levels, they will be placed based and they are something we have been working on very closely with those communities.

The final part of the partnership is with Regional Development Australia, an invention of the Rudd Labor government. They have established Regional Development Australia, which has some remarkable similarities to the work we have been doing here in Victoria through Regional Development Victoria, which provides some tremendous opportunities for us to leverage. Whether it is the funding that can come through Regional Development Australia or indeed across government cooperation to a greater level, there are some great opportunities in that area.

The CHAIR — Thank you very much, Minister, for that presentation. We have until approximately 3 o'clock for questions on the portfolio. I would like to begin by asking, in reference to the department's statement of finances at page 123 and following in budget paper 4, what federal grants or federal funding, both output and asset, will your portfolio receive in the budget. Can we get a list of those on notice from the department, with a description of them and the accountability mechanisms, both upwards and downwards, that you use?

Ms ALLAN — Thank you, Chair. That is a good segue from where I finished my presentation in terms of working in partnership with the federal government, because whilst we do not have any direct funding relationships with the commonwealth in terms of funding that they provide to Regional Development Victoria, we of course co-fund with the federal Labor government a number of projects right across Victoria. As I said, it is fantastic that we have an opportunity to align very strongly with the federal government, particularly at a time when they have got significant funds that they are wanting to invest across Victoria. They have made a recent announcement of those funds in last week's budget.

To give the committee a flavour, we can provide those projects where the commonwealth and state are co-funding — —

The CHAIR — That would be good. The committee would appreciate that information.

Ms ALLAN — I do not think I have got that one as a handout, Chair, but we will endeavour to get it for you.

Dr SYKES — A Dorothy Dixer, and you did not have the handout ready, Minister!

The CHAIR — Without assistance, please.

Ms ALLAN — I can wax lyrical, Bill, about the types of projects that have been committed to, to date. The federal and state governments have committed $5 million each to the Eureka Centre in Ballarat — a $10 million initiative for Ballarat. Again, both federal and state governments along with the City of Greater Bendigo are funding the Chinese precinct, which is going to be a terrific addition to the already superb Chinese Golden Dragon Museum in Bendigo. Also, to give you a sense of the diversity of the infrastructure that we fund, both federal and state governments are co-funding the Wimmera regional intermodal freight hub at Dooen near Horsham. We have great opportunity with the funds that are coming from the commonwealth to fund the sorts of cultural projects that I have mentioned but also some important and strategic infrastructure projects as well.

We will continue to work with this. Of course this comes on top of all the other infrastructure that was funded in the federal budget that is coming to Victoria, the most important of which, I believe, is the regional

rail link, which is going to be a transformational piece of infrastructure for regional Victoria when you consider we are going to have our own dedicated rail line into the heart of Melbourne. It is not only going to support the corridors of Bendigo, Ballarat and Geelong, but there are many smaller communities further beyond those rail lines that use those corridors — Echuca, Swan Hill, Ararat and Warrnambool. This is going to be a tremendously exciting project that builds on the success of the investment that the government has made in regional rail over the past nine years.

Dr SYKES — Minister, I refer you to a slide you had up here on RIDF spend or announcements. As stated there, the government has announced $460 million for projects. Does 'announced' equate to ' spent', or is that an announcement and the spend is yet to come? That is a clarification, Chair, before I get to my question.

The CHAIR — You know the answer before it is said. The minister, quickly.

Ms ALLAN — Chair, you are right. I think we discussed this at length last year, but to refresh Bill's memory — —

Dr SYKES — Just briefly.

Ms ALLAN — The funding that I mentioned there we have announced, I think, $462 million for 251 projects. The process to follow for any appropriate expenditure of government funds should be that we only hand over those funds once the project milestone has been met. That is an absolutely appropriate way to expend the funds under the Regional Infrastructure Development Fund.

Dr SYKES — So what is the spend to date, and how will you achieve your target of your commitment to $585 million by the year 2009–10, or I think you even updated that to $610 million? What is the spend to date, and how will you meet your target? How will you meet the target that you originally committed to of a $585 million spend by the year 2009-10?

Ms ALLAN — I am sorry to have to disappoint you, Bill. We are not going to meet our target of spending $585 million by June 2010; we are actually going to commit to allocating $611 million by June 2010.

Dr SYKES — I was not going to hold you too high. How are you going to spend your $610 million?

Ms ALLAN — If I can finish the answer.

The CHAIR — The minister, to continue.

Ms ALLAN — We have seen in this year's budget an additional increase to the Regional Infrastructure Development Fund through additional funding for the regional aviation program, for local roads to markets and for rail trails, which takes the previous amount of $585 million up to $611 million. We have an absolute commitment to see those funds allocated by June 2010. That is a commitment that the government has made and has stated repeatedly, particularly in response to some campaigns of misinformation that have been peddled about regional Victoria by The Nationals.

The CHAIR — Without the commentary.

Dr SYKES — No; I enjoy this. Keep going, Minister!

Ms ALLAN — In terms of reference to the expenditure to date, to date we have expended around $335 million. As I have said, that is where projects have met the milestones. One of the important things about the Regional Infrastructure Development Fund is that it is able to be used in a way that gives communities, particularly through local councils, the maximum opportunity to make the most out of that fund. Bill, you would know that through projects in your own local area. Often councils are able to secure funding from RIDF in advance of other funding allocations, be they through the federal government or be they through being able to leverage private investment or community co-contributions.

We go on to develop memorandums of understanding with organisations that we fund through the RIDF, but we only hand over the cash — we only allocate and spend the money — once those projects meet those milestones. Often these projects have a long lifespan; they can take anywhere from a few months to complete all the way through to up to 5 years to complete. The important thing is giving those communities confidence that they know the funds are there and that it is not going to be pulled out from under them because of some

pre-allocated deadline that The Nationals would like to see us allocate. It gives them some confidence that those funds are there. It gives them confidence that should the drought have an impact on the capacity of that organisation — —

Dr SYKES — But the drought is finishing, Minister! Check the budget: the drought is finishing!

Ms ALLAN — Should the drought have an impact on the capacity of that organisation to manage that project in that particular year, we sit down and we work with those types of organisations. There may be other challenges. Some projects are very complex. Indeed I think there is a project down at the port of Port Fairy, which has been a challenging project. It has had some particularly technically challenging aspects of it. Of course the tide comes in and out, and that also adds to the challenge of it as well.

Dr SYKES — Really? Is the earth flat or round, Minister?

Ms ALLAN — I think in our world it is round; in your world it might be flat, Bill.

The CHAIR — Thank you, Minister.

Ms ALLAN — They are particularly challenging projects because these are big infrastructure projects. That is why we want to make sure that this is a fund that is there and that it works with communities. I repeat for the benefit of the committee — we may be coming back to this — that we will commit to allocate the $611 million of the RIDF by June 2010. That is the commitment we have given repeatedly, and I give it again today.

The CHAIR — I think Dr Sykes also wanted to know how much you had spent so far.

Ms ALLAN — I did give that — $335 million.

Dr SYKES — The answer was $335 million. Just summarising it, Chair — —

The CHAIR — Very quickly.

Dr SYKES — The minister has said she is going to commit $610 million, and she has actually committed $462 million by now and spent $335 million. With that answer, Minister, you are ignoring the recommendation of this committee last year, which said the fund is:

> … fully committed and spent in a timely manner, the government will need to accelerate the number of announced projects over the next two years.

You are ignoring the spent component of that.

Ms ALLAN — In summary to the summary, it is not an ignoring of the committee's recommendation. As I have just outlined, it is committing the allocation of those funds. Those funds will continue to flow in future budget years, but the important thing is they are committed and they are there against a set of projects.

That is a very important thing for some members of this committee to understand in terms of how this fund is being most appropriately expended against key milestones. To use government funds in any other way would not be appropriate, and I would anticipate that this committee would have a lot to say if we were allocating funds willy-nilly, without any set of guidelines or agreed milestones.

This is a significant amount of public funding — $611 million — going to big infrastructure projects in local communities; very large projects that are complex, and those communities need that support. That is why it is most appropriate that we deliver funds in that way.

Also, as you can anticipate, there is a lot of popularity with this fund. There are a number of projects in the pipeline; we have a great team within the department who go out there and are constantly on the road — and again I am sure you know some of them, Bill, from your own experiences. They are out there working with local communities, working out projects and there are a great many projects in the pipeline.

Dr SYKES — To use your own words, Minister, there is more to be done.

The CHAIR — Try to keep your answers a bit shorter in the future please, Minister. Ms Munt?

Ms MUNT — Can I refer you to budget paper 3, page 125, table 3.3, output summary, under the heading of 'Regional development'. It details expenditure for 2008-09 of $90.1 million; 2008-09 revised of $102 million; then a 2009-10 budget figure of $154.1 million, which is a 71 per cent increase. Can you please detail for the committee what is behind that increase in the revised budget, and what is that being spent on?

Ms ALLAN — That is the increase in the regional development portfolio. I will get the exact figures for you. As I mentioned in my previous answer, the Regional Infrastructure Development Fund received an increase in funding through this year's budget, primarily through the allocation of funding through the Victorian transport plan, where there was additional funding of projects.

We have $37.5 million in additional funding through RIDF for the regional airports funding, for the Local Roads to Market, and for the rail trail programs — all of those were detailed in the Victorian transport plan. There is also an additional $10 million for the Small Towns Development Fund, and this was originally committed against the end of last year through the drought package that was released by the government late last year.

The Small Towns Development Fund is just fantastic in the way it can work on very localised small projects. It has a 3-to-1 funding ratio for our small communities, which means it makes it very flexible for them; they can apply the local projects and it is also a really good employment program as well.

Mr RICH-PHILLIPS — I would like to ask you about RIDF as well. But before I do, last year you took on notice to provide the committee with a list of actual expenditure against projects. I am wondering whether you are willing to do that again this year — the updated list?

Ms ALLAN — Do you want me to answer now or do you have another question? I am happy to perhaps make it even easier for the committee rather than asking for it year on year. I have spoken to the CEO of Regional Development Victoria and asked for this information to be included in the annual report. I think we have some annual reports here to hand around, and as you will see in the annual report — and those of you who are familiar with it will know this — we detail grants that have been allocated within each financial year for the RIDF program; and I have asked the CEO of RDV, given that we are not far off producing the annual report, to include the expenditure against that to make this information more accessible. I know it is something the committee has been keen on, so we will help facilitate it in that way.

Mr RICH-PHILLIPS — I would like to ask you about a couple of projects done under the Regional Infrastructure Investment Program, and in particular the Satyam Computer Services and Huyck Australia, in Geelong. The two investments were facilitated through that investment program.

Given that they both appear to be in some difficulty now, what due diligence was undertaken with those two investments prior to a grant or assistance being made available? What was the quantum of the assistance made available? What requirements were imposed on those two companies to continue their operations consistent with the grants here in Victoria?

Ms ALLAN — We do have a process, and these two projects go broader than just my portfolio. I am not able to provide you with some of that detail you are asking for, because it goes beyond the immediate responsibilities of my portfolio. As you will know, being in the upper house, in the case of Satyam it is something that another minister has taken the lead on; however there was some funding through the RIIP program, as you have identified, to assist with the Satyam development and this was directly tied, like all of the funding that we allocate through the programs, to job creation.

It goes to what I was saying before about milestones. We require that milestones be met; if they are not met, those funds are not provided; so there was a very small contribution under the RIIP to the broader package, which as you would be aware is commercial -in-confidence and is not information that is able to be provided.

However, I should note that given the circumstances around Satyam — and I think they are well publicised and well published — no funding from the RIIP program was ever given across to Satyam in that instance.

The CEO is just advising me that in the case of Huyck it is similar — that funding has been approved under that program but because the milestones have not been met there have been no payments in that case.

Mr NOONAN — Minister, I refer you to budget paper 3 page 132 regarding the performance measures for the Regional Infrastructure Development Fund. I want to ask whether you can outline the performance of the fund, including investment leverage, which you have picked up in your presentation to us — investment leverage through these projects, I would just like the operations in the forward estimates period.

Ms ALLAN — To assist the committee, we have a bit of a handout on RIDF.

The CHAIR — Very good. Thank you, Minister.

Ms ALLAN — I just know how much the committee likes information, particularly the member for Benalla!

It is a great opportunity to once again emphasise the key benefits of the Regional Infrastructure Development Fund. What is being distributed is some information that shows both some projects in this financial year that have been allocated, and also on the back there is the region-by-region breakdown of the funding. As I said before, this has been a hugely successful program that was created as part of the very first bill that this government introduced into Parliament. The Regional Infrastructure Development Fund to the present day is certainly living up to the expectations that were perceived when the bill was first introduced to Parliament.

You have already heard me say that the commitments are around $462 million towards 251 capital works. There has been some work done on the evaluation of this program by PricewaterhouseCoopers. PWC found that around two-thirds of the 251 projects that I have mentioned would not have proceeded if the RIDF had not been there to give the support that it provided to those projects. I think that is a great endorsement of the fund. It went on to find that every dollar that has been allocated under the Regional Infrastructure Development Fund to date has leveraged $2.47 from other sources. I mentioned before the private sector has been a co-contributor to a number of projects. In turn the estimation in terms of employment increases is that around 4000 full-time-equivalent jobs are created every year in regional Victoria as a direct result of the RIDF. In terms of a program that delivers both jobs and investment in infrastructure, it certainly is a fantastic outcome for regional Victoria as a whole.

I have mentioned some of the projects before in terms of giving the committee a flavour of the types of projects — the IBM project over in Ballarat. I mentioned Port Fairy. We have a local ports program under the RIDF which has upgraded ports right across the state. Regional airports — this is something, as I mentioned, for which we have provided funding of $20 million through the Victorian transport plan. To date we have provided funding to the Mildura, Ballarat and Yarrawonga airports — three very different projects. The Mildura one was to help facilitate Virgin to fly in and out of Mildura — a big expansion to tourism trade, particularly around Mildura. At Ballarat it is to help them to facilitate industrial land development around the airport. Yarrawonga is quite a small aerodrome — I was up there — but they have also got some great industrial developments that can come into play in Yarrawonga.

We have also had a focus on arts infrastructure and provided funding for the Hamilton arts precinct, which is a great project to upgrade the Hamilton community arts facility. Also there is some funding for the Capital Theatre in Bendigo to improve its facility.

I also mentioned rail trails before; Bill would know this from the north-east. These are terrific. In terms of cycling, tourism is just huge. The growth in this area is exponential.

Dr SYKES — You looked fantastic in lycra the other day, Minister; absolutely fantastic up at the rail trail!

The CHAIR — Thank you, without assistance.

Ms ALLAN — For the record, I was not in lycra. Bill is referring to the fact that I was up in Wangaratta last Wednesday to announce funding for their rail trail.

Dr SYKES — Did you get Mr Jasper's approval?

Ms ALLAN — I did get Mr Jasper's approval.

Mr RICH-PHILLIPS — For the lycra?

The CHAIR — Ignore interjections, Minister.

Ms ALLAN — There is a huge opportunity to attract more tourists and to expand upon the very extensive rail trail network that they have up there in the north-east. By contrast, the local roads to market is about helping particularly primary producers to upgrade the state roads to their farm gates, helping to improve the capacity of the roads to allow bigger freight vehicles to come in and out. It obviously gives them more access to the freight network and potentially to the export market as well. That gives a very — I know the Chair wants me to keep my answers short — quick snapshot of a number of projects that are funded under the RIDF.

Mr WELLS — Sorry, can I just clarify a very quick point: the PWC report that you referred to, has that been made available to the committee?

Ms ALLAN — We can. Is it on our website?

Mr HANNEY — It is on the website.

Ms ALLAN — It is on the website, but yes, we can certainly email you the link.

The CHAIR — Just email us the website reference.

Ms ALLAN — Yes, sure.

Dr SYKES — Minister, my question relates to the allocation of RIDF funds to local government, the councils per se. Do you have criteria or a mechanism by which you seek to spread funding equitably across the state? Or do you endeavour to direct your funding to areas of greatest need? I am talking about money going to local government per se.

Ms ALLAN — As I mentioned before, Bill, every local government area has received some funding under the Regional Infrastructure Development Fund, but we do assess each project on its merits. It does have to stack up against criteria that ranges from the financial viability of the organisation applying to the funds, the importance of the project from either an economic development perspective or supporting community activities, as in the case of community arts infrastructure, and also there are funding requirements around matching co-contributions. It does have to meet a range of criteria. I am sure if the committee would like some more information on the criteria that is used, again it is probably in the website or in the annual report. It is on the website?

Mr HANNEY — It is, and all the local governments are aware of what the criteria are. We meet with each of the 48 local governments at least three or four times a year to go through the program and its accessibility.

Dr SYKES — In taking up that offer of more information, Minister, I will give you a table prepared by a Nationals worker who breaks up the RIDF funding by local government area to dollars per head of community member. Interestingly for the Wodonga local government area the RIDF grant dollar rate per head is $4.69, the Alpine shire is $49, and Moyne is $344, but it is difficult to see a pattern there. We really would be interested — —

The CHAIR — It is probably best if you give it to me and I will pass it to the minister. If the minister has any comment on it, I am sure you can take it on notice.

Ms ALLAN — Yes. If I could have a quick squiz at the chart, I think it demonstrates how we do allocate this funding right across the state, and that it has been probably most beneficial to our smallest communities. Alpine Shire, as I think you identified, had a $43 per head allocation, was it?

Dr SYKES — Yes, but other ones have got several hundred dollars.

Ms ALLAN — I think it is a pretty — —

Dr SYKES — Rather than asking you to shoot from the hip, which you would not do, Minister — you wouldn't shoot from the hip, would you?

Ms ALLAN — I actually was about to say, Bill, that I think it is another little wrinkle that The Nationals are trying to wrinkle out of the Regional Infrastructure Development Fund by way of criticising the fund.

Dr SYKES — No, we are asking a question, Minister.

Ms ALLAN — It would be terrible if you went around telling the people of a particular community that they were not getting their fair share.

Dr SYKES — No, Minister, we have given you first option on this. You have got a scoop, Minister. Have a look at the figures and come back to us.

Ms ALLAN — We are making sure that every project is assessed on its merits. It also goes to the point about what was there to begin with. As we know from some seven years of underinvestment in the 1990s, there are a number of programs, a number of areas that need to be — —

Mr WELLS — Oh, please do not go down that track. Do not embarrass yourself. You will end up embarrassing yourself if you start going down that track.

Ms ALLAN — There are a number of areas that need this investment in infrastructure.

Mr WELLS — You are going to embarrass yourself if you go down that track.

The CHAIR — Restrain yourself, Mr Wells, thank you.

Ms ALLAN — I mentioned local roads to market. That is a good example of an area that needed some additional support.

Dr SYKES — Minister, I welcome your comment on that table that has been prepared.

Ms ALLAN — I think The Nationals' electorates have done all right out of this, Bill.

Dr SYKES — Good local members, Minister.

The CHAIR — Just pass it to the secretariat, thank you.

Ms HUPPERT — I refer to budget paper 2, page 32, regarding the economic outlook. You have already mentioned in passing in your presentation some of the challenges facing Victoria because of the global economic crisis. I ask about initiatives, particularly in the forward estimates period, that are aimed at boosting regional economies across the state.

Ms ALLAN — Again, we are obviously talking about this year's budget in a very difficult global economic circumstance, and then you add to that the ongoing impacts of the drought and the bushfires that hit our state earlier this year, and it does present some particular challenges for us, particularly in regional areas. Whilst we are seeing a reduction, if you like, or a slowdown in terms of private investment that is going into projects in regional Victoria, we know that this is exactly the time that we do need to step up our efforts and continue our very strong focus, on particularly investments and supporting businesses. That is why you will see through the budget more generally — and I anticipate I will probably get an opportunity to talk a bit more about the skills initiatives in our next session — there is a lot of focus on supporting businesses to get the skilled workers that they need, looking at how we can ensure the ongoing delivery of efficient infrastructure and particularly also how we can facilitate investment.

A particular focus across the industry department is that we are looking at key industries that we know can continue to grow strongly through this period of time. We are particularly seeing this with agribusiness. The agribusiness sector has been holding reasonably firm in the past six months, and we have seen food exports from Victoria for the calendar year 2008 increasing by 15 per cent. In terms of thinking about that as a major employer in regional Victoria, that is a strong positive at this point in time. Our exports are now at over $6 billion for the 2008 calendar year.

One of the things that I was pleased to announce just today was further support to the agribusiness industry of around $650 000, which will help to continue some support for the agribusiness sector to help it to look at the major challenges that the industry is faced with and look at what opportunities there are to increase agribusiness enterprises. We will be doing some work both in terms of looking at a study and working with the industry with a particular focus on addressing the challenges of the global financial downturn and also looking at the introduction of a carbon pollution reduction scheme.

Even though we know the commonwealth has announced it has been put off for a 12-month period, we do have to work with our industries and communities to prepare them now for what some of those changes might be. There is also within that funding of $650 000 going to be some additional support to fund some particular industry projects. This is, I guess, a very practical example of the way that we support key industries and investments in regional Victoria. I mentioned, I think, in the presentation the $10.5 million of investment that is being facilitated into regional Victoria. There have been 18 000 new jobs.

At risk of raising the ire of the Deputy Chair, I do have some information that shows, on a region-by-region breakdown, the sorts of investments that — —

Mr WELLS — Bill, when you ask your next question, I know that she will have a handout for you, too.

Dr SYKES — I have got one for the minister!

Ms ALLAN — Just again, in some part it goes to some of the previous conversation we were just having across the state where projects are supported. This will show you where the investments are, again broken down by region, and the types of investment. You will see on that list there is a very strong focus on the food industry, on the timber industry and on the dairy industry. Chair, I am happy to leave that information for the committee.

Just to wrap up, just to mention that there are a number of programs within RDV: the Regional Infrastructure Development Fund, the Small Towns Development Fund and the community regional industry skills program, all of which go to assisting companies to invest in our regional communities.

The CHAIR — Thank you for that, Minister. I gather the Greens have passed their question to The Nationals.

Dr SYKES — Minister, in keeping with my commitment, I am going to give you a handout.

The CHAIR — Through the Chair, please.

Dr SYKES — Through the Chair. Sorry, Chair. My question, Minister, is: why is it necessary for the government to fund what we would consider to be normal departmental programs such as DSE's bush tender program, which is a commitment of $3.2 million, or DPI's recreational fishing program, which again is about $3.2 million, through the Provincial Victoria Growth Fund? Would it not be more appropriate for projects such as these to be funded through normal government budgeting processes?

Ms ALLAN — Again I think we talked about this last year, if my memory serves me correctly.

Dr SYKES — That is all right, we are persistent little souls!

Ms ALLAN — You are repetitive!

Dr SYKES — If you give us the answers, we will listen.

Ms ALLAN — We did talk about this last year. I think it goes to show the need to understand how governments can work in collaboration with each other, that government departments can work in collaboration to deliver projects and programs communities are seeking. I think at the end of the day communities are not too fussed about which budget line or which bucket of funding it comes from — as long as those programs they are keen to see supported are supported.

I do not think it is a great revelation that things like the scoping study for the Geelong Performing Arts Centre — which I see you have got on the list here — was funded through Regional Development Victoria. I have already mentioned in my previous comments how important cultural facilities are to regional economic development.

Dr SYKES — No-one is questioning that, Minister.

Ms ALLAN — No. Then I think it does not really matter which part of government that program funding for the Geelong Performing Arts Centre comes from.

Dr SYKES — If we agree on that, can you give me an assurance that no money from this fund is being used to replace core funding responsibilities? The reason I ask that, Minister, is that after the 2003 bushfires a substantial amount of money was made available to Parks Victoria — I think it was in the order of $68 million — and DSE for bushfire rehabilitation. It is my information that a lot of that money was in fact used to substitute for core funding responsibilities because the government pulled back on core funding.

That is not necessarily your department, but that is why I am asking the question. Can you give me an assurance that none of this money is being used to substitute for core departmental activities and funding responsibilities?

Ms ALLAN — In order to secure funding through the Provincial Victoria Growth Fund, which the table here refers to, each of the areas you have referred to needs to meet criteria, and those projects that departments are applying for have to benefit the regions. I think you can take assurance from that answer that what you are seeking, or what you are not wanting to see happen, is indeed not happening.

Mr SCOTT — Minister, I refer you to page 32 of budget paper 2 regarding the economic outlook. I ask what the government is doing, particularly through this budget, to enable regional Victoria to respond to protect its population growth — which I note you also outlined in your handout to the committee — in the context of the economic downturn.

Ms ALLAN — I do not think I have got a handout for this one.

Dr SYKES — I have got one! Here is one, Minister!

The CHAIR — The minister, without assistance.

Ms PENNICUIK — Where did he get his handout from?

Ms ALLAN — He was using the one I referred to earlier! He is being attentive and keeping track of information! I mentioned earlier how provincial Victoria is experiencing very strong population growth. This is a very important economic indicator of growth in regional Victoria and of how we are travelling in provincial Victoria. I think I mentioned earlier that we are seeing population growth of about 1.22 per cent.

Mr DALLA-RIVA — From 2002 they are all preliminary figures. They have all got asterisks against them, you must have learnt this from the health minister!

The CHAIR — The minister, without assistance.

Mr DALLA-RIVA — They are all dodgy numbers!

Mr WELLS — Are you saying they are not final figures?

Ms ALLAN — Are you denying that they are real?

The CHAIR — There is no need to respond to interjections.

Ms ALLAN — We will inform the ABS that the Deputy Chair thinks their figures are dodgy.

Moving on, we have already talked a lot today about what has been happening and what has been achieved in our provincial areas. Looking to the future for a moment, there is some data that was released through the *Victoria in the Future* report that estimates that the population of provincial Victoria is anticipated to grow by about 477 000 people between the 30 year period from 2006 to 2036. This is a significant increase in people, and we are seeing that the bulk of these people have come from metropolitan Melbourne. It will be intrastate migration — people moving from metropolitan Melbourne into our regional areas.

I think I mentioned this before: we will not necessarily see uniform population growth across the whole of the state. We know that our regional centres of Geelong, Ballarat and Bendigo will continue to grow strongly. We know the coastal areas will probably continue the growth that we have seen; probably not at that high rate, but they will continue to grow. Other lifestyle locations will also continue to grow. We are seeing people choose to live up in the north-east, which is a very popular location — that is, places up around Mildura. I think it was

back in 2007 that the four fastest-growing inland cities in Australia were all in Victoria — Bendigo, Ballarat, Shepparton and Mildura.

We have now seen, over a number of years, continued and sustained population growth. That really builds into why we are undertaking the work on the ministerial task force for regional strategic planning and undertaking the regional strategic planning initiative — because there is always a lot of focus on population growth in Melbourne, and just as we have to plan for growth in Melbourne, we also have to plan for growth in provincial areas, to make sure that is done appropriately and, most importantly, that it is done in partnerships with local communities. That is why the government has established a task force, which I am very pleased to chair, and a number of my colleagues are on that task force.

We have spent a lot of time travelling around and listening to the perspectives of communities across the state — really doing a first lap — hearing what they want to prioritise, looking at where they see real opportunities to grow their regions into the future and then, out of that, developing regional plans in partnership with each region.

This will mean that we will not necessarily come back with a one-size-fits-all model; you will see that each plan will be tailored to the needs of each region. It is going to provide a very broad framework, it is going to guide that population settlement I spoke of, and it is also going to help guide us in terms of our next wave of regional economic development activities and the sorts of programs we fund and how we fund them.

We have been looking also at the ongoing work around investment priorities and also looking at how local government works together with state government and federal government. We can have some integrated regional planning activities as well. So that, in terms of looking to the future, is the work that we are undertaking in the months ahead.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the regional aviation activities. In 2007-08 you had the $5 million package for the regional aviation fund. Your departmental report and the report of this committee earlier in the year indicated that $2.8 million of that fund had been committed to the Stawell, Yarrawonga, Latrobe Valley and Mallacoota airports, which left $2.2 million uncommitted from that original money. You have mentioned further projects at Mildura and Ballarat which total about $9 million, so there is a difference of about $7 million between that original fund and the total money that has been committed. My first question is: where has that $7 million come from? Is that part of the new allocation that is coming in this budget, or is it just other RIDF money? The second part is: why is $9 million of the $20 million money announced in this budget allocated to the current financial year rather than the new budget year?

Ms ALLAN — The $5 million that was already there in the regional aviation fund and the $20 million in the VTP come together to, so that is where — I think you mentioned Ballarat and Mildura.

Mr RICH-PHILLIPS — Mildura and Ballarat.

Ms ALLAN — Mildura and Ballarat, and there were a couple of others. They come out of that broader pool. In terms of your second question around why it was allocated against this financial year, we did receive some funds within this financial year.

The explanation is there are funds in this financial year from the transport plan funds, and I have just been corrected — it is $21 million from the transport plan. Five of it is in this financial year; the remainder, $16 million of it, is in the next financial year.

Mr RICH-PHILLIPS — According to the budget papers it is $20 million with $9 million this year and $11 million — I am just finding the page for you.

The CHAIR — This is on page 326.

Mr RICH-PHILLIPS — Thank you — I assume it is.

The CHAIR — Budget paper 3. It is called 'Victorian transport plan'.

Ms ALLAN — Can I maybe ask Brad to — —

The CHAIR — Try to clarify it. If you cannot clarify it today, I am sure you will be able to clarify it on notice.

Mr OSTERMEYER — Under the transport plan there was $21.2 million allocated, and for airports there was $20 million announced; $11.2 million of that was new money for aviation — airports.

Mr RICH-PHILLIPS — And the balance?

Mr HANNEY — It is part of one of the RIDF subprograms, so it sits within the existing RIDF budget. The original airport money sat within the RIDF budget envelope, so it increased the overall size of the RIDF budget.

Mr RICH-PHILLIPS — So the new money is the $10.8 million and the balance of this is existing money?

Mr HANNEY — Correct.

Mr RICH-PHILLIPS — Which is why it is in the current year.

Mr HANNEY — Correct; it all sits within that $611 million envelope.

The CHAIR — Can you just check that? It does not sound right to me because money put in the budget in terms of initiatives is meant to be for new money, including money, so it may well be a mistake. We are happy to deal with mistakes. It sometimes happens; it is a very complicated process. I just ask that you check that, please.

Ms MUNT — Minister, can I refer you to budget paper 4, page 123, under the 'Department of Innovation, Industry and Regional Development' heading, and I will just quote. It says:

> The total budgeted income in 2009-10 has increased by a total of $133 million from the 2008-09 revised budget, mainly related to an increase in state government appropriations relating to skills reform initiatives, skills to transition program, new workforce partnerships initiative, bushfire recovery and initiatives under the Victorian transport plan.

I have asked a number of ministers to detail what these appropriations will be allocated to for bushfire recovery, so can I ask what those appropriations under your department will be related to in regard to recovery?

The CHAIR — Relating to regional development.

Ms ALLAN — Again, I have some information for the committee because there are a number of programs. It is a little bit more — —

The CHAIR — You will have to be quick because it is almost time.

Ms ALLAN — We have got the material to hand out. As to the bushfire rebuilding focus, obviously in terms of the whole-of-government efforts on the rebuilding with the bushfires, in the very first instance support was obviously rightly focused on the immediate needs of supporting families through the immediate period with some emergency assistance, but at the same time we have been working, and again in partnership with the commonwealth government, with industry and community organisations to look at how we can provide particular support and targeted support that is focused on the needs of businesses which are directly affected and also in some cases which have been directly physically affected in terms of the fire impact and which also have other impacts as a result of the fires.

It is important to note that to help rebuild communities, particularly communities like those in Gippsland that have been affected around Callignee and Traralgon South, and of course we should not forget the Boolarra fires that went through that region in the week before Black Saturday, and then up around Kinglake and Marysville, having support for families and for businesses running in tandem is important because we know that small businesses are the economic heart of those communities. We are doing a lot of work in focusing on how we support those businesses which may need some transitional support to get through this period of time or which many need some assistance into the longer term.

One of the early announcements by the federal and state governments was the $51 million business assistance package, which is designed to support both small businesses and farmers. This package includes the clean-up and restoration grants, and these are part of the national disaster relief guidelines that have come into

action by both federal and state governments, and these are grants of up to $25 000 for businesses which have experienced damage or which have been destroyed by the fires.

I can inform the committee that as at yesterday, 1148 grants of up to the first tier of $5000 have been issued, and a further 211 supplementary grants of up to $20 000 have also been allocated. It has all been coordinated through the Rural Finance Corporation which is managing this part of the program, plus the package also includes the concessional loans. They are coordinating the low-interest loans — we are providing loans of up to $200 000 at a rate of 3.2 per cent — and as of yesterday, four loans have been approved. If you are a business, you will go through the immediate up to $5000, then up to the $20,000; and then if you need some ongoing support, go through the low-interest loans.

We are also working with VECCI on a business mentoring program. To date, 526 referrals have been made to the business mentors — we have 100 business mentors. If you think of the case workers that are out there working with families and people directly affected, we also have business mentors out in the field as well.

We have also provided around $500 000 towards the VECCI bushfire business relief emergency fund. This is a fund that VECCI has established, and they are accepting donations into this fund to provide grants of up to $5000 for businesses that have been indirectly affected, if you like — they have not been physically damaged but they have experienced a loss of trade or need some support to get through this period of time.

I should also note that there is, of course, the appeal fund which gives $8000 for Good Samaritan businesses — the Narbethong pub put on three meals a day for a number of days in the immediate aftermath of the fires. It has also provided employees with up to $5000 to replace tools of trade.

We are also working with the Industry Capability Network to help local businesses to identify opportunities to provide goods and services through the rebuilding phase. This has been working particularly well with Grocon that, as you know, has been doing the clean up, in connecting local businesses with the clean-up arrangements.

The CHAIR — I think we might finish this one up. I know you have lots more.

Ms ALLAN — There is lots.

The CHAIR — If you wish to provide that information to the committee — —

Ms ALLAN — I guess in part I have. The only thing to finish on is to mention the partnership with the Bendigo and Adelaide Bank. Through their community bank network they had their own appeal as well. They raised funds through that appeal, and they are allocating $2 million, and we are allocating $2 million to establish a joint bushfire recovery community infrastructure program, again to help smaller communities that have been affected and that have lost community infrastructure. It might be a hall or a tennis club or the like, and they will receive funding for those sorts of projects.

The CHAIR — Thank you for that, Minister. If you have any further information, you can provide it to us. I thank Mr Hanney and Mr Ostermeyer for their attendance.

6.8 Skills and Workforce Participation Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne— 20 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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 P. Clarke, Acting Deputy Secretary, Skills Victoria, and

Mr S. Ward, Director of Workforce Victoria, Skills Victoria; and

Mr H. Ronaldson, Secretary,

Mr J. Strilakos, Acting Chief Financial Officer, and

Mr C. Marsden, Manager, Business Improvement, Department of Innovation, Industry and Regional Development.

The CHAIR — I welcome the Minister for Skills and Workforce Participation, Jacinta Allan; Mr Ronaldson; Mr Strilakos; Mr Philip Clarke, acting deputy secretary, Skills Victoria; Stephen Ward, Director Workforce Victoria, all from the Department of Innovation, Industry and Regional Development. I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial performance information relating to the budget estimates for the skills and workforce participation portfolio.

Overheads shown.

Ms ALLAN — That first slide just shows a bit of a reminder about what is captured in the skills and workforce participation portfolio. Of course the delivery of vocational education and training, responsibility for higher education, international education, our adult, community and further education providers and the workforce participation initiatives are all covered in the skills and workforce participation portfolio, and are therefore covered in our session here this afternoon.

Some of the key statistics and achievements particularly in the last financial year include, as you can see on the slide, some very impressive statistics. Victoria is well regarded as having a very strong vocational education and training sector. We are seeing how it is a growing sector; we have very high participation rates.

Across 2008 — and we operate on calendar years, not financial years because of the academic delivery across calendar years — you will see there is over 695 000 VET enrolments; that includes over 97 000 apprentices and trainees across the state. A key achievement in the past financial year has been the announcement by the government of our $316 million skills reform package, Securing Jobs for Your Future Skills for Victoria. This is a package that does not just provide additional investment, although it is very important that it provides some of the additional investment but also that provides for an additional 172 000 training places.

It also creates for the first time a training guarantee that is an Australian first. We are the first jurisdiction in Australia to introduce this training guarantee which provides an entitlement to accessing post-school vocational education for all Victorians.

We will also see under this package quite significant structural change across the VET sector in the years ahead. That is why we are staging the implementation of the reforms over a number of years. We have also seen some important announcements in the higher education area and the submissions that Victoria made firstly, to the Bradley review of higher education and in terms of the release of that Bradley report preceding the federal government's announcement of its higher education changes.

We have been able to significantly influence the direction of those announcements, where the commonwealth government has announced it too will be introducing an entitlement funding approach from 2012, which is quite an exciting opportunity for us here in Victoria, where we are going to have an entitlement to vocational education and training, an entitlement to higher education, and we are going to be the only state in Australia that can lay claim to that.

I have mentioned international education. We have significant numbers of overseas students studying in this state. Victoria accounts for 30 per cent of the national total. Very late last year the overseas student experience task force was established. It completed its work on key aspects of students' experience in Victoria in late 2008.

In the adult and community education sector, there are around 52 000 people who participate in government-funded education training programs who are ACE providers. That is only the government funded component of it. They also do significant other activities. It is a really terrific sector that delivers programs right across the state.

Finally, the Workforce Participation Partnerships program that delivered around 3400 employment outcomes, which was established in November 2005, came to an end during this financial year. We have replaced it with a new program called the New Workforce Partnerships program, which continues that very strong focus on supporting disadvantaged job seekers into a job. But the difference with the New Workforce Partnership program, in contrast to the Workforce Participation Program, is that it has a very strong focus on people who are already clients of the state. So they may be a young person in juvenile justice, they may have a drug or mental health issue and they already have a relationship with the state throughout the community services sector.

We recently announced 29 new partnerships under this funding that will result in more than 550 disadvantaged job seekers being given opportunities to be placed into employment through this program.

The CHAIR — Still going — yes?

Dr SYKES — Wait, there is more!

Ms ALLAN — There is more.

Ms MUNT — Because there is always more to be done.

Ms ALLAN — I am sure there will be an opportunity to talk about this during the questions that are to follow.

During these difficult times of the economic downturn, the government, as you have seen from the budget, has a very strong focus on infrastructure investment and how that, in turn, creates jobs. But we are also committed to supporting more training opportunities as well. We are seeing that particularly during an economic slowdown, we know that apprentices are particularly vulnerable to a slowdown. We are providing support in the budget for more apprentices and trainees and providing more opportunities for training for redundant workers. I might just go straight to the next slide to share the details of some of these initiatives very quickly.

The Skills to Transition program, which is the third point on the slide, is an additional 6400 training places for people who have been affected by industry downturn. There is the apprenticeship/trainee completion bonus which is being provided again in this year's budget and the funding for New Workforce Partnerships of $10.2 million — they are all initiatives that are about directly supporting people particularly during this period of economic downturn.

The other key budget initiatives that are before you on the slide are for a range of capital initiatives are the student management solution, which will see the system upgraded across all of our TAFE institutes — a significant allocation of funding.

The aviation training academy is an exciting new development.

Ms MUNT — Where is that going to be?

Ms ALLAN — Out at Tullamarine airport and in partnership with Kangan Batman TAFE. The committee might be familiar with the Automotive Centre of Excellence which is being developed out at Docklands. It is a really great model. Kangan is wanting to replicate that out at Tullamarine.

In last year's budget, we had funding provided to purchase a plane. We got a 737 from Air Philippines. It came out of service and landed at Tullamarine. It is now being worked on by students at Kangan Batman TAFE; I think they are also at Tullamarine as well.

This is to really make a centre of excellence in aviation training. Given the growth in aviation, particularly in our region, there are huge opportunities there for the state of Victoria. And there is the funding for the RMIT advanced manufacturing precinct, which committee members would probably know was originally announced in the Victorian innovation and manufacturing statement back in last November.

The CHAIR — Thank you very much for that, Minister. I will put on notice my usual question regarding federal grants for the portfolio and give the call to Dr Sykes.

Dr SYKES — I would like to explore with you what the Victorian government, or you, will be doing to deal with the issues created by the federal government's proposed changes to the youth allowance. We are talking about, as you know, that they will now bring in a change, so that where the combined parents' income exceeds $43 000 a year a student will have to work a minimum of 30 hours a week for a minimum of 18 months to qualify for independent Austudy. As you are well aware, there is a low uptake of tertiary education by country students already — I think 30 per cent and falling, compared with the state average of 50 per cent.

The other thing is that as a result of this measure coming in, students who have traditionally deferred for one year to qualify for the independent Austudy have generally been able to get into their preferred courses, but

most courses do not allow you to defer for more than one year so students who can earn the money to qualify for independent Austudy run the risk of not getting into their preferred course. Given those draconian changes to the youth allowance, what does your government intend doing to ensure that the gap between country students and Melbourne students taking up tertiary education is narrowed, not exacerbated?

Ms ALLAN — Chair, with your guidance, I will answer those elements of the question that are directly related to state government business. A number of the elements — —

The CHAIR — That is understandable, some may not relate to your portfolio, too.

Ms ALLAN — No, that is right.

The CHAIR — Do your best.

Ms ALLAN — Yes, I will. The operation of the youth allowance scheme and the announcements by the commonwealth government are obviously the domain of the commonwealth government, so in terms of how they structure their requirements for that program that is something that is in their domain. But in terms of more broadly talking about participation rates in regional areas, I anticipated, Bill, that you would ask this question, which is why I have some information to hand around to you.

Dr SYKES — A handout. Fantastic, Minister — of like mind.

Ms ALLAN — What is important about this is that it shows the participation rates in vocational education and training in both metropolitan Melbourne and regional areas. When we talk about participation in training, it is important that we see the full picture. That is that we know that students in regional areas participate to a lower degree in higher education but, as you can see from that chart, participation rates by people in vocational education and training in regional areas is dramatically higher than in our metropolitan areas. What I said earlier about the entitlement means that we are going towards a system now where we are giving more regional students an opportunity to participate in training, whether it is in VET or in higher education. If you think about the entitlement that I mentioned before, we are giving an entitlement for a young person to train. In terms of what you were saying about vocational education and training, they might go further and do what they want to do but they can come back and there can be that place there because they have that entitlement.

Similarly, with the announcement the commonwealth have made around introducing an entitlement to higher education from 2012, I think it is going to provide tremendous opportunities to increase participation among students in regional Victoria because you will see universities wanting to deliver more in regional areas. We know that we can do more to increase participation rates in regional areas, and I think this is going to be a key strategy as universities with a regional presence go out there, wanting to deliver more to students in those areas.

The commonwealth announcements were also made in regard to what is being described as a youth compact. This is what came out of the most recent COAG meeting in Hobart at the end of April where there was a number of elements that made up the youth compact. Some, as you have identified, are the responsibility of the commonwealth government, but there were also some initiatives that covered increasing the year 12 completion rate. As you know, Victoria has the highest year 12 completion rate of any Australian state at about 88.7 per cent.

Dr SYKES — And what is the country Victorian student figure?

Ms ALLAN — You would have to ask — —

Dr SYKES — You do not know, Minister. The Minister for Regional and Rural Development does not know what the country Victorian year 12 participation rate is?

The CHAIR — Without assistance.

Dr SYKES — It is a very important issue, Minister. I have asked this one of you before, and I am disappointed that you do not have a long memory.

Ms ALLAN — I am not quite sure which audience you are playing that one to, but we will push on.

Dr SYKES — You, Minister.

Ms ALLAN — The 88.7 per cent is best year 12 completion rate of any Australian state, but the commonwealth are encouraging — —

Dr SYKES — But not country Victorian students.

Ms ALLAN — At least we have more schools open now for country Victorian students to attend — —

The CHAIR — Without — —

Dr SYKES — But the students are not completing year 12. There is a problem there, Minister.

Mr WELLS — How many schools have you shut down?

The CHAIR — Thank you, Mr Wells

Mr WELLS — Ask her to answer the question: how many schools have you shut in country Victoria?

The CHAIR — She is answering the question.

Mr WELLS — How many schools have you shut in country Victoria?

The CHAIR — The minister to continue, thank you.

Mr WELLS — She fired off, so let's — —

Ms ALLAN — COAG are very keen to see those completion rates increase across the country.

Mr WELLS — She is answering half a question and won't fulfil the rest of it.

Ms ALLAN — They are looking to accelerating the completion rates. COAG also agreed to introduce a youth training guarantee which is, in effect, mirroring the training guarantee we have introduced here in Victoria, which means from 1 January next year — from January 2010 — you will see all Australians up to the age of 25 being entitled to a training place with an education training provider. That is a very important shift that has been made at the commonwealth level that I think will also lead to an increase in participation rates, particularly amongst the group of people you are most interested in which is, of course, young people from regional Victoria.

Dr SYKES — Just clarifying the minister's answer, you agree that country students have a much lower uptake of higher education. You have produced figures here of the VCAL and VET courses, but you agree that the uptake of country students of university-type degrees is much lower, and you have suggested — —

Ms ALLAN — It is a fact; you cannot deny the fact.

Dr SYKES — That is good, because we have seen other times that that has not always been the case, Minister, but I will not go down that track.

Ms ALLAN — That is rubbish.

Dr SYKES — But, Minister, you have then said there is an opportunity to encourage universities to push towards country Victoria to deliver their services. I am sure you will appreciate, Minister, that there will still be lots of country students even if the university is provided at, say, Bendigo or Wodonga who will still have to leave home to go take their tertiary education opportunity.

Therefore this issue of a massive cost differential between those students and others is significant, and therefore this action taken by the federal government is extremely discriminatory against those students. I would encourage you to lobby — in the spirit of cooperative federalism — extremely hard in the interests of all country students along with all students in Victoria.

Ms ALLAN — Just in summary to the supplementary question — —

The CHAIR — It was not a question; it was a statement.

Ms ALLAN — There has been some announcement made by the commonwealth government around students from farming families who are going to continue to receive support. There is a lowering of the threshold, so I think your representation of the changes at the commonwealth level is not quite right in terms of the — —

Dr SYKES — We will see as the detail comes out.

Ms ALLAN — I think you would do well to wait to see what detail comes out from the commonwealth government, because they have made a number of statements. I think there is an article in the newspapers today around clarifying the misleading information that the National Party at the federal level — —

Dr SYKES — With respect, Minister, farming families have contacted me and they have contacted Julia Gillard on ABC radio yesterday, and she could not answer those questions.

The CHAIR — I think you have had a fair run at this one, and the minister has given an extensive response.

Mr NOONAN — Minister, I want to ask a question about the 'Securing jobs for your future — skills for Victoria' statement which is outlined in detail also on pages page 14 and 15 of budget paper 3. You would not be surprised to hear from me that $10 million over two years to continue the New Workforce Partnerships program is a very good addition to that initiative.

So my question is: given the breadth of initiatives under this statement I wonder if you can inform the committee on the progress of implementing the package and the priorities that have been set as part of the 2009–10 Victorian budget?

Ms ALLAN — I know for the record you are very strong supporter of the New Workforce Partnerships program, so it has been great to have that funding in the budget over the next two years of $10 million. The *Securing Jobs for Your Future — Skills for Victoria* — I will not hand it out; it is available on the website — is the policy document that was released in August last year. This details the $316 million in reforms that the government is implementing over the next three years. The funding that is being provided through this package is the single biggest investment that has ever been made in Victoria's skills system.

When you consider what that builds on, it brings the total investment to date by this government in vocational education and training to $1.65 billion, so that is significant additional investment in vocational education and training. This package will create 172 000 additional training places. We have already talked about the Victorian training guarantee and how that will provide more opportunities for Victorians to get a post-school qualification.

We will also be seeing significant changes to the training system where we are wanting the training system to be more flexible and more responsive to the needs of individuals and businesses, so we can bring more people into training. We are introducing a fairer approach to fees that better aligns the cost of the delivery of training with the qualification level and the return that you get from undertaking a high-level qualification and the return on the investment. This fairer fee structure will recognise that as part of it.

There is the Skills for Growth program. This is a $52 million program dedicated to working with small and medium-sized businesses where we want to work with around 5500 businesses. The program has commenced, and to date we have had 25 providers sign up under this program; they are now out there on the ground working with businesses. The plan is to have around 50 000 workers in these businesses over the four-year life of this program to come through and get a tailored workforce development plan because we know that the better skills a person has in business, the better off they are but also the more effective that business is. This will be, as I said, a dedicated program for small and medium-sized businesses.

There is also a range of initiatives that are about strengthening and supporting the community education sector. There is $10.8 million of funding in that, and shortly I will be releasing a policy statement for the community education sector, which will provide more detail on how those initiatives are going to be rolled out. The implementation of the demand-driven aspect, the new aspect of the funding regime that is being introduced, is on track to commence from 1 July 2009, and this will commence for only the diploma and advanced diploma level qualifications at this stage.

As I said we are phasing the implementation, so full implementation will not start across all certificate levels until January 2011, but we now have to factor in the positive impact of the youth compact announcement where by January next year we also have to accommodate those young people up to the age of 25.

We are in the process of improving our audit regime, where we are wanting to very closely monitor the performance of training providers and improve our data collection. We are also looking at how we can improve our industry information through the existing Victorian Skills Commission and the additional funding that is being provided to the industry training advisory boards, which you would know pretty well.

We are giving them $4 million in additional funding to strengthen their activities, and we believe there is a lot more they can do. We are also supporting the TAFE workforce with a couple of workforce initiatives about helping industry experts, people who work in industry, to work part-time in training. To date we have had 100 people from industry commence training to become TAFE teachers, and we are also supporting existing TAFE teachers within the workforce to undertake an assessment of informal learning course to help them improve their level of skills, and we have had, to date, 60 teachers take up those programs, so there has been a lot of activity.

We have got a lot more activity to do over the next few months, as we make this quite significant change to our training system. That is all about making sure that we bring more people into training. We need many more Victorians come into training, and we need them to not just come into training once and leave again but to continue on that training path. We encourage them to undertake high level qualifications.

Mr DALLA-RIVA — I refer you to budget paper 3, page 125, that relates to the output summary under DIIRD. In particular on page 125, under 'Skills and workforce', footnote (*f*): you will notice across the budget the revised figures are $1.690 billion to $1.830 billion, and $1.864 billion into the forward estimates.

Footnote (*f*) talks about the variance between this current year and says that the target reflects additional funding under the skills reform package, which you have indicated. It is a continuation of what you have just discussed. It is also referenced in footnotes on pages 129, 136 and 137 in different forms.

I am trying to get clarification. As you indicated, the fee structure will be in full implementation, I think you said, by January 2011, but I understand that new fees for diploma and advanced diploma students will commence from 1 July. I am trying to work out how much additional revenue will be generated from these increased fees. Is there a projection for the additional revenue in the budget papers, and to what purposes will this additional revenue be put? I talk to it in terms of the forward estimates, as outlined on that page.

Related to that is that I understand also from 1 July students enrolling in a course at a qualification level equal to or less than that which they currently hold will be required to pay the full cost of that course. Have the costs of those been published by the TAFE institutions? How do they compare with those paid by overseas students, if there is some analysis in terms of that, and has the promised HECS-style loans scheme been established for TAFE students or will it require legislation to enable it to be enacted? It relates essentially to the skills reform package, which you discussed. There is a series of questions. It is trying to get clarification on a raft of issues relating to the 10.3 per cent increase.

Ms ALLAN — We will work through them in each part. I am happy to go through them in each part, and you can get clarification on the way, Richard, as I answer them. Just at the outset, though, you can assume that that 10.3 per cent increase in the budget for skills is related to the fee increases. Can I make that clear at the outset, that those two figures do not correlate, but I will come to that in a moment.

Can I also clarify — I think at the outset you mentioned that the fee structure would only apply to diploma and advanced diploma level students. The new fee structure will apply for all students across all qualification levels from 1 July this year — all new enrollees, sorry. So if you are in a course already, you are not going to be picked up, but if you are enrolling in a course from 1 July, then you will get picked up under this new fee structure. But can I just talk about it in its global sense for a moment, and then we can go through some of the detail.

It is wrong to characterise that fees are going up across the board. You will see that in the policy document. We lay out in the policy document the fee schedule for the next four years, We have been very open in terms of the fees we are wanting to set for students over the next four years, and it is there in the policy document. Under the current, or soon to be previous, approach to setting fees, every student who came in paid exactly the same

rate. So if you were someone who was coming in to do an advanced diploma in engineering and were going to go off and work in a very good job at a very good starting wage, you were paying exactly the same fee as a student who could not read or write. So every student coming in — and we know that we have got a lot of adult literacy problems with people in our community — was paying exactly the same fee.

In order to get some equity into the fee structure we have introduced this new fee schedule which will see the fees going down for a significant number of people coming into training. Over the next four years we estimate that around 865 000 students will be better off under this new fee approach. That equates to around 59 per cent of the new students coming into the system. Particularly those students undertaking foundation level courses and certificates I and II and our apprentices and trainees, they are either seeing fees stay the same or dramatically go down. As I said before, the foundation level courses are your general certificates in education, your literacy and numeracy courses. It is really important that fees are not a barrier to those sorts of people participating in training. People have unlimited access, which in part goes to the other part of your question around eligibility, about people holding qualifications at level or higher than what they are going to enrol in. People have unlimited access to foundation level courses. You can do as many of them as you need to do to get that qualification. Very broadly, that is the fee structure.

If you continue that along the line, if you like, where the fees are progressively going up, I should say that the fees at even the higher levels, the diploma and advanced diploma levels, are broadly consistent with what you will find fees are in other state training systems. They are broadly consistent with those that are required in those other states. In Victoria we have taken a further equity measure to support those students at that diploma and advanced diploma level with fees higher than what they are currently experiencing. We have worked with the commonwealth government to introduce an income contingent loan.

Again, this was quite an important shift because at the moment, as you would know, you can get an income contingent loan if you go to university, you can get an income contingent loan if you are undertaking education with some particular private training providers. What we had was a situation where TAFE students were the only students who could not access an income contingent loan.

If you think about the way income contingent loans, or HECS, opened up university access to so many more people when it was introduced in the late 80s. I know it was not without controversy, but if today you look back, you see that the increased anticipation that we have now in universities was largely driven by the availability of HECS. I certainly know I was one of those students who was able to gain that opportunity because of that change.

What we also know at the moment is because of the way the current fee structure is set, some TAFEs were doing their own ad hoc loan arrangements. Having an income contingent loan that applies only to advanced diploma and diploma level students gives those TAFE students an opportunity to come into training. They do not have to pay anything up-front. As you know, it is a deferred loan scheme. They pay not a cent. They may have to buy a book or two along the way, depending on what course they are studying, but they will not have to pay a cent to undertake that study.

It has been a very important shift that we have made here in Victoria, and we did receive strong support from the commonwealth to do that, which goes to the next part of your question around legislation. It does require a change to federal legislation. The current system, called the VET-FEE HELP system, needs to be amended to allow this regime to be put in place. That legislation is currently progressing through the commonwealth Parliament. We certainly appreciate the very strong support we have had from the commonwealth government to see that introduced here, into Victoria.

To then go to the issue of full fees, in terms of the publishing of the schedule of full fees I imagine each TAFE institute will have the fees for the full costs of their courses if you are not eligible. That information would be available through those particular TAFE institutes and other training providers. Overseas students are full-fee-paying students as well, so that would cover those students in that part of your question also.

In terms of the eligibility requirements, which is what you mentioned around students needing to do either an at-level course or something a bit lower and having to pay full costs, that is not true in every circumstance. If you are under the age of 20, you have unlimited access to all levels of qualifications. As a result of the changes with the youth compact, the unlimited access to the training places now goes up to the age of 25.

For the rest of the population — if you like, the adult population — the eligibility regime does not apply if they are doing foundation-level courses. Again, there is what I said earlier about the certificates I and II in literacy and numeracy and general education. The eligibility regime does not apply; it then does apply for courses beyond that. But we have established as part of this regime — and it is detailed here in the policy document — an exemptions mechanism.

Obviously where you draw a line there are always going to be some people who may be disadvantaged in some way, so we are wanting to make sure particular people who come with particular barriers to learning — people who come from disadvantaged groups within our community and people who may have been made redundant — if you think about someone in general manufacturing, they may have got a certificate II in manufacturing and need to go and do another certificate II in, say, an auto area or in the transport area.

We want to make sure that those sorts of people are given those opportunities, so we are establishing an exemptions regime which is going to be administered again with all the training institutions, so we can make sure that we are providing more opportunities for more students.

To sum up, at the end of all of this there is increased funding across the board in terms of the $316 million that is going to the system. There are 172 000 additional training places going into the system. As a result of the fee changes we estimate that around 865 000 students over the next four years are going to be better off as a result of these fee changes, and that number represents around 51 per cent of the total students in that cohort. Chair, I know that was a very long answer.

The CHAIR — I know it was a very long answer, but I was being patient. Mr Dalla-Riva asked a very complex question.

Ms ALLAN — I am happy to follow up.

The CHAIR — If there is anything there which can be taken on notice, I ask you to review the — —

Mr DALLA-RIVA — Just on a footnote, just a breakdown if you could if you have not got it.

The CHAIR — Can I clarify that as well? Take it on notice, Minister, because also in the department's response to the PAEC questionnaire there are different figures in there. With regard to skills you talk about a variance of 1.8 per cent between 2009–10 and 2008–09, and you have different figures. In this one, which is skills and workforce, you have got lower figures, or slightly different figures, I must admit. I ask you to get some reconciliation and give us an explanation for the difference Mr Dalla-Riva has asked for.

Ms ALLAN — To confuse things further, there are funding arrangements with the commonwealth, which also add some nice complexity.

Mr DALLA-RIVA — I imagine there would be.

The CHAIR — It would be good to clarify that. Ms Huppert? Two very quick questions.

Ms HUPPERT — Minister, I have a very quick question in relation to the economic outlook that is described in budget paper 2, in particular on page 19. I know you referred to this in your initial presentation. Can you please outline for the committee what initiatives in the budget in the skills and workforce participation portfolio will be supporting Victorians through the current economic challenges it faces?

Ms ALLAN — I probably do not need to repeat what I have said a couple of times already this afternoon about the economic downturn. We all know it is bad, and it is not good.

Dr SYKES — Tell us about the drought though, Minister!

Ms ALLAN — We do know that one of the keys to supporting both individuals and communities — and businesses — through the economic downturn is increasing an investment in training and providing more training places. I have already talked at length about skills reform and how that is providing more flexible and a more responsive system with additional training places.

The budget does provide some particularly focused initiatives. I mentioned before the $10.2 million of new workforce partnerships, which is going to support significant numbers of people into the workforce. Mr Noonan

can talk at length also about this project — he is a big supporter of this program as well. It has been a very important way of helping disadvantaged people into employment opportunities.

As part of this, today we have put out some information calling on industry and community organisations to lodge their expressions of interest to help a further 1150 disadvantaged workers into employment through this program. There will be opportunities for local members to promote this within their local communities.

There is the Skill-Up program, which Bill Sykes would probably know quite well from some of the work we have done up in Euroa with the Teson Trim's workers. It has been a very important program to help workers affected by redundancy. One of the big changes that has been made in this space in recent times has been the commonwealth government stepping up and introducing — which has been very welcome after a long period of time; it is doing a much more focused approach to people who have been made redundant — a $300 million program.

What we are looking at doing with our Skills to Transition money, which is up there on the screen still — the $13.8 million which is providing 6400 training places — is how we can tailor that program in with the work that the federal government is doing. They are taking a much more universal approach to provide immediate support to retrenched workers but we also know that there can be a very important training element to helping people to get new skills.

There are a couple of things we are doing in the apprenticeships space.

The CHAIR — Very quickly, Minister!

Ms ALLAN — There are a couple of things we are doing in the apprenticeship space to help apprentices who may be out of trade. They might be with group training companies and they are out-of-trade apprentices. We are giving them the opportunity to register, and we will help them find a new employer and also helping registered apprentices who may have lost their jobs but nearly have completed their apprenticeship. We are looking at how we can help them through this period as well. I will stop there.

The CHAIR — Thank you very much, Minister. A final brief question from Ms Pennicuik?

Ms PENNICUIK — Minister, with the full market contestability that will be introduced and TAFEs competing with our private providers — which some critics are saying will affect the long-term viability of some TAFEs, particularly in regional areas — implicit in this model is the requirement for good monitoring and teaching, and course delivery standards from the private providers; we have seen some instances in the media recently of that not being the case.

Is there additional funding for the VRQA to undertake this work? Also the package foreshadows an information system called Qualifications Navigator that will assign a value for each course in the form of levels and points, and there will be an information campaign to let people know about that. Is there going to be any face-to-face course selection and career advice attached to that?

Ms ALLAN — There are a number of parts to that question as well, Chair, so I will work through it.

The CHAIR — Some of which you can take on notice, I am sure.

Ms ALLAN — Yes. Just to be clear at the outset, I am absolutely confident that our TAFE institutes are going to do very well as a result of these changes. They, for the first time now, will no longer have a cap put on the number of training places that they can deliver in a community, and I think that is a big step forward in terms of them being able to do more, which will see the more students that come through the door, the more funding they will receive, which is good for the TAFE institutes — they will get more funding and will continue on their way; and it is also good for those people who are getting more access to training. So this is going to be very positive.

In terms of TAFEs competing in this new environment, we have been very careful to make sure that there continues to be key support from government in this package; so TAFEs will continue to be funded to provide those full service provider roles that we are currently familiar with now; so we will continue to fund TAFE for things like the workforce; we will continue to fund TAFEs for the regional differential component that we

currently provide for TAFEs; and other supports that are currently there will continue, so it is not correct to describe it as them being out there, contesting against the private market fully.

There will continue to be those central supports plus we will continue to fund TAFE capital programs, which gives them a very strong and strategic advantage within the marketplace. That is very important in terms of keeping an eye on the viability of TAFEs and to the future, as I believe this package only strengthens their position in the years to come.

The issues around quality, I know, are something that many people have raised with me on a number of occasions, and as a result we are providing additional funding to the VRQA and requiring an additional quality mechanism for private training providers, and again it is detailed in the policy document.

Private training providers who want to come in and deliver government subsidised training will have to meet additional quality requirements that are not there now and are not required of public providers, so the requirements are being strengthened there. You mentioned the Qualifications Navigator and the state register. There is an additional $8 million in the package to make sure that we are getting more information.

One of the parts of the research that came back to us during the policy process was that people wanted to know more about the training system; it was a bit complex for them as to how they find their way through the system; so making sure we put more information in the hands of careers teachers or mums and dads or the individual or the boss is going to be very important to bring more people into training.

The CHAIR — I think we will take the rest of that on notice, Minister. That concludes consideration of the budget estimates for the portfolios of regional and rural development, and skills and workforce participation.

Ms PENNICUIK (to the Chair) — You don't cut off your members — they are given huge, long answers!

The CHAIR — I thank the minister and her departmental officers for their attendance today. It has been a useful session. Any questions we have taken on notice, the committee will follow up with you in writing at a later date. The Committee requests that answers to those written requests be provided within 30 days. Thank you.

6.9 Industry and Trade Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 21 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr M. Pakula, Minister for Industry and Trade,

Mr H. Ronaldson, secretary,

Dr A. Smith, deputy secretary, investment and major projects,

Mr W. Lewis, deputy secretary, industry and trade,

Mr J. Strilakos, acting chief financial officer; and

Mr C. Marsden, manager, business improvement, Department of Innovation, Industry and Regional Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of industry and trade. On behalf of the committee I welcome Mr Martin Pakula, Minister for Industry and Trade, 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 members of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

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

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

I ask that all mobile telephones be turned off. I now call upon 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 industry and trade.

Mr PAKULA — Let me say what a privilege it is to appear before this committee. It is good to be on the other side of the table.

Dr SYKES — Say it with more conviction, Minister: one more time and put on some Labor Party spin!

Mr PAKULA — Bill, we will get into Lake Mokoan later.

Dr SYKES — Did you mention Lake Mokoan, Minister?

Mr PAKULA — I would certainly like to take the opportunity to briefly outline to members of the committee some of the industry and trade portfolio's key achievements over the past year and to highlight some of the areas of focus for the portfolio.

Overheads shown.

Mr PAKULA — We will start by looking at some of the key portfolio achievements, particularly in new investment attracted. In 2007–08 DIIRD has been responsible for attracting and facilitating $3.25 billion worth of investment into Victoria, and that is expected to result in the creation of 8212 jobs. $1.2 billion of that investment was attracted into regional Victoria, and that creates an estimated 2766 jobs, which is a 25 per cent increase on 2006–07.

The largest concentration of investment which was attracted and facilitated into the state was in the retail services sector, which was $1.43 billion. But there were significant investments also facilitated in tourism — $303 million; energy — $300 million; food and related industries — $244 million; and resource-based industries — $209 million.

The total exports for 2007–08 were $33.5 billion, which was an increase of 6.7 per cent over the previous financial year. Goods exports accounted for the majority of those exports; they were 61 per cent and were valued at $20.5 billion, and that represented a 2.4 per cent increase over the previous financial year. Services exports were valued at $13 billion, which was a 14.3 per cent increase over 2006–07. I should note that we have a target of $35 billion by 2015; if we continue on the current growth path, that will be achieved.

In terms of some of the key achievements in the portfolio, obviously a significant focus of activity for the portfolio during the last financial year has been *Building Our Industries For The Future — Action Plans for Victorian Industry and Manufacturing,* which hereafter I will refer to as the VIM statement. That was launched

last November. It is a strategy that included a $122.7 million manufacturing action plan to support Victoria's manufacturing sector in adopting new technologies and materials, and developing specialist capabilities and a skilled workforce; a $97.2 million services action plan to position and support Victoria's services sector; a $24.8 million global markets action plan to help Victorian firms develop and expand export markets and integrate into global supply chains; and an $8 million defence industry acceleration program which is aimed at supporting local supply chain opportunities and helping innovative companies realise commercial opportunities.

There is also the Industry Transition Fund, which was put in place to recognise the growing external pressures that many Victorian companies are now operating under in this era of global slowdown. It is a $50 million fund; it is a fund that will, as a guide, provide support of up to $2 million to firms that have the potential to move into new and emerging markets as well as those firms that contribute to the state's baseline capabilities that underpin innovation in our industry sectors. It is a fund that will operate until June 2010.

The sorts of transition projects that will be considered are those that have the potential to deliver a net economic benefit to the state and lead to sustainable increases in productivity through the development of innovative products and processes; mergers and acquisitions to end up with sustainable growth-oriented entities; upgrades to existing infrastructure; and the purchase of new plant and equipment.

It is worth going through what we see as some of the major challenges. The past year has already proved to be one of the most difficult we have faced, not just with the unpredictable global economic climate but also with the Black Saturday bushfires. The global impact on our manufacturing industry has been significant and the continuing drought conditions have also been impacting on primary production. Our view is that now is the time to build those relationships with our international business partners, to search for new ways of doing business to protect and create jobs.

In terms of our priorities, obviously in terms of trade and investment we will be continuing to work to boost Victoria's trade and investment through the Global Markets Action Plan that was announced in the VIM statement. It is a plan that includes $10 million for leveraging global opportunities, which is a program to gather market intelligence to target potential investors in strategically significant sectors, and to investigate trade and investment opportunities in emerging markets; $4 million for export clusters which is a program to help create clusters of companies that can combine their complimentary skills and their services to build a critical mass and bargaining power when they bid for major international projects; $4.8 million to expand the Opening Doors to Export plan; and $4.8 million for export connections.

In these challenging times, the strong relationships we have already developed with major investors in the state have never been more important, so the investor development program is one that is designed to build on those relationships and to maintain our state's reputation as an investment location of choice.

Obviously the VGBO network is part of strengthening this state's global presence in developing new trade opportunities. We have strengthened the network of Victorian government business offices. We have recently appointed five new commissioners, to be based in Dubai, Kuala Lumpur, Frankfurt, Tokyo and San Francisco. We will continue to provide in-market services to Victorian companies through the Access program and we will also continue to run targeted trade and investment initiatives that profile Victoria's business brand in strategically important markets.

Beyond that, the key priorities continue to be the Victorian industry participation policy. As has been previously announced, on 1 July we will be implementing a strengthened and streamlined VIPP and that will have an even stronger focus on skills development and technology transfer, along with the requirement to maximise local content. It is a policy that has been applied to over 1000 projects worth $21 billion since it came into effect, it has assisted in the generation of over 22 500 new jobs, it has achieved average local content of over 83 per cent, and it has achieved a cumulative total of almost $600 million in direct import replacement.

We will be building on the success of the program by simplifying the administration of the VIPP into a single VIPP plan, by doing away with the two-envelope system, by ensuring that the industry capability network is responsible for certifying VIPP commitments which are prepared by a short list of tenderers and we will also be stepping up our efforts to promote and facilitate the use of the VIPP by government agencies, by bidders and by suppliers across Victoria, and we will be ensuring that projects of strategic significance to the Victorian economy will be subjected to additional local content requirements on a case-by-case basis.

In this budget we have also announced the introduction of the transport infrastructure manufacturing scheme, which will be facilitated by the AIG. It is a scheme that will assist Victorian manufacturers to maximise Australian and international transport infrastructure business opportunities and, in conjunction with the VIPP, that new scheme will assist more Victorian companies to win work on the billions of dollars worth of state government new infrastructure projects.

To finish up, I want to talk about the VAMAP, the Victorian automotive manufacturing action plan. That is another major focus for the portfolio going forward. It is a plan that comprises three key themes: business development, investment and global market access. It has a budget of $6.7 million and it includes initiatives like the product and process innovation program, our in-market representation program and our technical presentation visit program, which helps companies showcase their wares to overseas customers. We are also about to embark on an industry capability study which will clarify the component needs associated with planned new vehicle models, and it will also help to identify overseas market opportunities for local component manufacturers. I have asked for that study to be completed this year and that will provide a decisive set of directions for future industry capability.

That is a summation of what the department has been doing and will do. We are feeling the impact of the economic uncertainty but I am confident that the actions I have outlined will put us in the best position to ensure that Victoria can come out of the current global malaise stronger than it has ever been.

The CHAIR — Thank you very much, Minister. I am sure you are aware that the Chair normally asks all ministers a priority question in terms of one of the themes. The theme this year is in regard to the federal support, federal grants and funding received by the states, quite a large proportion now of the state budget. What federal funding and grants does your portfolio, departments and agencies receive in the budget, that is, both output and asset? Can your department provide the committee with a list and description of such grants? What accountability mechanisms are there in respect of these grants, both upwards and downwards?

Mr PAKULA — Thanks for that question. At the outset, I would probably report that no federal grants which relate directly to the industry and trade portfolio have been received directly by DIIRD over 2008–09. But having said that, it is a portfolio which often works closely in partnership with the commonwealth government to support industries and to support companies, and both my department and the commonwealth will regularly provide grants to the same company or the same organisation to achieve certain outcomes.

There is, as you probably know, within Minister Allan's portfolio the Geelong Investment and Innovation Fund, which I will not go to in detail because it is within another minister's responsibilities, but as an example, that is a fund that receives co-contributions from the commonwealth, the state and, in the case of that fund, also from Ford.

A couple of other examples of programs where both the state and the commonwealth contribute: if you look at a program like the hybrid Camry, last year the Prime Minister and the Premier jointly announced that both the commonwealth government and the Victorian government would support Toyota to support the hybrid Camry here in Melbourne. That is going to be the first vehicle of its kind to be manufactured in Australia. It will be the greenest car manufactured in the country, with lower emissions than any other Australian-produced model. The production of that car will create additional local automotive jobs and show that the industry is capable of adapting to climate change and the global challenges that come within it.

Similarly with Ford, another example of the cooperative relationship between the commonwealth and Victoria is the support that both governments have provided to extend the life of the engine plant beyond 2010. That is an announcement that saved 1300 jobs — 400 at Ford and 900 in the supply chain — and that was great news for everyone involved.

There are also projects like automotive road maps. It is part of the VAMAP, and DIIRD in that instance is collaborating with the federal Department of Industry, Innovation, Science and Research. It identifies current technology requirements, future enables within the industry and, given that both the state and the commonwealth have similar ideas and similar outcomes that they want to achieve, again we are doing that collaboratively between the state and federal governments. But in terms of direct grants, the answer is nil.

The CHAIR — But there is certainly a lot of action at the moment in the global financial crisis.

Mr DALLA-RIVA — Minister, welcome to the other side, so to speak.

Mr PAKULA — So to speak.

Mr WELLS — The dark side.

Mr DALLA-RIVA — The dark side, indeed.

Mr RICH-PHILLIPS — Still committed to transparency.

Mr DALLA-RIVA — This is important, and it is about transparency. In 2005 there was an investigation undertaken which found an enormous amount of misuse of MPs electorate offices as membership factories. There were allegations of rorting, there were allegations that went to the heart of the integrity of the administration of the party, there was widespread forging of signatures, use of false addresses, phantom party meetings et cetera.

The CHAIR — That needs to relate to the estimates.

Mr DALLA-RIVA — This is about where we are going.

Ms MUNT — It is all in the budget, Minister.

Mr DALLA-RIVA — There were recommendations made about laying charges against Mr Socratous, Mr David, Mr Languiller and others.

Mr PAKULA — Didn't you have enough of this yesterday?

Ms HUPPERT — Obviously not.

Mr DALLA-RIVA — There are also recommendations for police investigations. What I notice was that the member — the minister now — moved a motion that the administrative committee apologises unreservedly to any parties that may have been harmed. Do you still stand by that motion about protecting Labor mates in Brimbank City Council?

The CHAIR — Thank you for that question. That question is not in order, so Robin Scott has the call.

Mr DALLA-RIVA — You do not? But you knew about it. You moved the motion and you did nothing about it. You knew about all the corruption — and you are another one linked to all of this.

Mr PAKULA — You got that on the Hansard report, did you Mr Dalla-Riva?

Mr SCOTT — I refer the minister to page 130 of budget paper 3, specifically the investment and trade outputs. Could the minister tell us about some of the government-supported events that showcase Victoria as a world-class investment location?

Mr PAKULA — Thanks for that, Mr Scott. I am glad to answer a question that relates to both my portfolio and the budget estimates.

Mr WELLS — What about responsibility?

Mr DALLA-RIVA — What about accountability?

The CHAIR — Without assistance, please.

Mr PAKULA — We are rightly proud as a government of our major events calendar. The wide array of events that are held throughout the year provide more than just entertainment; they allow Melbourne, and the state more generally, to highlight the wealth of investment opportunity the state provides. One example of that is the motor show. That was in March. It showcased our automotive industry and also provided a great opportunity for motoring enthusiasts to look at a whole range of overseas vehicles. The show has been one of our best events and one of our most popular events since it started back in 1925. Since 2000 we have had an average of over 230 000 people visit the show each year. I am glad to say that this year I was one of them. A highlight this year, going back to the presentation, was the range of new generation hybrid cars and new generation electric cars that were on display.

Last year we worked closely with Ford to secure the company's future down in Geelong. Ford have made a new $21 million investment there. That means that their engine plant will continue operations past 2010, and it will see the I6 engine, which was engineered here in Victoria, meet stringent Euro 4 emission standards. That was great news for the industry here in Victoria and great news for component suppliers, who will continue to provide parts for that engine. We have also secured, as I said, the first locally manufactured hybrid car, the hybrid Camry. There will be about 10 000 of those petrol-electric hybrids rolling off the production line here at Altona every year from 2010, and that will add an estimated $150 million to the state's GDP.

The other great event I have responsibility for that took place in March was the fashion festival. I know that the fashion festival, certainly in Parliament, was always the cause of some mirth and some frivolity.

Mr DALLA-RIVA — It was the suit that he used to wear, for free. He used to get the free suit.

The CHAIR — Without assistance, please.

Mr PAKULA — I have to say, Mr Dalla-Riva, I did not appreciate until taking responsibility what an unbelievable job the management of that event does, whether it is the chair, Laura Anderson, the deputy chair, Susan Renouf, or the CEO, Karen Webster. They have put together the most magnificent fashion festival certainly in Australia and it must be one of the best in the world. This year it introduced two new highly successful initiatives, the Designer Forum and the Student Showcase which was called *Metamorphosis. This year — and this is amazing given the economic climate — the festival tickets sold out in record time. Every event was absolutely packed. It is our only retail fashion festival of this scale in the country. It has been increasingly successful in attracting attendees, not just from other states, but from around the world. It is a festival that reinforces our position as the key centre of Australian retail, fashion and design. I think the success of the festival really supports this city's reputation as the cultural and events capital of the nation.

The CHAIR — And going forward into the out years, please, Minister.

Mr PAKULA — Well, Chair, it will continue to be. This year, for instance, we had a business seminar which will provide opportunities for business moving forward out of this fashion festival that I think will go to their bottom line for years to come. This is a festival that will, in an ongoing sense, promote our strength in fashion and promote our strength in design and retail. It really complements the retail strategy for 2006 to 2012. Both the motor show and the fashion festival, not just in terms of the events that they have been but in terms of the opportunities they provide for this state moving forward, are unparalleled events, Mr Scott.

The CHAIR — Mr Dalla-Riva. I ask you — —

Mr DALLA-RIVA — Thanks, Chair. I refer to budget paper 3 — —

The CHAIR — Stop. I ask you to ask a question about the estimates in relation to the work of this committee, otherwise I will not give you the call again this afternoon.

Mr RICH-PHILLIPS — He always does!]

Mr WELLS — Is this is a new rule?

Mr DALLA-RIVA — Sorry, I just went to budget paper 3. What was all that about, sorry, Chair?

The CHAIR — I will repeat it. You need to ask questions which relate to the estimates and the conduct of this committee. If you attempt again to ask questions which do not relate to it, then I will not give you the call again this afternoon.

Mr DALLA-RIVA — What, are you kicking me out?

The CHAIR — Mr Dalla-Riva.

Mr DALLA-RIVA — Is that your intention, Chair?

Mr RICH-PHILLIPS — That is a funny way to run a committee.

Mr DALLA-RIVA — Is your intention to kick me out?

The CHAIR — Mr Dalla-Riva, you have the call.

Mr WELLS — Are you going to apply the same rule to your side of politics as well?

The CHAIR — I will apply the same rule to anybody.

Mr WELLS — So where has all this come from?

The CHAIR — Mr Dalla-Riva.

Mr DALLA-RIVA — As I was saying, I refer to budget paper 3 — —

Mr WELLS — You're referring to it!

Mr DALLA-RIVA — I did. I think I referred to it, thanks, Deputy Chair.

Mr WELLS — That has got something to do with the budget, hasn't it? Excellent.

Mr PAKULA — You could throw a tent over this joint and charge admission.

Mr DALLA-RIVA — I am scared I might be thrown out so I will go to page 130 in relation to exports. I note, Minister, that the dollar figure of 'exports facilitated and imports replaced' was $2150 million — —

Mr PAKULA — Where are you referring to?

Mr DALLA-RIVA — Page 130, budget paper 3.

Mr PAKULA — Yes?

Ms PENNICUIK — Exports.

Mr DALLA-RIVA — Exports — it might fall within your portfolio.

I note that your predecessor delivered, as I said, that figure, but now we are down to — the target was $739 million, the expected outcome is $620 million, and the target again is going to be $739 million. I am just trying to get some clarification, because the footnote talks about the economic downturn, which everyone seems to blame.

I am trying to work out what your strategy is in trying to deal with it. Are you expecting the target to be the same as last year, or this current year, given that the expected outcome is about $119 million less? I am just trying to get further details and explanation as to whether you are expecting to achieve that target and what the strategy is attached to trying to achieve that target.

Mr PAKULA — When you say 'expecting to achieve the target', the expected outcome for 2008–09 is $620 million — so that is what we expect to achieve in 2008–09. And as you indicate, there is no doubt that there has been a hit as a result of the global financial crisis. We have some of our major export markets, not least of all Japan but other export markets as well, in probably the deepest recession that they have been in for 80 years. But the target for 2009–10 remains at $739 million. That is as it ought to be because we set ourselves ambitious targets.

In terms of exports, I think we need to say a couple of things. We have set ourselves an ambitious target for export achievement. In 2007 we set a target of $35 billion by 2015, and last year exports achieved was $33.5 billion. You ask what we can do for exports. There are a whole range of things that governments of all persuasions can do to improve export performance. One of the things that we can do as a state is make it as easy as we can for companies that export to get their goods to market — by providing good road and rail infrastructure, by providing appropriately deep shipping channels — —

Ms PENNICUIK — Good one, Martin!

Mr PAKULA — And as you know, that has been a key export strategy: to ensure that channel deepening is being completed, as it is, on time. But the other thing, Mr Dalla-Riva — —

Ms PENNICUIK — No big ships coming through, though.

The CHAIR — Without assistance.

Mr PAKULA — It is not finished yet, Ms Pennicuik.

The CHAIR — Without assistance.

Mr PAKULA — And I have got to say I think you would describe the support for that channel-deepening program from the opposition as at best lukewarm.

Mr WELLS — What are you talking about?

The CHAIR — Can you just focus on the issues at hand.

Mr WELLS — There has been an ad about this channel deepening the whole time, so what do you mean? Just explain that part of it.

Mr PAKULA — Explain that it was lukewarm?

The CHAIR — Minister, without taking any notice of interjections, please.

Mr WELLS — Explain it.

Mr PAKULA — The behaviour of the opposition in the Legislative Council — —

The CHAIR — Minister, I asked you not to take any notice of interjections!

Mr PAKULA — All right. I apologise.

The CHAIR — Thank you.

Mr WELLS — He says things he cannot back up.

Mr PAKULA — I am not allowed to, Mr Wells.

Ms MUNT — He said something that is true.

Mr PAKULA — Can I say, though, we also have in place a whole range of programs to assist exporters, many of which I am not sure the opposition is absolutely across.

Mr WELLS — Tell us how many times you revised that export dollar figure. How many times have you revised it?

The CHAIR — Mr Dalla-Riva is asking the questions and the minister is responding.

Mr PAKULA — Mr Wells, let me go to the programs that the government has put in place to assist exporters in this state. We have got the Access program, which has been developed to assist individual companies in markets where the Victorian government is represented. That is a program that provides introduction, it provides access to networks and access to a foreign desk at a heavily discounted rate for those that are staying longer in a foreign market. To date this financial year alone 538 companies have used the Access program — in San Francisco, in Shanghai, in Hong Kong, in Dubai, in Bangalore, in Tokyo and in London. That is just one way.

There is the Export Networks program, which encourages new and existing businesses to provide export information and training services to their members. The Trade Fairs and Missions program, which is an extraordinarily successful program that supports exporters. It provides groups of businesses with market intelligence and with export opportunities to enable them access to strategic overseas markets.

There is the Export Clusters program, one of the most impressive programs I have seen, which was established as a new model to assist the formation of export clusters, based on the very successful Australian

urban systems cluster. That provides for the formation of clusters across a range of industry sectors. I could go on and on, Chair.

There are a range of programs designed specifically to support and assist exporters. They are all being utilised. The level of satisfaction with them is very high. In an environment of global financial slowdown export performance cannot but be affected, but this government has in place all of the programs that you would expect a state government to have in place to assist exporters within the confines of our ability to do so.

Mr NOONAN — I want to ask you a question about Victoria's aerospace industry. Specifically I refer to budget paper 3, page 130. I ask whether the minister can tell us about how the government is helping showcase investment opportunities in the Victorian aerospace industry and what further opportunities exist over the forward estimates period?

The CHAIR — Also going forward too, Minister, because this is the budget estimates.

Mr NOONAN — I did ask about the opportunities over the forward estimates period.

The CHAIR — I understand that.

Mr PAKULA — One of the best opportunities going forward for the aerospace and the defence industry is through the Avalon air show, which, as you know, is conducted every two years. There was one conducted this year, and it will be conducted again through 2011, 2013 and 2015.

This year's airshow was, and I am sure subsequent airshows will be, very successful in showcasing the aerospace, advanced manufacturing and aviation service firms that we have here in Victoria to around the world. We as a government ensure that we are involved in all of the activities at the airshow, whether it be the one that has just been or the ones that will be conducted in the future, to promote our aerospace, aviation and defence capabilities and the state as a great place to invest.

Just to give you an example from this year, we, together with the Australian Industry and Defence Network, hosted 25 Victorian SMEs on a large stand, which was, I am proud to say, awarded best stand at the show. We have hosted and will continue to host a range of meetings between overseas business delegations and Victorian industry.

I think Ian Honnery, who is the CEO of the airshow, deserves great credit for not just the show he has put on but the shows that he intends to put on. In 2011 it will be the 90th anniversary of the RAAF. That is expected to be an outstanding show. I think it will be the centrepiece of our platform for investment opportunities. It provides a magnificent showcase for our world-class aerospace, advanced manufacturing, aviation services and defence industries.

There are also immediate economic benefits to airshows. We have not got the figures in from 2009 yet, but certainly in 2007 it boosted the economy by over $120 million and created 1800 full-time jobs. The attendance at this year's airshow was outstanding. I do not know if people went along, but on the Saturday and the Sunday — —

The CHAIR — The Deputy Chair attended.

Mr PAKULA — I am pretty sure Mr Finn attended as well, I think he told me. The weather on the Saturday and Sunday was absolutely foul. Nevertheless, the attendance was 170 000, which was down only very marginally on 2007's figures. It is a show that attracts 600 exhibitors, 400 aircraft, international delegations from 25 countries, and senior military representatives from 25 countries.

This year and hopefully in the years to come we are going to have an increased focus on careers and skills. There was a careers and skills forum this year which attracted 500 aerospace undergraduate and postgraduate students, 815 senior secondary students and 250 teachers. This is an event that provides enormous opportunities for this state. We were very pleased. I think there will be ongoing benefits from the partnership that was entered into this year between Kangan Batman Institute of TAFE and the German aircraft maintenance specialist Lufthansa Technik.

That will significantly strengthen aviation maintenance training capabilities here in Victoria but in Australia more generally. I continue, Mr Noonan, to look forward to the opportunities that will flow to Victorian industry as a result of the airshow and all of the work that is done around it.

Mr DALLA-RIVA — While we are on the aviation industry, I note that one of your strategies moving forward is to close Essendon Airport. Have you made an assessment of the impact of your reckless decision to want to close this important airport? Have you considered the impact that it would have in terms of investment and trade opportunities? Have you made any calculations or has your department made any assessment as to how many jobs will be lost as a result of your decision to want to close it?

The CHAIR — The minister to answer, as far as it relates to his portfolio.

Mr PAKULA — Can I say in relation to the aviation sector that all of the focus of both my portfolio and this department has been on the attraction of both international and domestic air services. We have done an outstanding job in that regard. In regard to regional aviation, Mr Dalla-Riva, that is partly impacted by Essendon Airport and its environs. We have in our response to the federal aviation paper continued to support regional aviation packages. We have an outstanding record in terms of supporting regional aviation facilities.

I have in my portfolio made no moves and no soundings about Essendon Airport. It has not been a focus of mine. Our focus is on the continuation of our strong growth of international passengers through not just Melbourne Airport but Avalon and the support of all of the regional and domestic airports in this state. Our achievements in that regard have been outstanding, whether it has been in attracting Etihad, Emirates, Tiger or any of the other aviation services through this city and through this state. We will continue to do that.

Mr DALLA-RIVA — So you have not made any assessment in the forward estimates of your policy to close it?

Mr PAKULA — I think you would assume from that, Mr Dalla-Riva, that over the forward estimates period that is not something we are contemplating.

The CHAIR — Thank you for that assurance.

Ms MUNT — My local area takes in Braeside, which is a major manufacturing area, to which export performance is very important. I would like to thank the Victorian government business office for the overseas fairs. I know that a manufacturer within Braeside, a shade sail manufacturer, went to one of those shows in Dubai and really put its business on an international footing.

I was wondering if you could detail for the committee what support measures are being put in place in the coming year as part of the forward estimates to support these very important export industries?

Mr PAKULA — I have already in answer to a question from Mr Dalla-Riva talked about export programs more generally. I think what I will do is focus on the AUS cluster that I mentioned earlier as an example. My department helped to establish that in June 2006. It has assisted and continues to assist Victorian companies to be more actively involved in some of those massive urbanisation programs that are occurring in the key growth economies around the world, particularly China, the Middle East and India. The combined annual spend in those areas of urbanisation-related projects is more than $500 billion.

The AUS cluster is one that consists of a broad range of Victorian companies, those that are committed to sustainable urban development from planning, design, technology and communications, engineering, economics, investment, infrastructure and environmental sciences. There are about 45 AUS member companies. They are different companies with complementary skills. They form a cluster to deliver vertically integrated outcomes for projects. That setup allows companies that have a strong Victorian presence to compete more successfully in the international marketplace.

We have completed two of those collaborative sustainable urban framework projects in Jiangsu Province, with a number of subsequent commissions and projects also being completed by AUS members. There are a further five collaborative projects which are either being undertaken at the moment or have been completed in Jiangsu in 2008–09, and they have got the potential to lead to about $200 million worth of exports for Victorian-based service providers in that sort of built environment space in the medium-to-long term.

Just to give you a couple of examples, there is the review of the West Tai Lake environmental and management treatment plan. That is anticipated to return $78 million in services, technologies and products over the medium term as the project is implemented. It is a project that outlined a strategic approach to remediating what was a heavily polluted lake, and it entirely used the experience of the Victorian companies involved to do that. There is also the Tangshan New City urban design framework. The AUS cluster has prepared a new city framework for Tangshan. That is a result of a long-term strategic cooperation agreement that has been signed between DIIRD and Jiangning district government in Nanjing city, Jiangsu Province. It outlines seven short-term project cooperation opportunities and five longer term opportunities. To date one of those opportunities has been awarded to an AUS member, with a direct fee payment of $2 million.

You have now got Grocon, which is the largest private construction company in Australia. It has recently established a cluster under the AUS brand. They will be working with property developers in China, specifically on opportunities in tall building design, construction and technologies. They see and we see the opportunities from that cluster being extensive in the short-to-medium term — $5 million to $10 million with full flow-ons of up to $50 million if they secure one of those identified projects.

The cluster system that we have set up is an extraordinary opportunity for companies with particular expertise in some of those emerging built environment markets. We are very excited about the possibilities from it.

Ms PENNICUIK — Minister, budget paper 3 on pages 16 and 17 mentions that the government will be providing $1.2 million over two years to establish the Transport Infrastructure Manufacturing Scheme to boost Victoria's capability to manufacture trains, trams and buses and other major transport assets. My question is: what is the government's view as to the percentage of Victoria's transport infrastructure that will built within Victoria in the next 2, 3, 4, 5 years? Do you have a target and some goal or aim that you are working towards in that, or is it just to assist them to be able to compete?

Mr PAKULA — I mentioned earlier, Ms Pennicuik, in my presentation the VIPP. In my presentation about the VIPP I mentioned that we have created as part of the amendments to the VIPP that will be coming into effect on 1 July 2009 a new category, 'projects of strategic significance', particularly those valued at over $250 million, with particular attention paid to the manufacture of rolling stock for the transport industry. Those projects will be the subject of, I suppose, a more rigorous Victorian industry participation policy process than other government procurement. Having said that, each and every procurement is still the subject of a competitive tender process. We have not been in the space of mandating a certain amount of locally manufactured product. The VIPP has been about ensuring that local manufacturers and local suppliers, particularly SMEs get a fair crack at government procurement. Having said that, the changes to the VIPP that will come into effect on 1 July and the particular focus on projects of strategic significance and rolling stock are a demonstration that we consider those projects to be those that we should pay special attention to. Certain characteristics or certain requirements will be applied to those projects strategically, on a case-by-case basis.

In regard to the Transport Infrastructure Manufacturing Scheme, you are right in noting that that has been set up as a result of the current budget. It is a scheme which we have indicated will be facilitated in conjunction with the Australian Industry Group. It is a scheme that we believe will assist Victorian manufacturers to maximise Australian and international transport infrastructure business opportunities. The sort of architecture of the scheme is likely to include — the scheme is still under construction — an e-portal directory of rail and bus component suppliers, a method of consolidating national transport opportunities and linking them with local capability.

The important thing that I think committee members should recognise is that for manufacturers of public transport rolling stock, particularly the SMEs — and they are particularly concentrated in the south-east of Melbourne — it is not just the Victorian pipeline that is important to them. A national pipeline of projects around the country can be the kind of pipeline that can give those companies the sort of scale that they need to smooth out the peaks and troughs of manufacture. It will also include an international visit program to evaluate new technologies and promote trade links.

I am very confident that the TIMS, in conjunction with the VIPP — and particularly the VIPP as it is streamlined and strengthened after 1 July 2009 — will ensure that there are better opportunities for Victorian companies to supply into those projects.

Ms PENNICUIK — You are talking about the needs of the companies. The need of the Victorian public is for more public transport rolling stock, which seems to be taking an awful long time to get here, presumably because there are not enough manufacturers internationally to meet the demands of the international market as well as what we need here. Is that going to be something taken into account, basically the need of the public for that stock?

The CHAIR — That might be another minister's portfolio.

Mr PAKULA — We are now starting to verge into the responsibility of the Minister for Public Transport — —

Ms PENNICUIK — It is not really.

Mr PAKULA — I am certainly not able to answer for the previous purchase decisions in other countries or indeed what factors might be causing supply delays, if in fact that is the case. What I can talk about is the way that programs managed by my department can assist local manufacturers to get a piece of that action.

Ms HUPPERT — Minister, I refer to page 130 of budget paper 3, which has a performance measure relating to trade fairs and missions supported. Could you please outline for the committee any plans for future trade fairs during the budget period?

Mr PAKULA — I have got to say that the trade fairs and missions program is a very successful program. I would like to take the opportunity just to outline some recent results first. Up to 31 March this year, we had supported 180 Victorian companies on 19 outbound and inbound missions, with an expected increase in mature exports of $138 million. The client satisfaction rate from the evaluations received was almost 87 per cent. They are very impressive figures and they underline how competitive our goods and services are in the international marketplace.

As I said at the outset, our export market has made some great advances in recent years. We have grown by 28 per cent since 2000–01 to $33.5 billion by the end of the last financial year, and we are committed to achieving $35 billion by 2015. We see the trade fairs and missions program as being an integral part of reaching that target. It is a program that has got a number of elements. There are overseas trade fairs, outbound trade missions, industry capability missions and inbound trade missions, and all of them have their role to play in promoting Victorian exports.

I just want to say that in January this year, with support from the state government, VECCI led a mission of nine Victorian companies to the Winter Fancy Food Show in San Francisco. That is one of America's premier trade-only events. It is for the specialty foods industry, and with 32 000 attendees has been extremely valuable for Australian exporters to the USA. Those companies that participated in that program anticipated sales of $1.85 million over the two years following the trip, which takes into account up to January 2011.

We also provide funding for companies to participate in trade missions. In late January this year there was a mission to the Middle East to showcase our capability in the health care sector. That is, as you know, a rapidly growing sector. All of the visits that we have had in that area and that industry have been very beneficial to Victorian exporters. We went to Dubai — that is, the mission went — for Arab Health 2009, which is the leading health industry event for the region. The delegation has used the event to raise awareness of our health care industry and to cement longer term relationships with key providers. The mission participants from that event have reported that they expect over $4 million in additional export revenue over the coming 24 months as a result of it. Just notably, Quality Healthcare Australia expect to increase their exports to the region by $1.5 million, and HeartSMART Diagnostics expect to increase their exports by $500 000.

We had an industry capability mission to the Farnborough International Airshow in the UK, which we expect will deliver $44 million worth of exports. We are looking forward to a similarly successful outcome from a delegation of 11 Victorian companies attending the Paris Air Show next month. A few weeks ago I visited Futuris Automotive. They are a company that design, engineer and manufacture automotive interior systems in emerging markets, and they are part of a mission to China coming up in June. They and I think five other companies will be visiting eight of the leading automotive manufacturers, companies like Geely and Chery that are now booming in China. They are going there to present their wares in the automotive component manufacturer supply area, and they are very optimistic about the results of that as well. So there is a lot being done in the trades fair and missions program.

Dr SYKES — Minister, my question relates to the Industry Transition Fund, which I think you highlighted in your earlier presentation and indicated that it is a $50 million fund.

Mr PAKULA — I did.

Dr SYKES — How will the government report to the community and Parliament on the expenditure from the $50 million transition fund? Will the grants to individual companies be published, and, if so, where?

Mr PAKULA — You report to the Parliament on the expenditure of the fund, through the budget papers, initially. There will also be in the annual report of DIIRD a summary of the companies which received funding under the ITF, but I should put a caveat on that. First, I just want to remind people about what the ITF is for and what it is not for. The ITF, first of all, is just part of a suite of measures that the government has to support Victorian industry. There are other grants, there are business assistance grants, there is investment facilitation and those sorts of things.

There are also general settings that you put in place to support the competitiveness of Victorian business, whether it is taxes, channel deepening, infrastructure, skills packages and the like. So the ITF should be viewed as just one element of a suite of measures.

It is important also to indicate what the ITF is not. The ITF is not a bail-out fund. It is not a fund about providing companies with cash for ongoings for their day-to-day operations or for companies that have run out of cash or are insolvent — tipping taxpayer dollars into that. It is a fund about helping businesses and industries that are generally in transition. That can be through a range of factors. It could be by the investment in new plant and equipment, mergers and acquisitions, investment in new research and development et cetera. Government funds can be provided to support companies who are going through that transition phase.

In direct answer, though, to the specific question that you asked, Dr Sykes, you have to bear in mind that a number of these companies at the time that they make application to government are sometimes going through some pretty difficult times. They might be going through difficult times with their suppliers or their financiers. If they were not, frankly, they might not be making application to government. In those circumstances for the government to be out there indicating that they are effectively making application to government for support could be almost the worst thing you could do for companies at that time because they are in the middle of very delicate financial negotiations. So we will be detailing in the annual report the companies that have received support and assistance if those financial sensitivities have been disposed of at the time that the report is compiled.

Dr SYKES — Let me just clarify. You are making the point about timing and that there might be some financial sensitivities, but you are making a commitment to the amount of grants being made to individual companies being made available — —

Mr PAKULA — No.

Dr SYKES — Sorry, let me finish, Minister — when the financial sensitivity issues of timing have been addressed. If that falls before the publication of the annual report, then it can appear in the annual report; is that what you are telling me?

Mr PAKULA — What I have indicated is that we will detail the total amount that has been spent from the fund and we will detail the names of the companies which have been supported. We have not been in the practice of detailing what individual companies receive through investment support by government in the past, and we will not be doing it in the future.

Dr SYKES — Sorry, Chair, but I think this is a very important issue of accounting. We do have situations in a federal sense where we had the Regional Partnerships programs, where money was made available to companies there, for often similar sorts of purposes. In that case, that information was public knowledge. Those companies may have been going through the same sorts of experiences that you are talking about. The previous federal government had no problems with transparency of accounting. Why do you have a problem with transparency of accounting, understanding there might be a timeliness issue at some stage, but down the track, why cannot the numbers be made available to the public?

Mr PAKULA — As I said, Dr Sykes, the numbers will be made available.

Dr SYKES — For each individual company?

Mr PAKULA — I am happy to indicate how much of the ITF funding is currently the subject of accepted or live offers. As I said, we will indicate which companies have been supported under the Industry Transition Fund, but there are good public policy reasons for the protection, not just of those companies, commercial-in-confidence considerations, but also for the protection of the interests of the state of Victoria. It is not that unlike investment facilitation. It is not that unlike — —

Dr SYKES — We have colloquial terms for that, Minister. That is just not open and accountable government. There are plenty of other examples where companies are receiving grants from the government and they are public knowledge, and the public of Victoria expects that to occur.

Mr PAKULA — Dr Sykes, if you will allow me to finish, there are good reasons, for both commercial-in-confidence and financial sensitivities, and it is not that unlike the investment facilitation moneys where the exact packages of support that are provided to individual companies are not revealed.

Mr SCOTT — Minister, I refer you to page 327 of budget paper 3 where the defence industry acceleration program is detailed. Can you provide us with some detail about how this program will support Victoria's defence industry?

Mr PAKULA — Thanks for that, Mr Scott. It is a vital sector for Victoria. It provides a diverse range of defence products and services and it helps us to undertake major defence industry projects, locally and internationally. It is an interesting industry. It is made up of a combination of large multinationals and large local companies, but also a lot of very small and medium-sized businesses, particularly in some of the finer technology areas, and they all play a role in the success of the sector.

We have a very highly skilled defence workforce and, again with a nod to Mr Rich-Phillips, I should indicate that a huge part of that highly skilled workforce is concentrated around south-eastern Melbourne. We have a superior manufacturing industry and we have outstanding R and D capabilities. We are the lead state for the Joint Strike Fighter project. We are the pre-eminent military combat vehicle designer and manufacturer in the country. We are home to the Defence Materials Technology Centre, and we are a major centre for ADF military and trade training.

The defence industry acceleration project was announced in the VIMS, and it underpins our plan to accelerate defence industry growth and to meet our commitments under the road map for the Victorian defence industry. It is a program that is funded at $8 million over four years and we believe it will position us as the leading state for the defence industry. It is a program that is all about participation in global supply chain opportunities. It is about strategic leadership and advocacy, it is about encouraging collaborative work, and it is about assistance for the innovative Victorian defence industry to realise commercialisation opportunities.

It is a program that will help us capitalise on what has recently been announced in the commonwealth white paper. It is a white paper which details the federal government's plan to modernise 80 per cent of the equipment used by the ADF over the next 10 to 15 years. There was an investment there of $100 billion, and we are doing everything we can to ensure that we get a sizeable chunk of that work. It is the biggest military spend since World War II, and there are some really long-term opportunities for Victorian manufacturers.

The details of the projects will be provided, I think, in the forthcoming defence capability plan, which is due out next month. There are some significant opportunities for the state, whether it is in regards to naval surface warships and submarine construction, as I have indicated, in the joint strike fighter program; and there are companies like Lovitt Technologies, like Marand Precision Engineering and like Production Parts doing a huge amount of work in anticipation of JSF opportunities.

Also in autonomous systems and protected vehicles — I do not know if people have been up to Thales in Bendigo, the old ADI Bendigo, but they are producing a Bushmaster vehicle not just for our defence industry but for the Dutch as well, which I am confident is the best of its kind in the world.

We are already working closely with companies engaged in the JSF and in the LHD, the Landing Helicopter Dock, projects. We will continue to do so, and we think the release of the white paper validates both our commitment to the industry through the defence industry acceleration program but also our establishment of the — —

Ms PENNICUIK — Can we have a public transport acceleration program?

Mr PAKULA — Ms Pennicuik, I think you probably need to ask the Minister for Public Transport that question.

The CHAIR — Ignore the interjections, please, Minister.

Mr PAKULA — Also there is the establishment of the Defence Industry Advisory Council, which, as you may know, is chaired by Rick Smith, a former secretary of the Department of Defence.

The CHAIR — Thank you very much, and I thank Mr Smith and Mr Lewis for their attendance, particularly Mr Smith.

6.10 Industrial Relations Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 21 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr M. Pakula, Minister for Industrial Relations,

Mr H. Ronaldson, Secretary;

Mr J. Strilakos, Acting Chief Financial Officer;

Ms B. O'Neill, Acting Deputy Secretary, Workforce Victoria; and

Mr M. O'Connor, Acting Deputy Secretary, Workforce Victoria, Department of Innovation, Industry and Regional Development.

The CHAIR — I now welcome the Minister for Industrial Relations; Ms Bernadette O'Neill, acting deputy secretary, Workforce Victoria and Mr Matthew O'Connor, acting deputy secretary, Workforce Victoria; also, again Mr Ronaldson and Mr Strilakos, Department of Innovation, Industry and Regional Development.

Overheads shown.

Mr PAKULA — I will start by talking a bit about Workforce Victoria. Workforce Victoria encompasses both industrial relations and workforce participation. It is a section of the department that advocates an industrial relations framework that encourages high-performance workplaces in the public and private sector and minimises industrial disputes.

The output group of industrial relations includes policy development in both the public and private sectors as well as the provision of information to employers and employees on areas like long service leave, child employment, and to outworkers and to the people who engage them.

Workforce Victoria develops policy, provides advice and delivers programs relating to industrial relations and workforce participation. It has a primary responsibility for developing policy, for administering workplace legislation and for managing programs aimed generally at establishing a fair, cooperative and dynamic industrial relations environment for Victoria. That is essential for attracting new business investment and for growing enterprises.

The budget for Workforce Victoria for 2008–09 has decreased by $3.2 million to $8.6 million, from the estimated outcome of $11.8 million for 2009, principally due to the cessation of the Office of the Workplace Rights Advocate and the reallocation of output costs covering general departmental and corporate costs.

In terms of key achievements for 2008–09, we have undertaken a review of the Child Employment Act to ensure that it remains relevant. As of 4 May, 56 public sector agreements have been given government approval in the last year. We have been working closely with the commonwealth over the implementation of its Forward with Fairness reforms. In the last year we have seen the launch of a number of initiatives aimed at balancing work and family commitments, and that includes the ways2work website, which provides information to parents returning to the workforce as well as to the employers.

Also, in March I was pleased to launch the employer recognition program which allows the use of a special brand mark to employers who have acted to provide family-friendly policies and family-friendly benefits to their staff.

We are also about protecting independent contractors. Prior to the enactment of the Owner-Drivers and Forestry Contractors Act there was an unequal bargaining position between contractors and their hirers, and there was also an information imbalance. There were high rates of business failures, particularly amongst owner-drivers, low financial returns and workers who suffered from poor physical health and long hours of work.

There has been significant work undertaken by the Transport and Forestry Industry Councils to enable owner-drivers and forestry contractors to be better informed and to conduct more prosperous businesses. The councils have produced codes of practice, an information booklet, rates and cost schedules, and the transport industry model contract. We have spent just under $300 000 on printing and promoting 200 000 copies of various materials.

I have recently appointed incoming council members and reappointed chairs for a new three-year term. The Transport Industry Council will again be chaired by Mr John Tolley, and the Forestry Industry Council by Mr Neil Pope. The government looks forward to their contribution in assisting — —

Mr WELLS — Is there anyone from the business community?

Mr NOONAN — Of course there is.

Mr PAKULA — Yes, absolutely. If you ask me a question about it, I will take you through it. They are the chairs, Mr Wells.

The CHAIR — There will be time for questions, I am sure — —

Mr WELLS — Just Labor people or union hacks — —

The CHAIR — The minister, to conclude, please, through the Chair.

Mr PAKULA — Can I say, we look forward to their contribution, Chair, in assisting those two key areas of Victorian small business. We have in the act taken the approach of the small business model of light-touch regulation, and as part of that approach the act gives power to the small business commissioner to mediate disputes and provide contractors and hirers with a fast, low-cost and accessible dispute resolution process.

On the last slide, in terms of key initiatives and priorities for 2009–10, Workforce Victoria will continue to work with its federal counterparts on the implementation of the new Fair Work Act to ensure that our workplaces are fairer and more productive. We welcome the new legislation. We will be seeking to make a new referral of powers to the commonwealth to support it. Workforce Victoria has been working with the federal department on the referral legislation and on an intergovernmental agreement that will set out how we as a state will participate in the national system.

Workforce Victoria also plays a key role in the negotiation of some public sector agreements, and all the agreements that have been negotiated to date have been consistent with the government's wages policy. Workforce Victoria will continue to facilitate new agreements in the context of the new wages policy and will also continue to work with other agencies in implementing the government's better work and family agenda. That is only a snapshot of the major issues confronting the IR portfolio over the past year and over the coming year.

The CHAIR — Thank you, Minister. I asked my question previously about federal grants. I assume that your previous answers will have covered that and that the department will cover anything in the response that they give us with more details.

Mr WELLS — Minister, I refer you to the industrial relations group output in budget paper 3, page 135, and to the dispute currently being fought out between the CFMEU and the Australian Manufacturing Workers Union on one side and the AWU on the other side for the principal union coverage of the government's proposed desalination plant, a dispute which the Trades Hall Council has also become involved in, and I ask: what are you doing as industrial relations minister to try to get this demarcation dispute resolved in a way that will ensure that if the desalination plant ever goes ahead, it will go ahead under a fair and reasonable site agreement without the threat of union militancy and disruption that could force bidders to add hundreds of millions of dollars to their contract bids at the expense of that Victorian water consumer and lead to long delays in completing this project?

The CHAIR — Minister, in respect of your portfolio.

Mr PAKULA — Firstly, Chair, perhaps I could seek some clarification. What dispute are you referring to, Mr Wells? There is no dispute in regard to the construction of the desalination plant, because the construction of the desalination plant has not commenced.

Dr SYKES — A pre-emptive strike, Minister.

Mr PAKULA — It is a pre-emptive strike, is it? So you are talking about a dispute that does not exist.

Mr WELLS — Hang on, you are really concerning me that you are that out of touch. At the moment there is a fight going on between the CFMEU with the AMWU on one side and you have got the Australian Workers Union on the other side fighting for coverage of the desalination plant site.

Mr NOONAN — The tender has not even been done.

Mr WELLS — No, we know that, and that is why we find it laughable. So are you saying that there will not be an issue on demarcation — —

The CHAIR — Mr Wells!

Mr PAKULA — Mr Wells, can I say — —

Mr WELLS — Just tell us. It is a simple, straightforward question.

The CHAIR — Mr Wells! The minister, to answer. Rather than ask the question again, it will go to other committee members.

Mr PAKULA — Chair, can I say, Mr Wells asked me whether I can guarantee that there will not be in the future a dispute. I have heard of — —

Mr WELLS — Demarcation dispute.

Mr PAKULA — I have heard of hypotheticals, but you are talking about a plant for which the tender has not been granted and for which there has not been any work on the site. You are surmising that there will be a demarcation dispute — —

Mr DALLA-RIVA — It currently is in place. Trades Hall are involved.

Mr WELLS — That is fine. Stick to what you have just said. That it is fine. I suspect there is going to be a lot of follow-up to what you just said, that you are that far out of touch with what is happening at Trades Hall.

The CHAIR — Mr Wells, thank you. Minister, if there is any further information to be provided, you will provide that to the committee.

Mr WELLS — I think you will read about in the paper. That is embarrassing.

Mr NOONAN — Minister, under your key initiatives and priorities for 2009–10, the first dot point goes to working with the commonwealth to ensure delivery of fair work commitments. Can you inform the committee how the government will achieve this in light of plan for national harmonisation of industrial relations?

Mr PAKULA — Thanks, Mr Noonan. It is a really important question because we need to have a new referral in place pretty soon. When the Premier announced in February this year the statement of government intent, we made a commitment to a unitary IR system following the introduction and passing of the federal government's Fair Work Bill. As the committee would know, the Fair Work Act has now passed, and we are working with the federal government to amend the existing referral of IR powers to the commonwealth.

Committee members would probably be aware that the commonwealth constitution provides certain powers to the commonwealth and it gives the commonwealth power to make law about constitutional corporations, otherwise known as the corps power. But section 51 also allows an arrangement where one or more states can refer a matter to the commonwealth, and that would then allow the commonwealth to make law about matters that they otherwise could not. In the case of IR, that would be unincorporated associations and employees of the state. It does not mean that we give up the *law-making power to the commonwealth; we can still make laws about the referred matter, but they would be ineffective to the extent of any inconsistency with commonwealth law.

Because a referral is made by a state, it is generally accepted that we can change or withdraw a referral at any time by amending or repealing the referral legislation and, if that occurs, then the commonwealth law becomes ineffective to the extent that it relied on the referral. As has been commented on on numerous occasions, the present Victorian referral was made by the former Kennett government in 1996, but at the time that that referral was made, most of the federal IR laws were based on the conciliation and arbitration power, and that is a power that is quite limited — for example, it does not allow the commonwealth to legislate for state-based awards, common rule awards or indeed for enterprise bargaining.

The corps power has been relied on for enterprise bargaining. The present referral is a subject matter referral, so it refers a specific list of subjects to the commonwealth. It refers to the subject of conciliation and arbitration for the settlement of industrial disputes within the limits of the state, and it is subject to a number of exclusions.

It has policy-based exclusions in respect of the public sector generally, so discipline and the transfer of public sector employees is excluded from the scope of the referral. The number and identity of persons employed in the public sector is something that is not referred to the commonwealth. It is excluded for very good reasons of state sovereignty and because those issues fall within *re AEU*. There are various other exclusions intended to prevent state laws being overridden by federal laws — for example, state workers comp laws, OHS laws and long service leave laws.

But because the federal law is now based upon the corporations power the referral exclusions only affect the federal laws as far as they apply to excluded employers and their employees. We are now working with our counterparts in the commonwealth Department of Education, Employment and Workplace Relations to ensure that the interests of the government, Victorian business and Victorian workers are properly reflected in the new legislation.

We have been working with the commonwealth to look at how we can ensure that our workers here are covered by our fair share of those laws. The new referral will be a text-based referral rather than a subject matter referral — that is, it will refer to the matters dealt with in the text of the Fair Work Act rather than trying to describe every subject matter that the bill deals with that allow the laws to apply to unincorporated businesses.

Research that was done in 2006 has found that there are about half a million workers in Victoria in unincorporated businesses, particularly in retail trade and hospitality. As a result of the referrals those workers will benefit from the 10 national employment standards. We are also working with the commonwealth on ensuring that those new laws apply appropriately to the public sector and for those workers who work in public sector corporations.

We are also working with other states to ensure that to the greatest extent possible there will be national harmonisation of that referral. We are doing it through the Workplace Relations *Ministers Council. We will introduce into Parliament very shortly a new referral bill and we will be seeking the cooperation of all the parties in the Parliament to ensure that workers in Victoria benefit from the new national IR system.

Mr RICH-PHILLIPS — Minister, I refer to your role in establishing a fair, cooperative and dynamic work environment in Victoria and the long-running industrial dispute on the West Gate Bridge site, which was organised by the CFMEU and AMWU which involve violence, intimidation and other thuggery, including the use of bikie gangs on picket lines.

I also refer to the fact that the CFMEU and the AMWU have succeeded in getting access to the West Gate Bridge site under the terms of the agreement for the settlement of the dispute, meaning that their violence and thuggery has in effect paid off, so I ask: what did you and the Victorian government do through your union contacts to stop the violence and intimidation that occurred in that dispute?

How much has the CFMEU and AMWU campaign and terms of settlement added to the cost of the West Gate Bridge upgrade and the safety barrier installation for the Victorian taxpayers? Will you as industrial relations minister call on the ALP to expel the CFMEU and the AMWU, or will you and your government continue to be compromised by your links to unions that rely on violence and intimidation to get their way?

Mr WELLS — Great question!

The CHAIR — Minister, insofar as it relates to your portfolio — I do not think the last part does.

Mr PAKULA — What a surprising question, Chair!

Mr WELLS — He is the guy that does — —

Mr PAKULA — Let us just get on with it, Mr Wells.

The CHAIR — Just ignore Mr Wells, Minister. He is not chairing the meeting; I am.

Mr PAKULA — Thank you for your guidance, Chair. I thank Mr Rich-Phillips for the question, which I will answer in a couple of ways. Firstly, when you talk about industrial disputes I think it is worth making reference to dispute statistics in this state more generally. In the last quarter of the Kennett government there were — —

Mr WELLS — What has that got to do with the West Gate Bridge?

Mr PAKULA — I will tell you what it has got to do — —

Members interjecting.

Mr WELLS — This is thuggery and intimidation.

The CHAIR — Mr Wells, no interjections, please.

Mr PAKULA — Mr Wells, by way of comparison 112 000 working days were lost in the last quarter of that government.

Mr WELLS (to the Chair) — So you are just going to let him go on?

The CHAIR — He is giving a comparison.

Mr WELLS — Bring him back to the question.

Mr PAKULA — Now we come to the current day, Mr Wells. In the last quarter of 2008, 6600.

Dr SYKES — At what cost, Minister? How much taxpayers money did it take to buy them off?

Mr PAKULA — It is 112 000 versus 6600.

Mr WELLS — Are you going to get to the answer? This is embarrassing.

Mr PAKULA — Mr Wells, I am getting to the answer. In terms of dispute figures in this state — Victoria on a national scale — 2.8 days lost per thousand versus a national figure of 3.3 and a figure in New South Wales of over 5.

Mr WELLS — What has that got to do with the West Gate Bridge dispute?

The CHAIR — The minister, to answer, please.

Mr PAKULA — I am coming to the West Gate Bridge.

Dr SYKES — Drive faster, Minister. You are caught in gridlock.

Mr PAKULA — Mr Wells, I will get there a lot quicker without your interjections.

Mr WELLS (to the Chair) — He will not even stick to the question.

The CHAIR — Minister, thank you. Mr Wells, we could do without your intimidation and thuggery.

Dr SYKES — The pot calling the kettle black!

The CHAIR — The minister, to answer.

Dr SYKES — 'Chair condones thuggery!'. You will be outed from the party. Just as well you are on the eastern suburbs, not the western suburbs.

Members interjecting.

The CHAIR — I am happy to apologise. The minister, to continue.

Mr PAKULA — Industrial relations in the construction industry generally has been extremely harmonious since the implementation of the Building Industry Consultative Council.

Dr SYKES — At what cost?

Mr PAKULA — The Building Industry Consultative Council, which is a bipartite board with representatives from both the construction industry and construction industry unions, keeps the Building Industry Comparative Index. In the time that that index has been in place, Victoria has gone from a rate of 41 to a rate of 52, the second best in the country.

The CHAIR — I think it is time to get onto the West Gate Bridge, Minister.

Mr WELLS — Thank you! At last! How many chances are you going to give him?

Mr PAKULA — Let me say about the West Gate Bridge — —

Dr SYKES — It cost heaps.

Mr PAKULA — This was a dispute — a concluded dispute, mind you — between John Holland and those unions that you referred to. I go back to the referral of 1996, which you are well aware of.

Mr WELLS — What did you do as minister?

Mr PAKULA — Go back to the referral of 1996, Mr Wells, that you are well aware of.

Mr WELLS — What did you do as minister?

The CHAIR — Allow the minister to answer.

Mr PAKULA — Mr Wells, it is very easy for you to come in here and — —

The CHAIR — Ignore the interjection.

Mr PAKULA — Thank you, Chair.

Dr SYKES — Answer the question!

Ms MUNT — He is trying.

Mr PAKULA — It would be a hell of a lot easier to answer questions without — —

The CHAIR — The minister, to ignore interjections.

Dr SYKES — At what cost, minister? How many million?

Mr PAKULA — Can I say it is easy to come in here and say, 'What did you do about a dispute?'

Mr WELLS — You are responsible. You are the minister.

The CHAIR — The minister to answer, please.

Mr PAKULA — I am doing my best, Chair. It is easy to come in here and say, 'What did you do about a dispute between a private company and unions?', when you know that the instruments of conciliation, the instruments of dispute resolution and the instruments of federal agreement-making are all federal instruments, since 1996. There is no state industrial relations commission — —

Mr WELLS — Then why do we have a Minister for Industrial Relations?

Dr SYKES — You're a man without a job!

The CHAIR — Without assistance, Minister.

Mr PAKULA — Can I say, having said that, you would be well within your rights to imagine that given that there is no state system, no state act and no state commission, there are federal authorities — the Federal Court which was utilised, the federal commission which was utilised, the federal ABCC which was utilised — having said all of those things, you would be within your rights to say that someone from the government should act behind the scenes to urge, to encourage, to facilitate discussions, to get the dispute resolved.

However, the responsibility for that is for the minister responsible for delivering the project, which is the Minister for Roads and Ports.

Mr DALLA-RIVA — And he was involved in that!

Mr WELLS — So what do you actually do?

The CHAIR — Thank you, without assistance, Mr Wells.

Mr PAKULA — Mr Wells, if you would like to hear the conclusion of the answer, I do not know whether you asked the Minister for Roads and Ports whether he did those things when he appeared before you — —

Mr WELLS — I thought we would ask the Minister for Industrial Relations.

Mr PAKULA — But if you did not, I did, and I can tell you that the answer is yes. He did all of those things you would expect the Minister for Roads and Ports, who is responsible for delivering the project, to do in order to encourage the parties to resolve the dispute as expeditiously as possible.

The CHAIR — Thank you, Minister. You will have to ask the relevant minister that one, Mr Wells. Ms Munt?

Ms MUNT — Thank you, Chair. Minister, can I please refer you to budget paper number 2, page 18 and I will quote from that page:

> In April 2009 the government announced it would be securing and preserving jobs in the public sector through a new wages policy. In response to lower inflation forecasts, the government announced that the 3.25 per cent a year guideline rate a year for enterprise bargaining agreements would drop to 2.5 per cent, with the opportunity for further increases in line with productivity increases.

Could you please detail for the committee why that decision was made; and what will be the consequences of it?

The CHAIR — Quickly, Minister, because we want to get another question in.

Mr PAKULA — I will be quick. We were faced with a decision that faces probably every government and business around Australia and around the world. In the face of the global financial crisis, businesses and governments have had to make some pretty hard decisions about job reductions, down days and redundancies, and that was a path we wanted to go down.

We are the largest employer in the state, and we are committed to our entire public sector workforce, so we made a decision that we would not embark on a program of redundancies; but in order to achieve that we had to tighten our wages policy.

The previous policy was based on a wages policy guideline for a 3.25 per cent increase with additional increases in return for genuine productivity improvements, and there were concluded agreements over the last little bit of time between us and the police, and nurses and teachers consistent with that policy; but we had to announce a change to that policy at the end of March. We consulted with both the public sector unions but also with industry representatives; we gave a pretty clear message that in these times government, businesses and unions had to make saving jobs a top priority.

Therefore we immediately capped the wage increases for MPs and public sector executives at 2.5 per cent, and we indicated that a new wages policy of 2.5 per cent would commence from 4 May — the day before the budget.

We provided the public sector unions with until that date to finalise their existing agreements. There is a good faith requirement that if you put an offer on the table, you have to have a reasonable period of time to allow those agreements to be finalised, so we gave them a reasonable opportunity to get that agreement done. We were able to reach a number of heads of agreement in the period between when we announced the change to wages policy and the new kick-in date.

They were with the health services union no. 1; allied catering staff; health maintenance workers, dental therapists and general dentists, the DSE field staff, kindergarten teachers, V/Line passenger workers, DPI wild dog controllers, electorate officers, Victoria legal aid, the Melbourne Recital Centre, the CFA managers, ESTA operational and administrative staff, the Centre for Adult Education, and of course, importantly, with the Victorian Public Service.

We reached a new heads of agreement with the CPSU on 4 May, and six months of intensive negotiation concluded in a collaborative way without any industrial action. The agreement provides for a 2 per cent increase on 1 July, another 1.25 per cent on 1 February and another 3.25 per cent on 1 October 2010. That is the 3¼ and 3¼, and a lump sum productivity payment of 0.8 per cent of annual salary, paid on agreement, and that reflects the fact that the agreement is in fact a 2 years 4 months deal.

Dr SYKES — Those agreements that you nominated, were they all within the 3.25 per cent?

Mr PAKULA — They all complied with government wages policy, Dr Sykes. Government wages policy is 3.25 per cent plus any demonstrated productivity improvements.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3, page 135, in terms of performance measures and outputs where, under your portfolio, industrial relations is to advocate for and deliver programs aimed at establishing fair, cooperative and dynamic work environments in Victoria, in both private and public organisations.

That performance relates to the recent West Gate Bridge dispute, in which the use of violence and thuggery has resulted in the CFMEU and the AMWU winning access to the site.

I also refer you to the fact that prior to the great success of the ABCC — the Australian Building and Construction Commission — established by the Howard government, union militancy and disruption on Victorian building projects added hundreds of millions of dollars of costs for Victorian taxpayers and Victorian citizens.

Does the Victorian government accept that without tough action against construction industry union lawlessness Victoria is already returning to those bad old days? Does the Victorian government support Julia Gillard's claimed policy of continuing to have a tough cop on the beat to fight union militancy in the construction industry? If so, what will the Victorian government do in the forward estimates to support that policy and support the work of the ABCC?

Will you ensure that under your portfolio the Victorian government requires tenderers for Victorian government contracts in future to undertake to be co-compliant with the code of industrial relations practice established under the Howard government?

Mr PAKULA — Is there time for me to answer, Chair?

The CHAIR — You will have to answer it as quickly as possible. You can take the rest of it on notice.

Mr PAKULA — I will answer it as quickly as possible. Like I said earlier, there has been a stunning reduction in issues in the construction industry and across all industries in Victoria. Our model is a model of cooperation through the Building Industry Consultative Council. That has been a council which has led to a reduction in industrial disputes in the construction industry from the levels that they were under the Kennett government to historically low levels today. That is the result of the cooperative relationship that we have fostered through the BICC in this state. In relation to the question about Ms Gillard and the response to Wilcox, we made our own submission to the Wilcox inquiry. We expressed our grave concerns about what we saw as some of the pretty significant powers that the ABCC had that were antidemocratic, powers that even Wilcox has recommended should be severely curtailed because they are the sorts of powers that would be more appropriate for the Office of Police Integrity — in fact in some regards they went even further than the powers of the OPI. I think given the time constraints, Chair, we will have to take the rest of that question on notice.

The CHAIR — Can you take the rest of it on notice? That includes consideration of the budget estimates for the portfolios of industry and trade and industrial relations. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests written responses to those matters be provided within 30 days. Thank you, Minister.

Mr PAKULA — Thank you, Chair.

CHAPTER 7: DEPARTMENT OF JUSTICE

7.1 Police and Emergency Services Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 14 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr B. Cameron, Minister for Police and Emergency Services,

Ms P. Armytage, Secretary, and

Dr R. Kelleher, Executive Director, Police, Emergency Services and Corrections, Department of Justice; and

Chief Commissioner S. Overland, Victoria Police.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of police and emergency services. On behalf of the committee I welcome the Honourable Bob Cameron, MP, Minister for Police and Emergency Services; Ms Penny Armytage, Secretary of the Department of Justice; Chief Commissioner Simon Overland of Victoria Police; and Dr Roslyn Kelleher, Executive Director, Police, Emergency Services and Corrections, Department of Justice. Departmental officers, members of the public and the media are also welcome.

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

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

Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

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

Mr CAMERON — Thank you, Chair and members. I will go over a slideshow and then we will answer questions in the normal way. Given this is an estimates committee, in the event there are other — —

Mr WELLS — In the normal way? What other way is there?

The CHAIR — The process that is normally followed is that of the Legislative Assembly; there are no supplementary questions.

Mr CAMERON — And also the way you take it in turns. That is the normal way, the way that has happened on the eight previous occasions when I have been here, Mr Wells.

Mr WELLS — Okay. I just wondered if there had been any changes.

Mr CAMERON — Or is it nine? Then if there are other issues — —

The CHAIR — Sorry to interrupt you, Minister. For the cameraman who has just arrived, we are following the rules of Parliament in terms of filming. The rules are that you film and use recordings only of people who are speaking. You should only film those people and not ambit shots of Parliament House. There are strict rules in regard to filming here, and as you know, you should follow them. I note for the record that they have not been fully followed, and I will be speaking to the president of the press gallery in that regard.

Mr CAMERON — In the event that we need to follow up particulars, we will correspond with you as we have done on previous occasions.

Overheads shown.

Mr CAMERON — We will go to the slideshow. This is the justice budget, and you can see there the way that justice has the different components. In relation to the police and emergency services budget there has been an increase of 6.97 per cent — so 7 per cent — on the current financial year in terms of budget impact.

If we go to the next slide in relation to the police budget you will see the increase in police budget over the course of the years. What you see there is an increase as the police force has also continued to grow. Obviously, you would expect that to occur.

If we go to the next one in relation to police numbers, what we see in the red column is the tapering off of the Liberal policy of reducing police, and we see the increases which have occurred over time. The police are estimating — —

Mr WELLS — How many on the street, though?

The CHAIR — Without assistance.

Mr WELLS — How many operational police have you got — —

Mr DALLA-RIVA — If he is going to put that up there — —

The CHAIR — Please ignore the interjections, Minister.

Mr WELLS — Operational police as compared with other states might be an interesting graph as well.

The CHAIR — Through the Chair please, Mr Wells.

Mr CAMERON — You will get your chance to answer — —

Mr WELLS — Chance to answer, that is right.

Mr CAMERON — Or ask questions.

Mr WELLS — I will ask questions.

The CHAIR — Thank you, Minister.

Ms MUNT — That counts as your first question.

The CHAIR — I remind all members that we need to focus on the hearings and not on the interjections.

Mr WELLS — Are you going to say — —

The CHAIR — You are just a serial offender, Mr Wells. Just control yourself.

Mr WELLS — No, if it is going to start with making some of those comments — —

The CHAIR — Minister.

Dr SYKES — Has Koo Wee Rup got one 'p' or two 'p's'?

Mr CAMERON — One.

The CHAIR — Keep going, Minister.

Mr CAMERON — In relation to infrastructure improvements, we have had a large commitment to improving infrastructure. This budget allocates $32 million for 10 new police stations as well as for the refurbishment of the World Trade Centre being the headquarters of Victoria Police. That has been part of an ongoing program which represents the largest ever police station building program in the state's history.

In relation to policing, our commitment will see over 1750 additional police during the course of this government from when we came to office until June 2010.

If we go to the next one, there are various road safety initiatives in this budget. Some of those are: the 200 moving-mode radar units; extended drug testing; as well as newer road safety technology being used in relation to hand-held lasers — using the latest technologies in those areas as we replace some older equipment; and also screening breath testing as well.

Obviously an issue that we all have a vested interest in is the road toll and trying to drive down that road toll. There is always an interest here, particularly from you Mr Sykes, in relation to the metro and the country road tolls. While last year we saw a low road toll, we did see an increase in the country — and if you care to ask, I

have got I have a slide about that later on. In relation to drug and alcohol testing, we see that also as being extremely important, particularly drugs because this is relatively new and the increases there will be welcome.

In relation to hoons, there will also be initiatives that we will hope to introduce in the course of the next financial year as well.

In relation to the crime rate, there you see — —

Mr WELLS — You are kidding!

Mr CAMERON — There you see what has happened with crime — —

Mr WELLS — That is pathetic.

Mr CAMERON — That increase there — —

Mr RICH-PHILLIPS — They have given up recording.

The CHAIR — Without assistance!

Mr CAMERON — During the 1990s and the decrease that was observed over the course of the last 10 years.

Mr WELLS — Do you honestly think people are going to believe you?

The CHAIR — All right. Thank you.

Mr CAMERON — And of course we have a great police force, and they have been doing a great job.

When it comes to emergency services, I think the events of recent months have demonstrated how Victorians have never been so reliant upon the dedication and commitment and the professionalism of all of our emergency service organisations. Here are some figures for the nine months to the end of March: ESTA has handled 1.3 million calls. Obviously if you look at the preceding nine months that is actually a fraction under, but there was the enormous peak that occurred on 7 February, on Black Saturday. Although there has been a 1 per cent decrease, what we have seen with the CFA has been an increase in calls during that time of 10 per cent, and the MFB up 3 per cent but VICSES was down 22 per cent — but you will remember that VICSES had quite a big year the year preceding.

Just in relation to recent initiatives, we are seeing the rollout of the protective clothing to fire services; the CFA tanker replacement — $137 million during the life of the government, delivering 655 replacement vehicles; and you will remember last year we announced in the budget the CFA radio replacement, and that was because CFA radios would start to be cannibalised in 2012. We announced that so that the planning can be done for radios to be in place by 2012.

If we go to the next slide, in this particular budget we wanted to build on the substantial communications commitment that we had given previously of $440 million since the statewide integrated public safety communication strategy was endorsed. The key things that have happened there to date have been the mobile metropolitan radio network for Victoria Police, Ambulance Victoria and the MFB; the mobile data network for Victoria Police and Ambulance Victoria, where they use mobile data in vehicles; and the paging system — the emergency alerting system — which was a great transformation for the CFA, AV and VICSES as well. There has been a refreshed state net mobile radio network, that is in country areas, for Victoria Police, AV and DSE.

This budget delivers more on improving communications as well as improvements to paging systems. If we go to the next slide, we bury into there what some of those commitments are. It is funding for CFA, VICSES and Ambulance Victoria to purchase call taking and dispatch from ESTA, freeing up their budgets; improving the statewide radio network to allow the CFA and VICSES to call back to the dispatcher directly — just like in VicPol, who can call back to the dispatcher, the CFA and VICSES will be able to do that in future; and also providing radios for VICSES as part of a better radio network.

If we go to the next slide, there will be additional investment for radio coverage in growth corridors and bushfire-affected areas as well as to cover the former Alexandra district ambulance service — that has gone into

Ambulance Victoria — and obviously that is important to help communications in all of those areas. The budget also has the funds for the CFA operational officers announced previously, and also a commitment of $21 million to buy new CFA trucks and also 42 ultra-light fire tankers — the slip-ons — and they will commence rollout in December this year. But during the course of this year there will be slip-ons from the CSESP program last year that will come on line as well.

In relation to VICSES, there is a critical asset program as part of the budget which is important. VICSES volunteer units are supported with a $6.8 million program. At the moment that would be around $0.8 million a year, so $0.8 million over four years would be $3 million or so. So there has been an increase there in relation to the commitment to individual units within the VICSES.

Sixteen extra slip-ons will be coming on this year; that is as a result of the CSESP announcements last year. In relation to communications black spots, work has commenced to deliver coverage of black spot areas — that work will commence this year — and on improving use of the emergency alerting system, the paging system, work is under way at the present time about changes or possible changes to protocols to free up and give greater redundancy. This is particularly important for the SES because at the present time they use non-emergency lines. The emergency line is quick, and non-emergency lines can be slow, so this work will try to make those alterations for the benefit of the SES — and also with the non-emergency lines as well, it is hoped to improve them with the changes to protocols.

So if I can just make the point that recruitment and retention of emergency service volunteers is important. There is a commitment this year for that as well with a campaign, and importantly we have to learn the lessons from Black Saturday. Part of that has been the Department of Justice contributing funding to the bushfire CRC, and what they are doing is a whole lot of work on the houses and buildings that burnt down on 7 February and what the details were around those to help dissect what happened on that day. Because up until lunchtime on 7 February the policies had served Victoria well, but given what occurred on 7 February obviously they are all under the spotlight, and that is why the government has announced the royal commission.

The CHAIR — Thank you, Minister. We have got approximately 2 hours for questions on the police and emergency services portfolio. I would like to begin, as I have begun with the Premier and other ministers, with a question regarding the federal funding and the federal grants for your portfolio departments and agencies. What are you receiving in the budget, and can the department provide the committee with a detailed list and description of these grants and the accountability mechanisms that are there and being used with respect to the funding and grants?

Mr CAMERON — I can give you an outline. There are not many in this portfolio area. If I could just make commentary, though, in relation to the fire season and the fires as a result of Black Saturday, obviously the commonwealth is making a dollar-for-dollar contribution in relation to those issues, which will be substantial. Treasury is coordinating that on behalf of the state of Victoria and working with the commonwealth Treasury around those things.

If I go more broadly to the programs, though, the commonwealth provides funds to Victoria in support of a national partnership on Disaster Resilience Australia, and that national partnership replaces a number of individual programs that the Office of the Emergency Services Commissioner was administering on behalf of the commonwealth. The aim of that program is to strengthen efforts to combat man-made and natural threats and disasters across Australia. In 2009–10 the commonwealth, through that NP, provided funds for administering two programs: $1 million for the bushfire mitigation program and $1.1 million for the national disaster mitigation program.

The bushfire mitigation program funding is provided to assist in bushfire mitigation through the construction, maintenance and signage of fire trail networks to assist local communities to better prepare for bushfires, and the national disaster mitigation program carries out national disaster management studies and strategies. Funding is provided to the OESC, and the states are required to contribute two-thirds of the funds with the commonwealth contributing a maximum of one-third of project costs. All funds are distributed based on a grant application process, with rigorous quarterly and annual reporting against performance outcomes.

The CHAIR — Thank you very much. I assume you will provide the details of the accountability mechanisms?

Mr CAMERON — Yes. We can provide all of those as follow-up as well, but they are administered on behalf of the commonwealth, and obviously, given that they are their programs, they have accountability mechanisms for their programs.

The CHAIR — And any accountability which comes from a sort of central department through to any agencies that are involved in them that you actually put on them yourselves would be useful.

Mr CAMERON — Yes. We will follow that up as well.

Mr WELLS — Minister, I refer you to budget paper 3, page 34, under 'Emergency services':

Funding of $102 million over four years and $45 million … has been provided to 'Project 000 Response' — —

Mr CAMERON — Hang on.

Mr WELLS — And I am sure that you are well aware of 000.

Mr CAMERON — Let me open the page. Whereabouts, sorry?

Mr WELLS — Down the bottom.

Dr SYKES — Last paragraph.

Mr WELLS — It may be news, but it is regarding Project 000 Response.

Mr CAMERON — Yes.

Mr WELLS — Right. In the lead-up to Black Saturday experts had told you more funding was needed for the 000 emergency number, experts had told you Victoria needed a telephone-based warning system and experts had even mapped out the path of the fire on Black Saturday, but it was overlooked. Why did you, as head of Victoria's emergency response, and your government, as a provider of basic services, ignore your own experts and do absolutely nothing?

Mr CAMERON — Are you talking about community information warning systems?

Mr WELLS — I am talking about the 000 emergency number.

Mr CAMERON — No, you are talking about community information.

Mr WELLS — The experts had told you that Victoria needed a telephone-based warning system, and experts had even mapped out the path of the fire. I refer you in addition to the report that you received in August 2008, the review of the 2008 windstorm, which also pointed out the same problems with the 000 system, and nothing was done. So can you please explain to the committee why nothing was done by you in particular and by your government?

The CHAIR — Minister, the way the question is framed it is for you to answer, but we really should be asking questions about the budget and the budget estimates rather than — —

Mr WELLS — I think, with respect, the effects of Black Saturday will have a significant impact on the forward estimates. The minister does not need any sort of protection. He should be able to answer that question the way it has been framed.

The CHAIR — I am not interested in protection or anything, Mr Wells. I am interested in conducting a hearing, as indeed you should be, in respect of the estimates going forward. I always direct ministers to deal with issues insofar as they relate to the estimates, and I expect the minister to do so.

Mr CAMERON — Yes. So if you go to the issue of the windstorm, the issue there was about being able to divert people to ring another line rather than 000, because 000 was for the immediate issues around safety and life. But because people were not aware of another line to ring they were ringing 000 with questions about trees being down here or a line being down there — those type of non-life-threatening issues. What the emergency services commissioner recommended was using a line like we do with the bushfire information line. For

example, as a follow-on from that, you will remember in early March of this year when we were expecting an event that did not eventuate quite to the extent that — —

Mr WELLS — This is March 2009?

Mr CAMERON — Yes, this is a couple of months ago.

Mr WELLS — This is after Black Saturday?

Mr CAMERON — Yes, this is just a couple of months ago.

The CHAIR — Through the Chair, please, Mr Wells.

Mr CAMERON — I am telling you — —

Mr WELLS — I am asking the question about the lead-up to Black Saturday, not the events after Black Saturday.

The CHAIR — I am asking the minister to focus on the funding and the budget estimates. That is what he needs to do.

Mr CAMERON — That is right. I am telling you what happened. If you want to raise the windstorm, I will have to tell you what happened. It was about the use of another line. So in relation to issues that could potentially have arisen during the course of the night — remember this is in early March when there was a fear of fire getting away in the night and storms — what it said, and the messages were put out — —

Mr WELLS — This is March 2009?

Mr CAMERON — Yes, this is a couple of months ago.

Mr WELLS — This is after Black Saturday.

The CHAIR — Mr Wells, would you allow the minister — —

Mr WELLS — We want you to focus on Black Saturday, what happened in February.

Mr CAMERON — I am telling you what happened.

Mr WELLS — This is after the event.

The CHAIR — Mr Wells, could you allow the minister to answer? You have asked your question. If you wish to ask any more questions, go through the Chair, please.

Mr CAMERON — As a consequence of the emergency services commissioner's view about wind and the need for other lines, that was picked up, so that in the event that we had other events, we would try and direct people to other information sources. So what occurred — and you will remember there were radio advertisements to say people should ring up the bushfire and storm information line. So the VBIL, the Victorian bushfire information line, was called the bushfire and storm line. That was advertised. So that if people had queries, they would be ringing the VBIL. So it was out in the public's mind as to what to do. That was a key learning as a result of the windstorms, and that was adopted. In relation — —

Mr WELLS — Hang on. No, but it wasn't — —

The CHAIR — Through the Chair.

Mr WELLS — Through the Chair, how can say that was a learning experience when it was not implemented prior to Black Saturday? You are talking about March. We are talking about what happened prior to Black Saturday.

The CHAIR — I think that question is really not relating to the estimates.

Mr WELLS — How could you possibly be focusing on early March?

Mr CAMERON — Because what you are talking about is the learning from the wind event and trying to direct people to another line like the VBIL and that is exactly what we did. We had another large — sorry, there were predictions of a large storm event with also the impact of fire, in early March, and we learnt from what happened and that is what occurred.

Mr WELLS — Minister, just a moment. You were given this report in August 2008. Black Saturday happened in early February.

Mr CAMERON — Yes.

Mr WELLS — Why did you take action in early March, not prior to Black Saturday, when you were told how it was off the index for bushfires?

Mr CAMERON — No, but it was.

Mr WELLS — No, you did not.

Mr CAMERON — You are confusing the issues, Mr Wells. You are confusing community information warning systems with the windstorm report. They are two very different reports. One was about the learnings from windstorm, which we learnt, and that is what you saw occur in early March. The other one — —

Mr WELLS — But the question is: why did you not implement those learning things in the report prior to Black Saturday?

The CHAIR — Mr Wells, I think we have had the answer.

Mr WELLS — Are you saying that they should not have been in place prior to Black Saturday?

Mr CAMERON — No. I am quite happy to continue to explore this.

Mr WELLS — Are you saying that it should not have been in place prior to Black Saturday?

Mr CAMERON — I am quite happy to explore this because Mr Wells is confused about the issue. The windstorm report was about directing other lines, which happened. We did not have another big wind event prior to March. When we did — —

Mr WELLS — We did not have a big wind event?

Mr CAMERON — We did not have a big — —

Mr WELLS — What do you call Black Saturday?

Mr CAMERON — That was a fire event.

Mr WELLS — Are you saying that Black Saturday was not impacted by the winds on Black Saturday?

Mr CAMERON — Mr Wells, we have a Victorian bushfire information line and that is where people know to get information about bushfires. The issue with a wind event is that people do not know where to get information, and that was a key learning out of the wind event. Let us go now, though, to community information warning systems.

The CHAIR — Very quickly and relating to the budget estimates because I am not interested in things which the royal commission should be looking at; I am not interested in events of the past.

Mr WELLS — No, this is about the actions of the minister — —

The CHAIR — Do not interrupt, please.

Mr WELLS — This is the actions of the minister that impact on the budget.

The CHAIR — I am happy for the minister to talk about the budget, but please do so and get on with it.

Mr CAMERON — As you know, Victoria has wanted a national information warning system for some time. We have pushed that. That is included from the highest levels, from the Premier to the Prime Minister, and, as you know, that has now been announced. The only jurisdiction — —

Mr WELLS — But it is too late.

The CHAIR — Do not interrupt.

Mr CAMERON — The only jurisdiction in the nation that was pushing and driving that was Victoria. That is why the Premier, John Brumby, when he became the Premier took the issue up.

Mr WELLS — Please!

Mr CAMERON — And he got it on the COAG agenda.

Mr WELLS — Where was the big push prior to Black Saturday? Where were your actions to put this in place prior to Black Saturday?

The CHAIR — Mr Wells.

Mr CAMERON — There was a big push and that is why it got on the COAG agenda.

Mr WELLS — Hang on — a big push after Black Saturday?

The CHAIR — Mr Wells, you have had enough. I think we will move on.

Mr CAMERON — You can ask that next time.

Mr WELLS — That is an absolutely disgraceful answer.

Ms MUNT — Can I have my turn now?

The CHAIR — You can have your turn and, Mr Wells, I would like you to control yourself and go through the Chair, please.

Ms MUNT — In your initial presentation you touched on funding for IT.

Mr CAMERON — Yes.

Ms MUNT — As it relates to the forward estimates, could you please outline what you see the challenges for Victoria Police are in IT and how they will be addressed in the coming year?

Mr CAMERON — Yes. Thank you very much, Ms Munt. IT has been an ongoing issue in Victoria Police for a long period of time, as you will be aware. Just to give you a bit of history, late last year Chief Commissioner Nixon said that there were procurement and contractual issues with Victoria Police. That is also partly the subject of a criminal investigation, but she alerted me to procurement issues. We had a discussion about that. It was my view that the Auditor-General should be informed. That was also her view, and the Auditor-General was informed. I had a conversation with the Commissioner for Law Enforcement Data Security. I wrote to him and, as a result of that, he has also done a review around governance.

When Chief Commissioner Overland came to his post, the Chief Commissioner made it clear that IT was a key issue for him and he wanted to have a look at the whole IT arrangements, and the CLEDS report, the governance report, would form part of his conversations. The CLEDS has given me a report around governance. He goes back and details ongoing issues since the mid-1990s.

There has been reform. The reform has been slow; it has not been fast enough. He gives ultimately five key recommendations for immediate improvement. The chief commissioner is working through those issues as he also works through the issues about what the entire figuration should be.

What the CLEDS (Commissioner for Law Enforcement Data Security) says is that there should be a person appointed with overall responsibility for information management and security. Obviously it should be a high-level role, given that is what he is suggesting the way the government should go — nominating the

Victoria Police appointee for information management and security as a security executive within the organisation with clear reporting lines and responsibilities.

He says it should retain the central Victoria Police ICT area, focused on delivering ICT support to the organisation but review the in-house and outsource capabilities, including, importantly, the procurement capacities. He talks about reviewing the existing standing committees to identify the appropriate forum for a coordinated approach to information management and security and implementing a program of cultural change through Victoria Police to reinforce the structural and governance arrangements. It broadens out from there.

The chief commissioner has that report as well. It has been sent to him. It has also been sent to the Ombudsman, because the Ombudsman also announced that he wanted to have an inquiry in relation to some of these things. The chief commissioner is considering all of these matters. I might hand over to the chief commissioner.

Chief Comm. OVERLAND — I have received the CLEDS report. I think it is a very good report. The recommendations seem sensible and well structured. I have an additional piece of work happening where we have engaged an external consultant to work with our internal IT people to give me some advice on the appropriate operating model for IT and information management across the organisation.

They have been talking to the CLEDS, and KPMG, which undertook the work for the CLEDS. I shortly will receive that report. I think that will then give me a solid platform to make decisions about how to reorganise and restructure.

I think one of the key things is we need to separate out the management of IT — that is, the software and the hardware — from the process of managing information. We need to get the governance arrangements right and the accountability arrangements right there. That seems clear and obvious to me. That will then form part of a broader corporate services review that I have announced, which we will undertake to look at some reorganisation in the corporate services area of the organisation.

I am in the process of making senior appointments into executive director roles. I do not actually have incumbents in those roles at the moment but will have shortly. There will be three of them, and then they will have the responsibility for leading the broader corporate services review. That will include the restructuring, the reorganisation and the implementation of the recommendations coming from the CLEDS but also from the internal review or the external review that I have initiated.

Ms MUNT — Do have some sort of time frame in mind for these initiatives to be put in place?

Chief Comm. OVERLAND — The CLEDS has suggested time frames within his report. I think I will be able to meet those. This is obviously a priority issue for me. We need to get this right, so I would be planning to be moving on implementation from about midyear and looking to have full implementation within about 12 months.

Ms MUNT — That is great. Thank you.

Mr CAMERON — You can have a copy of that report, if you want.

Ms MUNT — That would be very good.

The CHAIR — If you could table the report for the committee — thank you very much, Minister.

Mr WELLS — Thank you, Minister. I was fascinated to learn from the previous question that Black Saturday was a firestorm and not a windstorm.

The CHAIR — I think we can just get on with the questions without the interplay.

Mr CAMERON — Obviously on very high fire danger days like that — what we call the classic fire days — you start with the day extremely hot, a strong wind that gets hotter and hotter. The wind of course is one of the big risks to a situation when there is fire because it will get away so quickly.

Mr WELLS — I refer you to budget paper 3, page 34 again — the same page, so you would still have it open — in regards to 'Project 000 response'. I also refer you to a Victoria Police document 'Risk Register', which the chief commissioner would be aware of. This was prepared for you on August 2008. It says:

> Risk: inability to ensure emergency response capability remains. Inability of ESTA to respond to emergency/BCP and disaster recovery situation.

That information was first prepared on 13 November 2006 and was prepared as a document in August 2008. Furthermore, in the same document it says:

> Insufficient trained deployable staff to provide operational communication support staff to an event, such as major bushfires/ searches/ incident specialist (immediate communications facilities, assistance for planned and unplanned events, such as searches — —

The CHAIR — Where are we going with this?

Mr WELLS — Hang on! At least give me the courtesy of asking the question.

The CHAIR — I am seeing this as a long way away from estimates. It is something that seems more for the royal commission.

Mr WELLS — I understand your sensitivity to this, but this is something very important to the opposition.

The CHAIR — I am, because I do not see that this estimates hearing — —

Mr WELLS — It refers to budget paper 3.

The CHAIR — Excuse me; just a second. I just want to be very careful that what we do here today does not affect what is happening in the royal commission.

Mr WELLS — No, this has got nothing to do with it. The second part of that document prepared by Victoria Police was about insufficient trained deployable staff to provide operational communication support. You were told in August 2008. Then there was the inability to ensure the CAD emergency communications services. Victoria Police had this information in November 2006.

The CHAIR — It does not relate to the estimates.

Mr WELLS — It prepared this document for you in August 2008. You knew about the inability of the 000 system that was given to you by Victoria Police.

The CHAIR — Could you get on to the question?

Mr WELLS — You knew about the insufficient staff being able to provide that information, yet you provided absolutely no support to fix this problem. That is an absolutely disgraceful situation. You failed in your role as a Minister for Police and Emergency Services. Why did you not take action to fix this problem when Victoria Police advised you in 2006, prepared a report in 2008?

The CHAIR — I think you need to answer that with regard to the actions in the budget papers.

Mr CAMERON — Yes. As you know and as I have outlined, we have put in $440 million in relation to improvement of communications, and this budget builds on that further. I have already outlined, early on in the slides, the building on of those initiatives. One of those initiatives is with Ambulance Victoria coming into ESTA, so — —

Mr WELLS — Minister, you were told in 2006 — —

The CHAIR — Let the minister answer the question.

Mr WELLS — Victoria Police told you in 2006, and you took no action.

The CHAIR — Mr Wells, you are out of order. The minister, to answer?

Mr CAMERON — I think what you might be getting at is D24.

Mr WELLS — No, hang on. I did say the inability of ESTA to respond to emergencies. So it is part of the overall emergency services that Victoria Police notified you about in November 2006.

Ms MUNT — How does that relate to the forward estimates and the budget papers?

The CHAIR — It does not relate to the estimates, but the minister can answer as far as it relates to the estimates.

Mr WELLS — Black Saturday had an enormous impact on the forward estimates, so I expect the minister should be able to answer these questions.

The CHAIR — He is, if you would give him a chance.

Mr WELLS — He had this information in 2006, and he did nothing about it.

Mr CAMERON — If we are talking about ESTA, we are talking about Victoria Police in the metropolitan region, Mr Wells. What we do in this budget is put $3 million in to improve our response in the metropolitan area, and that is the response that ESTA does in the metropolitan area. All of the agencies are responded to by ESTA in the metropolitan area, and this budget puts in that $3 million.

Mr WELLS — But, Minister, it is too late. You were given this information in 2006.

The CHAIR — You have had your question, Mr Wells. We will move on.

Mr WELLS — A report was prepared for you in 2008, and you did absolutely nothing about it in the run-up to 7 February 2009.

The CHAIR — Mr Noonan?

Mr WELLS — So is there an explanation as to why? The information was given to you.

The CHAIR — Mr Wells! You have made your — —

Mr CAMERON — I am quite happy to say what happened was that ESTA did provide those services. They used their reserves. In this budget what we are seeing is the government putting in $3 million.

Mr DALLA-RIVA — Yes, but this is after the event.

Mr WELLS — But this is after the event. It was your inability to act when you were given information — —

The CHAIR — Thank you, Mr Wells!

Mr DALLA-RIVA — You were told about it earlier.

Mr WELLS — Victoria Police gave you the information, and you did nothing about it.

Mr CAMERON — ESTA has responded by using their reserves. Essentially the issue you are getting at there is on Friday and Saturday night there are periods of high demand, particularly with ambulance and with police, and ESTA responded to that by providing those services.

Mr WELLS — What about the fire services? You said ambulance and police, what about fire services?

Mr CAMERON — Yes, the fire services, but they do not have peaks on Friday and Saturday nights like ambulance services and police do. That is a long and historical thing, Mr Wells.

The CHAIR — Mr Noonan?

Mr WELLS — So fire services do not have peaks on Friday and Saturday nights? What happened on Black Saturday? You do not call that peak time?

Mr CAMERON — That is a peak time, but it is not on a Friday and Saturday night. You are talking about — —

Mr WELLS — Black Saturday was Saturday night. How can you say that was not peak time, on a Saturday night?

Mr CAMERON — We are talking about the regular movements on a Friday and Saturday night. On Black Saturday ESTA geared up for Black Saturday.

The CHAIR — Okay, we have had the answer. Mr Noonan?

Mr NOONAN — Minister, I want to ask a question about crime stats, which has aroused some interest down the other end of the table. I note in budget paper 3, at page 144, there are some output targets as part of this budget estimates process. I want to refer to your presentation on the reduction of crime and ask if you could give the committee a general overview of the trends in crime and the success of Victoria Police in reducing crime generally.

Mr CAMERON — Thank you very much, Mr Noonan. Obviously Victoria Police does a lot of work about where there are crime problems and being able to deal with that. You have seen on the slide the large reductions that we have seen in crime. That is not to say that there are not problem areas, and Victoria Police gives a big response to those problem areas.

If I could make the point around assaults, for example, Victoria Police, you will be aware, is working through issues there like Operation Razon and the Safe Streets task force.

If we go to crime more generally, in the last financial year, the 2007–08 financial year, what we saw was a 1.9 per cent decrease in the rate of crime in Victoria. That is now 24 per cent below where it was in the 2000–01 period, which the slide that I showed you and was picked up on. That is the lowest point of the rate of crime since the introduction of computerised systems in 1993. Those figures really reflect also the ABS data around where Victoria sits in relation to crime. That obviously is welcome, but that is not to say there are not particular problem areas.

In the 2007–08 crime statistics it says that crimes fell during that year in a number of categories. Homicide was down 15 per cent; assaults were down 0.8 per cent, including a reduction in the rate of non-family violence assaults of 1.2 per cent. Overall crimes against the person were down 0.2 per cent, against property down by 2 per cent, and residential burglary down by 4 per cent. Since 2000–01 we have seen robberies down 30 per cent, the rate of aggravated burglary down 37 per cent, the rate of residential burglary down 47 per cent, theft of vehicles down 25 per cent, and theft of motor vehicles down — —

Mr WELLS — What about assaults?

The CHAIR — Let the minister answer.

Mr CAMERON — I want you to ask me about that.

Mr WELLS — What about assaults?

Mr DALLA-RIVA — What about Ombudsman's reports?

Mr WELLS — You jumped over assaults.

Mr CAMERON — I actually mentioned it — —

Mr WELLS — No, you mentioned it for last year, but you did not mention the aggregate figures. Tell us about assaults, how much they have increased since 1999–2000.

The CHAIR — Minister, just a moment.

Mr CAMERON — As I said, there are some — —

Ms MUNT — You were not listening.

Mr WELLS — No, he has not; he jumped over them.

The CHAIR — Minister, just a moment, please, and Mr Wells. We are actually conducting a hearing here. It is not the floor of Parliament where we have interjections and people responding to each other and yelling across the floor. It makes it very difficult for Hansard to keep a record of this. So, Minister, if you could avoid trying to provoke people, and if people could avoid — —

Mr WELLS — Just stick to the facts — that is all we need.

The CHAIR — If people could avoid — like you are not — interjecting.

Mr WELLS — What? I am just asking him to stick to the facts.

The CHAIR — Mr Wells, I am speaking as the Chair and you are continually interrupting. I really do think this is not showing a lot of respect to the proceedings. The minister, to continue?

Mr CAMERON — Thank you very much. I have detailed those, but I have said there are some problem areas. While assaults may have decreased slightly — the rate of assaults in the last financial year — there is a fair emphasis on assaults, particularly around particularly around entertainment precincts.

Mr WELLS — What is the increase?

Mr CAMERON — I told you in the last financial year there was a decrease of 1.2 per cent in the rate, but there is an emphasis around entertainment precincts. That is why we introduced banning notices.

Dr SYKES — The Hummers!

Mr CAMERON — Something which you opposed, Mr Wells. Do you remember?

Mr WELLS — Which one?

Mr CAMERON — The banning notices. You opposed the banning notices in entertainment precincts where police have now issued over 1000.

Mr WELLS — You do not have enough police out on the streets. That is what the problem is. You have got too many stuck behind desks.

Mr CAMERON — We have seen the Safe Streets task force.

Mr WELLS — The lowest operational number of police anywhere in the country is in Victoria.

Mr CAMERON — You asked me — —

Mr WELLS — According to the ABS.

The CHAIR — Without assistance! The minister, to answer the question without assistance.

Mr CAMERON — You can ask me about those things if you want.

Mr WELLS — The ABS shows that the lowest number of operational police — —

The CHAIR (to Mr Wells) — You have had your turn.

Mr DALLA-RIVA — He keeps on interjecting.

The CHAIR — I have already said we are not into interjections; we are into answers and questions. Have you finished your response yet, Minister?

Mr CAMERON — No. Indeed what I want to say on the issue is that entertainment precincts, as I said to you, was a problem. That is why we have increased penalties, for example, for serving drunks on premises. That is why we have more police in this budget to bring it to 11 250 by June of next year. We totally reject Mr Wells's policy of reducing police by 800.

Mr WELLS — But Victoria has the lowest number of operational police.

The CHAIR — Mr Wells!

Mr WELLS — It is down into the low 80 per cents according to the ABS.

Mr CAMERON — What we have been about is increasing police, so that has been very helpful.

The CHAIR — Mr Wells, the minister is answering the question — but without your assistance.

Mr WELLS — He is not really being truthful about that particular answer.

The CHAIR — Stop the grandstanding, and please, Minister, get on with the answer.

Mr CAMERON — If I could just say, Chair, when Mr Wells's turn comes around I am happy for him to ask about those things. I am happy to point out their policy of decreasing police and our policy of increasing police and where we fit nationally with what the Grants Commission says.

Mr WELLS — How does that relate to forward estimates? How come you are not drawing him into line?

Dr SYKES — Meanwhile, back to the cheat sheet; keep going!

Mr WELLS — We have got one set of rules for Labor and one set of rules for us.

The CHAIR — No, we do not actually. Minister, in respect of the estimates, please?

Mr CAMERON — Mr Wells, if you want to interject I am happy to counter-interject, but the Chair is probably not happy for either of us to do it.

The CHAIR — I would prefer if neither of you interjected. I am not happy for either.

Mr WELLS — You have two sets of rules — one for you lot and one for us.

The CHAIR — No. That is entirely incorrect. Minister, have you finished answering the question in respect of — —

Mr CAMERON — Thank you. There has also been the operation around Operation Razon about licensed premises. I might get the chief commissioner to talk more about that.

The CHAIR — All right. In respect of the estimates, please, and the action going forward.

Chief Comm. OVERLAND — Thank you, Minister. In respect of Operation Razon, that is really part of the Safer Streets strategy, mainly around licensed precincts in and around the CBD. We have had a significant surge in police numbers out on the streets since about November of last year — anything up to 150 additional police on overtime from additional moneys that were provided to us by government last year; some $11 million. The evidence is that that is working. Assaults in and around the CBD have plateaued — that is, I think there has been a very, very slight increase — but when compared to other figures, that is a reasonable result.

There has certainly been a very significant increase in the amount of action that police are taking. If you have a look at some of the overall crime statistics over the last 12 months, when you compare this last 12 months with the previous last 12 months, there is a slight increase, but most of that is driven by public order offending. That is reflective of the fact that we are out on the streets and we are taking action — arresting people, dealing with them and using the banning notices. We have a real commitment to continue with this effort.

I was out on the streets myself probably four or five weeks ago talking to our people. They tell me that the strategy is working. We need to find a way to sustain that. We have currently been doing that on overtime with the additional money that has been provided. That is not sustainable moving forward. It is part of the reason why I have been talking to government about bringing forward some of the recruiting in the next financial year so that we have the numbers that we need to sustain efforts such as the Safer Streets program and to get on top of the public order issues there.

But there are also clearly some issues for us around robberies, which have been trending up. They tend to be soft-target robberies, more offending in the street. Simply because people carry mobile phones, iPods and other things late at night, they are a soft target and they tend to be robbed in those circumstances. Clearly we have got

work to do there, although, interestingly, the evidence is in and around the licensed precincts where we have been working it looks like we are displacing some of that robbery offending.

It is clear that people who are of that mind have made a decision that it is too risky to engage in that sort of conduct in those areas, so it has been displaced. Some of that displacement is into the transport system, which is again why we have got a commitment to put additional resources into the transit system to help us get on top of that particular issue.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the emergency management capability for which you are providing $217 million in this year's budget. In the lead-up to Black Saturday the Premier, the Deputy Premier and the fire chiefs all warned that 7 February was going to be a bad day — likely to be the worst since Ash Wednesday. You, in earlier answering Mr Wells, referred to it as a classic fire danger start to the day.

A week after, there was a reported comment by the Emergency Services Commissioner, Bruce Esplin, which said:

> Esplin called the Police and Emergency Services Minister Bob Cameron and advised him to come immediately from his Bendigo home to Melbourne.
>
> 'I told him we are going to experience losses and we need his leadership,' Esplin says.

The question is: given the expected conditions, why were you not in Melbourne to deal with the emergency situation on that Saturday? Why did it take Bruce Esplin's call to have you come down on Saturday to provide leadership, and what leadership did you provide once you arrived?

Ms MUNT — Does that relate to the budget estimates?

Mr WELLS — This is a crucial point.

Ms MUNT — On which page of the budget papers is that on?

Mr CAMERON — I am happy to answer.

The CHAIR — I really do not see that as a question related to these estimates.

Mr RICH-PHILLIPS — It is related to the estimates.

Ms MUNT — Which page? Which line item?

Mr WELLS — Are you telling me the responsibility of the Minister for Police and Emergency Services is not relevant.

The CHAIR (to Mr Wells) — Can you allow me to finish?

Mr CAMERON — Perhaps I will answer it by stating the arrangements that will occur in the next financial year, because they are similar to the existing arrangements. That might be a way to do it.

The CHAIR — Thank you, Minister. As I said before, I do not see this committee taking over the role of the royal commission or indeed of questions in the house.

Mr RICH-PHILLIPS — Chair, can we just determine if the government is seeking $200-plus million — —

The CHAIR — Excuse me. We are here to talk about the budget estimates. Minister, you have suggested a way forward, and I am happy with that.

Mr CAMERON — Yes. The way forward next financial year will be the way it has occurred previously, including with both governments, which is that when you have an emergency there is a control agency, the control agency runs the issues and the emergency management arrangements apply. The minister does not have any operational role, and you would not expect a politician to have any operational role.

Dr SYKES — You would expect leadership, Minister.

Mr CAMERON — However, what does happen when you have a major incident is that a response has to occur, and we have to make sure that that occurs, and government, of course, plays a key part in that.

So if we have a day where things happen, the emergency services commissioner will telephone the minister, he will flag that there could be an issue and the minister will then go into town or go to wherever.

Mr RICH-PHILLIPS — You knew about this before the day. You did not need the call from Bruce Esplin.

The CHAIR — The minister is answering the question.

Mr CAMERON — This occurs with every total fire ban day. Generally there is not an issue, but if there is an issue, the minister will come down, because what we have to then do is start the government's response for the next day.

Mr RICH-PHILLIPS — Are you saying it came as a surprise to you when you got the call from Bruce Esplin?

Mr CAMERON — So, if I could just use as an example something that will occur next financial year, but I will use an example from 7 February. We decided that we were going to have a cabinet meeting. We had to make arrangements for various ministers to go to different places, including the police commissioner, and that was done. I also spoke — as I would next financial year — on the 7th to the opposition and told them what was happening, I spoke to the Leader of the Nationals and told him what was happening, and we put all of those arrangements in overnight.

The commonwealth was also involved during the course of the night. As the scale of the event became more apparent the commonwealth was more actively engaged, and as you know, for example, on the morning of 8 February the Prime Minister was also out and announcing that the army would provide assistance over and above what the army would normally provide. In a normal fire there might be a request for the army to provide some caterpillars, but they went over and above that.

Mr RICH-PHILLIPS — Minister, this is all after the event. We are talking about where you were. You knew this was coming, and you chose to be 3 hours away from Melbourne.

Mr DALLA-RIVA — Even your boss was saying it was going to be an ugly, ugly day!

Mr CAMERON — It was, potentially.

The CHAIR — Thank you, Minister.

Mr RICH-PHILLIPS — Why did you have to take the phone call?

Mr WELLS — Why did you need the phone call from Bruce Esplin to tell you to come down from Bendigo?

Mr CAMERON — Because it depends what happens if there is fire. Often with total fire ban days — —

Mr WELLS — But the index was 300. It was off the scale!

Mr CAMERON — That is what happens.

Mr WELLS — Why did you need a phone call from Bruce Esplin?

Mr CAMERON — Longstanding arrangements, Mr Wells.

Mr WELLS — So you have to wait for the phone call before you take any leadership role?

Mr CAMERON — It is a longstanding arrangement that the minister does not interfere in the operations of fire services.

The CHAIR — Ms Huppert has the call.

Ms HUPPERT — Thank you, Minister. I have a question — —

Mr CAMERON — If I can just make the point that it is a longstanding arrangement that the minister does not interfere in the operations, but the minister is — —

Mr WELLS — But you waited for a phone call. Surely as a leader in the community you would go down.

Mr CAMERON — Yes, and that is what happens to get things going for the next day.

Mr WELLS — So you wait at home for the phone call from Bruce Esplin before you take any initiative?

The CHAIR — We have had enough on that. Ms Huppert?

Ms HUPPERT — I have a question about theft of a motor vehicle, and this follows on from the answer you gave Mr Noonan in his earlier question in relation to crime statistics about various categories of crime. In relation to property crime, could you please outline the measures that will be taken during the forward estimates period to reduce the level of theft from motor vehicles?

Mr CAMERON — Theft from motor vehicles poses a problem, particularly opportunistic theft, and it is like the police have said previously — if people did not leave valuables in their cars, then thieves simply would not see them and then steal them in terms of taking advantage of the opportunity. You would not leave your wallet on the dashboard, so please do not leave your Navman, for example, on the dashboard.

If we have a look at what has occurred during the last year, for example, we see with GPS receivers and navigation units a 300 per cent increase in their theft. We have seen decreases with things like handbags and other things, but with those opportunistic things — things for which thieves can get a quick sale — we have seen an increase. We particularly want people to think about taking away the valuable in the first place to avoid that issue.

You might be aware that Victoria Police has entered into an arrangement with VicRoads, and now there is a pamphlet going out when people re-register their car which states, 'Remove it, lock it or lose it,' and that is part of getting out that message. But I will ask the chief commissioner if he wants to make some comments about these things.

The CHAIR — Particularly regarding your action in the forward estimates and the funding for this particular activity, please, Minister.

Chief Comm. OVERLAND — Overall we have done very well over the past four or five years around both theft of motor vehicles and theft from motor vehicles. That is because of a range of measures that have been put in place, but we are obviously going to face increasing challenges here.

The point the minister made is right. If you look at the data, in 2006–07 1600 GPS units were stolen, and in the 2007–08 year that figure was 6700 units stolen. The same applies to laptop computers — it went from a little over 4000 stolen in 2006–07 to nearly 6500 in 2007–08. So we have recently launched a new website, *Victoria Police News*. As part of that there is a portal called 'My Place' that will allow people in the community to go in and see what is happening with crime and road toll in their particular area.

The data is at what we call police service area level, which equates to a local government area. We think it is important. It will lead to greater transparency around crime statistics and the road toll because we will be releasing data every three months, and my view is to try and make that data as timely as we can. As we improve I will be looking to release that data on a more regular basis. So there is the transparency issue.

But the other important benefit that will come from that is that it will alert the community to what is happening in their area. If theft from motor vehicle is an issue in their area, they will understand it, but more importantly we will be able to give them good crime prevention advice with respect to taking preventive action themselves. Because all of this crime is preventable; it is absolutely preventable. If people do not leave valuables in cars, they cannot be stolen.

We just need to keep making that point. It is around this issue of mutual responsibility that I have been talking about in my time as chief commissioner, and I intend to continue to talk about it, because whilst there is a lot that we can do, if we actually engage with the community, if we get it working with us, there is so much more that we can achieve. There is a very simple range of measures that can actually help us around the crime

rate. An obvious one is to not leave your GPS units in the car; take them out, lock them in the boot, make sure you rub off the sticky marks that are left on your windscreens. It is really simple, obvious stuff.

Theft of numberplates is obviously also another key issue for us. There were over 10 000 numberplates stolen last year. Again it is around fitting numberplates with one-way screws — it is another very simple way of actually stopping numberplates from being stolen. That will have a flow-on effect across the crime stats, because we know a lot of numberplates are stolen, put on cars, and they will then be used in a petrol drive-off. They will go in, fill up with petrol, they will not pay, they will drive off, but they will have false plates on the car. There is a knock-on effect.

If we can stop the plates from being stolen in the first place, it will help with fraud and petrol drive-offs and a whole series of other things. That is a really important initiative. We are obviously continuing to work with the community and to work with other experts looking at ways where we can actually have an impact on crime.

The CHAIR — Thank you very much for that.

Ms PENNICUIK — Minister, since January last year there has been a series of gang assaults on Indian students and Indian Australians, particularly in the western suburbs, some of which have resulted in coma, partial blindness, stabbing wounds and death. So far the government's response has been to set up a helpline to assist Indian students. The Federation of Indian Students of Australia has warned that the police have failed to prevent this gang violence against Indian students and the federation is sceptical about the ability of other state government initiatives, such as the helpline, to stop this violence. The minister would be aware there have also been similar problems in the Kensington area, and the Kensington legal centre has been advising about that. What extra resources for the police has the government introduced in the budget to address this violence on trains in particular and across the state more generally?

Mr CAMERON — I think the issue that you are getting to, Ms Pennicuik, is that Indians are well known as peaceful and pleasant people, and there are people who are picking them off by taking advantage of them — going up and robbing them of their wallet or their iPod or whatever might be readily available. This is a concern to us. It is a great concern to the police, and the chief commissioner will elaborate on that. There have been operations, and the chief commissioner might want to talk about those. There have been operations in Brimbank, and there have been arrests. Can I just say that peaceful, pleasant people being picked off is the very sort of crime which is ugly and distasteful. It is an issue which police are very conscious of. Chief Commissioner, I might get you to expand on some of those operations and the issues around Indians.

Chief Comm. OVERLAND — Thanks, Minister. Thanks for the question. This is obviously an issue of concern. I do want to make the point, though, that a number of these robberies we think are racially motivated but a large number are not; they are opportunistic. It has to do with the way Indian students in particular behave, the areas they live in and how they go about the community. We obviously need to work with them to make them aware of the risks and to also again help them take actions that can prevent making themselves targets. That can mean not having obvious displays of wealth, being careful with phones, iPods, that sort of thing, and thinking about how they move about, particularly on the public transport hubs — if they can move in groups, staying together — those sorts of things. We are having those discussions with them.

In January the Brimbank police service area launched the Police Indian Western Reference Group. The group involves various community organisations and members of the Indian community, who collectively discussed ways to decrease the level of victimisation of Indian students. So there is dialogue going on, and I think that is an important part of it. We also recognise that we need to up the enforcement effort. We have dedicated significant resources to the problem. We have doubled the size of the EMBONA robbery task force. Only last week detectives arrested and charged seven offenders for robbery-related offences. The third of a series of planned operations tackling robberies and antisocial behaviour in the western suburbs earlier this month resulted in police arresting 20 offenders for 19 offences, including intentionally causing injury, possessing controlled weapons and hindering police.

There is also the helpline that you have mentioned. Again, by itself, it is not the total answer, but it is important around getting information out to the community. It really is going to require a mixture of responses, which is about stronger enforcement action. Again we have recognised that, particularly on the transit system. It is why we have got a commitment to put 50 additional resources into the transit system to actually help further reduce crime on the transit system. I do make the point though: our transit system is safe. If you look at it — —

Ms PENNICUIK — I do every day.

Chief Comm. OVERLAND — The data there says it is safe. I know there is a perception that it is not, and I know clearly there are incidents that happen on it, and they are not acceptable. We need to work hard through some additional resources into the area to reassure people, to make it comfortable for people to use the transport system here in Melbourne. We recognise that as an issue. That is an initiative that we will be taking in the next financial year.

Ms PENNICUIK — Are there any extra liaison officers in those communities that I mentioned being employed?

Chief Comm. OVERLAND — Particularly in those areas, it is not just Indian students — Brimbank, as I am sure you are aware, has an incredibly diverse cultural mix, as do a number of other key areas. We understand that. We do have community liaison officers. We are looking at increasing the number of liaison officers that we have to engage with these new and emerging communities. I think we have a pretty reasonable relationship with the Indian community and the Indian students. We obviously need to improve that, but it is not just the Indians. As I am sure you are aware, we have got hundreds of different races — ethnic backgrounds — here in Melbourne. There are real challenges around new and emerging communities in some of the areas that we have identified.

A key strategy for us is to really work hard to engage with those communities, to get them to trust police and to get them to work with us. If we are able to do that, we will get better outcomes for them and for the broader community.

Mr SCOTT — Minister, I would like to raise the issue of family violence assaults. I note in budget paper 3 on page 336 there is a reference to this. I wonder if you could detail for us what the outcomes have been in this area and what initiatives are undertaken in the budget to tackle this issue.

Mr CAMERON — This year we will continue to see police playing a very important role when it comes to family violence. If you look back, we saw a big reform regarding family violence in the Cain years, with the Crimes (Family Violence) Act. But in 2004 we saw Chief Commissioner Nixon change the approach of police to say, 'Family violence will be treated as a crime. We are going to deal with it vastly differently. We will not just hope that it settles down and ignore it, we are actually going to be up-front and open about it and deal with it'. In the three years since that 2004 code of practice we have seen a 190 per cent increase in the charges laid by police and a 28 per cent increase in intervention order applications. Police have given that a big focus.

Recently we saw a change in the law concerning the way police can handle issues of family violence, particularly late at night. What happened before was frustrating for police — they would have to wait, for example, to get an order as to who was going to be in the home. That would take a long time because you had to be able to find the duty magistrate, which was a convoluted process, whereas police are now able to do that themselves after hours. That has made a big difference. Deputy Chief Commissioner Overland, as he then was, had a key role in terms of these arrangements. We have a tremendous commitment for the next financial year from Chief Commissioner Overland, as he now is, in terms of family violence. I will get the Chief Commissioner to make some comments.

Chief Comm. OVERLAND — For instance last year, in the 2007–08 financial year, there were 31 676 family violence incidents attended. There were 7612 charges laid as a result of police attendance at those incidents — that is, charges were laid for 24 per cent of the incidents attended. The total number of intervention orders taken out was 31 556. I think that data reflects the change in emphasis, and the continuing change in emphasis, we are taking in dealing with family violence.

Previously, when an offender was processed for a family violence incident the primary charge was assault. That is approximately 62 per cent of family violence incidents. Property damage constituted the primary charge in approximately 12 per cent of incidents. There has been no significant change in the percentage breakdown of relationships between parties involved; however, there has been approximately a 63 per cent increase in child offenders — that is, where a child is the perpetrator. It has moved from 265 child offenders in 2006–07 to 432 in 2007–08. We need to understand that, and we obviously need to look to start shifting resources to deal with that emerging issue.

The proportion of family violence incidents which involve a repeat attendance by police is approximately 29 per cent. That has remained relatively stable over the last five years. So again, part of our continuing focus is around trying to reduce the number of repeat visits, because it seems to us that is the real measure of success. We also know the more often we are called back to a house the more frustrating it is for our staff, who have to go back to the same premises time after time. It is obviously of concern to the family — it represents some escalation of threat and danger to them — and so we need to work hard to reduce that.

The Family Violence Protection Act 2008, which came into effect in December of 2008, has assisted in that. It has given us important new powers to detain offenders and to deal with them. Over 1000 safety notices have been issued, and approximately 50 per cent of those have been issued on weekends and public holidays. Nearly 60 per cent of those notices have converted into full or interim intervention orders, which is higher than the conversion rate for the complaint and warrant process, which was around about 45 per cent in 2007–08. We have undertaken a comprehensive training scheme, with over 5000 members having been trained in the new legislation. Approximately 83 per cent of operational members who required the training have received it. Again, consistent with the code, we are looking at referring people on — men in particular, who tend to be the offenders in this case — into behavioural management programs. We are also looking at appropriate referrals for women and children.

There is a significant crossover into sexual assault, and we know that, so we have also been looking at improving our response to sexual assault. We have been trialling sexual offence and child abuse investigation teams, and we have had centres operating in Frankston and Mildura. Those centres are being evaluated at the moment. The early evidence has been very, very positive in terms of the improved service to victims coming out of this, and we will be talking to the government about the possible expansion of that program moving forward.

The CHAIR — Thank you for that. I am sure I speak on behalf of all members of the committee in commending the initiatives and the work police are doing in this regard, because we all regard it as very important. We all have issues in our communities coming through our doors as well as through yours, and so we appreciate the more intensive effort being made in this regard.

Chief Comm. OVERLAND — Thank you, Mr Chair.

Mr WELLS — Just to follow up, Chief Commissioner, is there a need for further legislation regarding young offenders and the issue of domestic violence and the young offenders involved in that?

Chief Comm. OVERLAND — I think at the moment the legislation available to us is appropriate, but it is obviously a situation we will need to continue to monitor. I think the broader issue is what we do with young offenders and how we treat them. I think simply putting them through the criminal justice system is not a full and complete response, nor is it necessarily appropriate. I think it is about having appropriate referral pathways for them so they can be dealt with. Often there is a reason why these people are behaving in this way, and I think it is important to try to understand that and to help them deal with it.

Dr SYKES — Minister, my interest is in the timeliness of response to large-scale emergencies such as national disasters, and I refer to the heading 'Emergency management capability' on page 156 of budget paper 3. There is a line item about timeliness. Part of natural disaster management involves the collection of predictive information, the analysis of it and then taking action on that analysis of the predictive information. That action may involve resource allocation or early warning. If we look at Black Saturday, a number of communities had little or no early warning of the impending events, even though that information has been shown to have been available.

I understand that in 1992 there was a launch of the standard emergency warning signal. It was relaunched in 1998 and it was used during the 2003 bushfires, but it was totally silent on Black Saturday. My question is: why was that so? Is it not appropriate to have — even if the system is not perfect — support of an imperfect system so that some people have warning rather than no warning at all, which has led to many tragedies and pain for a lot of people?

The CHAIR — Once again, Minister, we do not wish to delve into issues before the royal commission.

Mr CAMERON — Yes. This is a matter before the royal commission, but just to go over the history coming out of 2003, that was what was suggested, which Dr Sykes has said. After the 2006 fires there were

suggestions made the other way because of the confusion that it caused, but also during that period of time we saw a difference in relation to the use of the ABC. So coming out of the 2002–03 fires we saw the memorandum of understanding with the ABC and the ABC being used. Operationally those decisions are made, and operationally the decision was made about the use of the ABC.

I know what you are saying, Chairman, about the royal commission, but just in relation to the SEWS nationally, that matter is being examined but they are also waiting for the outcome of the royal commission as well, as I understand it, because that is an issue before it.

Dr SYKES — Without crossing into the role of the royal commission, there is a basic principle of management and leadership by the government of the day that you operate with the best available tools you have got. I noted after 7 February, whenever the next high-concern day was — and I cannot remember the date — that there was a use of existing technology through the telephone texting system.

Mr CAMERON — Yes.

Dr SYKES — But that was after the event. So my question is: are you committing to using current technology and supporting the use of current technology, as the government and as the people that set the direction, pending the development and implementation of best technology and best application of best technology?

Mr CAMERON — That is an operational decision about the SEWS, and that obviously is before the royal commission. We will go back to the text message, for example, that occurred in early March. Remember the bureau warned of potential strong winds and a storm arising through the night and the fear of a fire, including the existing fire, spreading substantially. The decision was made to warn people of that by way of pager, because that would be a very unusual thing for that to occur during the night. That was done on a statewide basis. Obviously, the concern of fire in the night and people being totally unaware of the potential of a storm is different to a situation where it is already very hot in the morning and it is very windy. If you get home after work — I think it was on a Monday night — and it seems just a little bit windy, you would be totally unaware of what might occur during the night.

That was trying to use technology to try to alert people to that issue that might occur during the period of time that they were asleep. Obviously being able to use different mediums is important, but what we do hope is that the national community information warning system, which Victoria pushed for and got on the COAG agenda, is implemented. We have now seen the federal legislation passed to enable access to the phone numbers to be implemented. If that is implemented, the warning will be able to be given in a closer geographic area, but it would still have to be worked out operationally what the particular messages would be.

A community information warning system works particularly well for things like a tsunami, because you can isolate all the people who live along the beach or within a mile inland and warn them that a tsunami is coming in 4 hours. Or in a flood, like in Wangaratta — no, not in Wangaratta.

Dr SYKES — Benalla got flooded.

Mr CAMERON — In Benalla, for example. You could send a message to everyone in Benalla, 'You're going to have a flood at 5 o'clock this afternoon, give or take', because they know roughly how long the water is going to take to get there. In relation to fire, obviously with a rapidly moving fire the message would have to be far more broad. Maybe it will be 'You should listen to ABC radio' or something, but that has to be worked through. What we do hope is to have that national information warning system operating before the next fire season.

Dr SYKES — Sticking with the budget, what I am interested in is optimising the use of currently available technology pending the implementation of the best that is on offer, because we know that there can be a long gap between a decision taken in principle and the on-ground implementation.

Mr CAMERON — I accept that.

Dr SYKES — Is there a commitment by the government to ensure that we make the best use of what we have got now? For example, when I was at a community meeting in Eildon that town was under some form of threat — a threat which was unclear, I should say, because of poor passage of information from the combat

authorities to the community — one of the very simple questions that was asked was, 'Why don't you ring the fire bell'? There might be an operational decision as to why you do not ring the fire bell, but surely there should be leadership guidance coming from government saying, 'Use the current technology until we get something better in place', and if they need funding to get their fire bell greased or oiled, then that should be available.

Mr CAMERON — They are operational decisions, and they will be made by the appropriate operational unit.

Dr SYKES — But is there a commitment by the government to ensure that the operational arms of the CFA, the police and the SES use existing technology to the full extent, pending the development of improved technology?

Mr WELLS — The answer is no.

Mr CAMERON — Our commitment is to assist them where we have to. For example, with the paging system, we fully supported that.

Dr SYKES — Then there is a funding issue.

Mr CAMERON — It is a little bit like the issues around warnings — the Monday night: the fear of the fire, the fire in the night. Funding had to be provided so there could be extensive radio advertising so we could alert people to ring the bushfire information line, which we called at the time the bushfire and wind information line, and those funds were made available.

Dr SYKES — So you are saying there is a commitment?

Mr CAMERON — Yes, but we are not going to dictate how they may choose to do it, because operationally they will make their own decisions around those things, as you would expect.

The CHAIR — Minister, can I refer you to page 33 of budget paper 3, which details initiatives in regard to road safety, and also to page 333, which provides the actual figures for road safety initiatives in the next financial year and the following three out-years. I am just wondering what this is going to cover, particularly in regard to roadside drug testing, in which this committee has had an interest in the past.

Mr CAMERON — Obviously road safety and reducing the road toll are something that we all have an interest in.

The CHAIR — We need to go to the next level.

Mr CAMERON — Trying to push that further is something that has to occur. You raised the issue of drugs. Drugs are involved in quite a proportion of collisions; maybe around 20 per cent, maybe more. Alcohol, of course, is the biggest issue on the drug front. Speed is obviously the biggest issue when it comes to what kills people on the roads, but drugs are a significant proportion. In the past the ability to be detected has been very limited because of the lack of technology around this area. This is a space where we have been a leader. Victoria over the years with successive governments has been a leader in different safety measures, and one of the things Victorians are proud of is that we have successively gone down that path.

In relation to drugs, random drug testing started in late 2004. That was the first of its type in the world, and it put drug drivers on notice that this behaviour is not going to be tolerated. In this budget we have funded an expansion of the drug-driving program from the current 22 000 tests a year to 42 000 tests a year. We have allocated $10 million to fund this expansion. The drug tests are not cheap. They are not like the .05 tests; there is more of an expense. Ten million dollars might seem a lot, but that is the reason why.

From the start of this program until the end of 2008 Victoria Police had tested 72 000 drivers, and they caught 1257 drug drivers. Police are also — and I might get the chief commissioner to talk about this — targeting areas and learning to target areas better. The reason they want to do that is that people need to recognise that if you want to go out to areas where there may be drugs, the prospects of being caught are all the higher. Chief Commissioner, I might get you to expand on the reasons why you do that and how you determine them.

The CHAIR — That would be useful, particularly in respect of some of these party drugs like ecstasy and those sorts of things.

Chief Comm. OVERLAND — Thank you very much, Chair, and just to make it clear, driving while impaired by drugs is a factor in around 30 per cent of road deaths in Victoria, so it is significant. The drugs that we test for are cannabis, methamphetamine — commonly known as speed — and ecstasy, and of course there is no legal use for those drugs in Victoria. The minister is right: we have used intelligence to target the drug testing more. With alcohol testing it is much more random, but with the drug testing, I guess really because of the cost of the test and the significance of the problem, we have been more intelligence-driven. We use intelligence to help us to determine where it is best to place the tests.

Interestingly, in the first full year of the program, in 2005, 1 in 44 drivers tested positive to drugs, which is much, much higher than the ratios we see when testing for alcohol. That is reflective of the targeted nature of the activity we are undertaking. The average rate of drivers testing positive over the entire program is 1 in 57, but statistics from January to October 2008 indicate that 1 in 88 is now testing positive. Were actually think that is a good thing, because we think the message is starting to get through that if you drive while drug impaired there is a risk that you will be caught.

We are continuing to use targeting. You often hear suggestions that it is mainly in the transport industry. We have targeted the transport industry and we do detect some level of drug driving, but I have to say that we see it across the general population; it is not just the truckies, it is actually people driving cars. Recently I had a personal experience of it when coming home late one night through the Burnley Tunnel and seeing a car literally bounce off the wall — not just changing lanes but actually bouncing off the wall.

Mr WELLS — Did you book him?

Chief Comm. OVERLAND — Yes.

Mr WELLS — Good.

Chief Comm. OVERLAND — We pulled him over. I then had to get a TMU unit down there because they actually knew what they were doing with traffic matters. That fellow is now charged and before the court. Again, I expected him to be drunk. He was clearly not alcohol-affected but under the effect of some sort of substance, and he is now charged and before the court.

It is a very significant issue for us. We are very pleased to get the additional money to increase the number of tests that we can conduct. We are very serious about further reductions in the road toll. We have a commitment to reducing deaths on the road to 237. We had a record low last year of 303, and that is cause, I think, for some pleasure on our part but no sense of complacency. It is really important that we continue to focus on this issue; it is really important that we continue to receive support, as we have through things like the drug-testing program, to enable us to keep Victoria's roads as safe as we can.

Mr RICH-PHILLIPS — What is the significance of the 237?

Chief Comm. OVERLAND — That is the target that has actually been set in the next Arrive Alive 10-year strategy around road toll.

Mr RICH-PHILLIPS — Based on?

Chief Comm. OVERLAND — We have just found it really, really important to set hard targets that we aim for.

Mr RICH-PHILLIPS — I am just wondering where the number comes from, though. Why not 238 or 235? Do you know what the basis of it is?

Chief Comm. OVERLAND — Look, it could be any number, but the point is that there is a number that we are now aiming at, and it is a significant reduction from where we are. We had 303 deaths on Victorian roads last year, which is a record low. We are very pleased on that.

Mr CAMERON — It was basically seen as a reduction over a period of time. Like the first time it was 20 per cent.

Chief Comm. OVERLAND — We know it is really important to have hard targets for us to aim for. It is a way of focusing the organisation, it is a way of focusing our partners, and we have been able to make, I think, really significant gains in this area. But we need to continue to try to drive road toll and road trauma down. We know it is still the most significant risk to our community — it is when you get behind the wheel of your car and go for a drive. That is the most risky thing that you can actually do.

Mr CAMERON — That was a 30 per cent reduction over 10 years. You will remember in the first Arrive Alive it was 20 per cent over 5 years; that was exceeded. But then the next one was 30 per cent over the 10 years. Having a target helps drive whoever the people are out there. And that is not only the police, it is the police and the TAC and VicRoads — all of the road safety agencies — and bringing the public along as well.

Mr DALLA-RIVA — Minister, before I start, on behalf of this side of the table I would like to congratulate Chief Commissioner Overland on his promotion, and indeed on his first PAEC presentation.

Chief Comm. OVERLAND — Thank you.

Mr DALLA-RIVA — One of the things that I am always aware of when I am in Parliament is that when we ask questions about police matters we are ruled out of order if the question relations to operational matters, because we are told: 'That is an operational matter'. I am one of four upper house members in the hearing today, and I am curious because currently the Police Regulation Amendment Bill is before the chamber, and I have carriage of the bill in that house. I have noted some of the comments made by senior police — the commissioner, an assistant commissioner and a former commissioner — and I understand there has been a suggestion in one of the papers that you are about to undertake a campaign to get this bill put through. Given we are not allowed to mention operational matters in the chamber, I am curious about how you can comment on bills that are before the Parliament for discussion by members who are elected by the people of Victoria. The minister may wish to comment on that, given — —

Mr CAMERON — I do not want to go into the rules of your house, but if the Chief Commissioner — —

The CHAIR — I am not sure that is — —

Mr DALLA-RIVA — Just to clarify, it relates to page 145 of budget paper 3 dealing with corruption prevention initiatives. I wonder about the initiative in relation to making comments on legislation in the upper house?

Ms MUNT — It is a very long bow to draw.

The CHAIR — Just because we can pick a number out of the air. The minister can comment on it, but I really think this is not a matter for this particular forum.

Mr CAMERON — Just a quick comment, police often make comments on things. Indeed, Mr Dalla-Riva, the rules in your house — that is the business of your house as far as I am concerned. But in relation to police, they make comments, and you will remember not three-quarters of an hour ago Mr Wells asked the chief commissioner, and the chief commissioner answered, about whether there was a need for a particular type of legislation and what was his particular view about it.

Mr DALLA-RIVA — That is in his house. We have legislation before us. I don't know the rules in your house!

Mr CAMERON — Then we're square!

Ms MUNT — I would like to continue the discussion on road safety. I have a personal interest in road safety, having been seriously injured by a drunk driver on my way home from Parliament. In budget paper 3, page 33, under the Arrive Alive 2 strategy, it says:

> The 2009–10 budget provides additional funding of $127 million over four years and $28 million TEI to support the fight against the road toll through a range of road safety initiatives.

Could you detail for me that range of road safety initiatives, particularly in regard to the prevention of deaths and serious injuries on our roads?

Mr CAMERON — Thank you, Ms Munt. I will not refer to the drug arrangements because we have already canvassed that bit, but I will just go to the issue more broadly. As part of the Arrive Alive 2008–17 — that is 30 per cent one that we discussed previously, Mr Rich-Phillips, with the 30 per cent target — there are a range of initiatives that are designed to assist in this area. I will just start where we were. In fact I have a slide. I will show you the road toll over time, if you do not mind.

Overhead shown.

Mr CAMERON — If you go back to the early 1970s, see the early 1970s, in 1970 there, 1061 deaths on the road. You see that successive governments have pushed the issue of the road toll. We see compulsory seatbelts being introduced; that was an issue with a lot of deaths back then. We see a reduction. Alcohol breath testing; we see the reduction there. The introduction of speed cameras; we have seen a halving of the road toll since then. And then increased camera hours, and we have seen since 2004 the drug initiatives. Obviously the further down you go, the harder it gets. The low-hanging fruit is successively taken away.

I might also show a country-city one, because I know Dr Sykes always has an interest in that. Can we just go back, Roslyn, just in relation to per head of population?

Overhead shown.

Mr CAMERON — You can see the deaths decreasing as a proportion of the population, but if we go back to the 10 000 cars, you will see a greater decrease. You have got to remember that while we have gone from 1061 in 1970 to 303 last year, there are actually a whole lot more cars on the road. Households normally had one car back then; households these days have — depending on how many kids you have and what age they are — a lot more. So really that is the challenge, and having initiatives in this area becomes extremely important.

Dr SYKES — Can you just go back to that country — —

Overhead shown.

Mr CAMERON — Sorry, the country. There are the country-city figures, and you can see it has jumped around a little bit. But you can see there that there has actually been an increase in the country in the last couple of years. If you go back to 2002 — 186; it has come down. It has gone up and down. I know you have an interest there. But the issue of speed in the country does not penetrate as much as in the city, because the perception of the risk of being caught is not as great in the country as in the city. You will appreciate that, just with the multiplicity of roads that are there.

Dr SYKES — So what are the explanations for the difference between the country and city? You are saying speed still remains a significant factor in country vehicle deaths?

Mr CAMERON — Speed. I will just put the risk of detection in general, because you know if someone is belting along a B road or a C road and they think the risk of being caught is not high, if they see a car stationary on the side of the road, they will slow down anyway. Whereas if you are in a more highly populated area, cars park along the side of the road.

Dr SYKES — That is a general sin. But in terms of the explanations, when you do the analysis of the deaths, what are the — —

Mr CAMERON — Because you are talking about these numbers, they will move up and down statistically. But the chief commissioner might like to make some comments about that soon, or make them now and then we will get to the initiatives.

Chief Comm. OVERLAND — In terms of the country road toll, it is the same issues: it is speed, it is alcohol, it is fatigue and it is failure to wear seatbelts. The same issues that were killing people 30 years ago are still killing people today, obviously at reduced levels. We see a lot of single-vehicle accidents in the country, normally off road into trees. It is why we have been working with VicRoads. You see a lot of the safety wire now along the side of country roads; it is to prevent cars running off roads into the trees. That is a big issue for us. Motorcycle deaths is another big issue for us in the country, particularly recreational riders on the weekend, normally middle-aged men in their middle-aged crises getting very big bikes, taking them for a spin at speed

and just losing it. Again, you see them off road, either into oncoming vehicles or into trees. So they are the sorts of factors that are continuing to kill people on country roads.

Mr CAMERON — And one of the issues that we will see in the country is more moving mobile radar this year. So you have got a police vehicle driving along and just by driving along it will be able to detect the speed of a vehicle that is coming towards it. Normally you do not know what the vehicle is coming towards you from a distance, so that will also help detect. If that makes people think, 'Oh, my prospects of being caught are higher', and they slow down, then that is exactly what we want to have, because — you know the Wipe Off 5 campaign — slowing down actually brings about a large reduction.

The CHAIR — Minister, since we have had quite a considerable discussion on road safety — you have got your slide there, $22.4 million, but also in the output initiatives, on page 333, and the asset initiatives, on page 337, there are significantly more funds detailed there. If you could provide for us, on notice if you like, more detailed information in regard to road safety output and asset initiatives for both next financial year and going into the future, because we would like to obviously focus on that in terms of our analysis and reporting later on.

Mr CAMERON — Yes. So we will correspond with you about those things?

The CHAIR — That would be the best.

Mr CAMERON — That would be the best thing. Everyone is agreed? Yes.

Mr WELLS — I refer to your slide about police numbers and once again reiterate it is disappointing you do not have a graph showing the number of actual operational police. However, given the situation at Hastings police station today, that things are so bad down in Hastings they are actually having a public protest. The reason they are having a public protest is that they are cutting back the hours from 24 hours to 16 hours. I thought that this was about improving police services. Further, given Assistant Commissioner Paul Evans saying that this is a political beat-up, on radio this morning, is it clear that there are simply not enough police available and in particular available in Hastings, and why are all of a sudden senior Victorian police officers making excuses on behalf of the government?

The CHAIR — All right, Minister, so far as it relates to the estimates, please.

Mr CAMERON — Well, I do not think they are, quite frankly. Police make their own operational decisions — —

Mr WELLS — So why are they making political comment?

The CHAIR — The minister is answering.

Mr CAMERON — Police make their own decisions — —

Mr WELLS — Is this the new direction that Victoria Police are going to take?

The CHAIR — Can you not interrupt the minister. The minister to answer, please.

Mr CAMERON — Police make up their own mind about the allocation, and since we have been in government we have seen a decrease in crime in Hastings and we have seen an increase in police resources. But it is up to police to determine how those police resources are allocated. I understand this is an issue. The chief commissioner's office advised me that there were some police down there who wanted to change so that there would be more active patrols — the chief commissioner will be aware of these details more than me, because this is only hearsay — and as a consequence police have made those changes. This relates to the service delivery. But I will hand over to the chief commissioner because he will have more details about Hastings.

The CHAIR — Chief Commissioner, relating to the estimates.

Chief Comm. OVERLAND — Hastings will continue to provide a 24-hour police service. The initiative that seems to have caused the concern in the community has come from the staff themselves at Hastings. They have determined that, particularly during the winter months, when it is much quieter down at Hastings, it does not make a lot of sense to them to have resources sitting in the police station essentially with nothing to do. So it

is at their suggestion that we will close the police station at night, but we will still have patrols out, so there will still be a van — —

Mr WELLS — So the police station will be shut?

Ms MUNT — But they will be on the beat.

Chief Comm. OVERLAND — The police station will be shut but there still will be a patrol out to respond to calls. In doing that, it will allow us to run additional patrols at other times when they say, or they believe, that the resources are more needed, so, for instance, afternoon shifts. So it is a reshaping of service delivery and it has come at the suggestion of our staff. I think it is a very good suggestion. I guess the point I make is that people are not safe because of police stations. I often get asked about this. I then ask people, 'How often have you been to a police station?'. A lot of people have never been to a police station at all in their life. If they need police services, they ring 000 and if it is an emergency, then we will provide a response. They can still make calls that will be answered more generally and, if it requires a police response, the police response will still come. So there is still a 24-hour service being provided in the area.

I think it is a very sensible initiative that has come from the staff who are working in the area, and I think that we will continue to look at how we refine the service. I think there is too much attention paid to police stations and whether a police station continues to be open or not open or the hours that it operates. The point is that we will continue to provide a 24-hour response right across the state, seven days a week, 365 days of the year. We have a real commitment to doing that.

We have put the vast majority of the additional resources that have come into the organisation into operational roles. I have a real commitment to doing everything I can to increase the number of police who are available for operational roles, but not all operational roles are in police stations. Some operational roles are in task forces that have actually lead to the very significant reductions we have seen around things like theft of motor vehicles. So it is a difficult issue for us because it is about continuing to move resources to change on shifting priorities. That is what we are seeing happening in the local area in Hastings and we will continue to do that right across the state as the issues that we deal with continue to shift.

Mr WELLS — So do you stand by your assistant commissioner, Paul Evans, when he says that this is a political beat-up?

The CHAIR — I do not think this is an issue for this particular hearing.

Chief Comm. OVERLAND — I have not heard those comments so I cannot answer that.

The CHAIR — I think it is something for outside this particular hearing.

Mr CAMERON — I certainly would not think he was referring to party politics — that is, not Assistant Commissioner Evans. My advice is, on the increase in police in the Mornington PSA, police service area, is that there has been a 43 per cent increase since we came to government.

Mr WELLS — I know, but where are they?

Mr CAMERON — And there has been a 20 per cent decrease in the rate of crime.

Mr WELLS — If you are shutting down a police station, where are they? Where are the operational police?

Mr CAMERON — Out on the — —

The CHAIR — I think we have had the answers to those questions.

Mr WELLS — But you promised a 24-hour police station at Hastings and it is down to 16 hours.

Mr CAMERON — That is the very point that the chief commissioner is trying to say. It is about police actually being out on the beat. Police make those determinations and police command has accepted the advice of some of the active police in Hastings who believe it is better to be out on the beat, where people want to see them and where they are needed.

Mr NOONAN — I wanted to ask about hoon driving. I will say that I have some experience in my local electorate of Williamstown with this, and, Chief Commissioner, I want to commend Inspector Mick Grainger and his team for the very pro-active and effective work they have done.

My observation with this problem in my local area is that it is a seasonal problem, hoon driving, particularly around the Williamstown beach area, seasonal in the summer. So in relation to hoon driving, I wanted to understand the government's hoon driving initiative and proposed extension announced in the budget, which is outlined on page 34 of budget paper 3, in relation to the vehicle impoundment scheme and any other initiatives in this area.

Mr CAMERON — Thank you very much, Mr Noonan, and thank you for your ongoing interest with hoons and the problems they cause. Obviously hoons have the ability not only to kill themselves and to kill other people, but they also cause a list of disquiet in neighbourhoods in terms of the nuisance value of them, the disruption to people's normal running of their households and the way people feel about their neighbourhood.

Up on the screen there is a just little bit of what hoon drivers are picked up for at the present time, so improper use, 41 per cent. That is doing a burn-out. They are the sort of classics. Excessive speed, and then you see the lesser things in terms of percentage, but certainly what we have flagged and what has been flagged in the budget is that we would like to expand the hoon driving scheme this financial year. We want to develop legislation during the course of the financial year, hopefully for early next year. Under those first-time offenders going more than 70 kilometres an hour, we will have the vehicle immediately impounded for three months.

The new laws will also target repeat drink, drug and unauthorised drivers and drivers who speed excessively. Repeat drivers under the influence of alcohol or drugs or who drive while disqualified will now face having their vehicle impounded more broadly under the new regime. Also those who are suspended from driving face the risk of impoundment by a court for up to three months. This legislation, as I say, is being developed. We believe the legislation has been successful. There has been very broad support for the hoon legislation, and we want to see it continue.

Can I just say that with a lot of essentially young blokes — there are a few hoonettes, but they do not come in big numbers. Essentially — —

The CHAIR — We call them hoonees.

Mr CAMERON — The fact that the vehicle is taken immediately has an enormous effect because it is a here-and-now thing; it is not something which occurs down the track. Did you want to make any comments?

Chief Comm. OVERLAND — Perhaps just to elaborate on those last couple of points. The data shows that 97.2 per cent of the offenders are male and 2.8 per cent are female. As of 30 April 2009, there were 7662 vehicles impounded. Of those, 7186 were first-time offenders, 413 were second-time offenders and only 63 were third-time offenders. So I think again it does make the point that this seems to drive home the message about this style of driving.

The CHAIR — Do they lose the car the third time?

Chief Comm. OVERLAND — On the third occasion they can lose the car. We can apply to the court to have the car forfeited, and we have done that on a number of occasions. I think it actually brings the accountability back where it belongs — to the driver. We know that fines and other things, demerit points, just do not seem to have the sort of impact. Even with demerit points and loss of licence, we know that people continue to drive. The unlicensed driving is a significant issue for us, but the car impoundment really does seem to drive the message home and we think it is a very good initiative.

Mr NOONAN — Are there statistics on probationary drivers as well, because if there are many young men, are we seeing a disproportionate number of those who are on probationary licences?

Chief Comm. OVERLAND — I can tell you that of the total, that was the 7662, 44.1 per cent held a full licence, 43 per cent held a probationary licence and 7.3 per cent were either unlicensed or disqualified, so that is the data that we have.

Mr WELLS — So it is a good policy, Chief Commissioner?

Chief Comm. OVERLAND — I think it is a very good policy.

The CHAIR — The issue of improper use, could we have a bit more definition of improper use that is 41 per cent?

Chief Comm. OVERLAND — Improper use really relates to driving in a way that is dangerous and likely to lead to loss of control of the vehicle, so it is classic burn-outs, so spinning the wheels.

Mr CAMERON — Loss of traction.

Chief Comm. OVERLAND — Or the other sort of — —

Mr NOONAN — Doughnut.

Chief Comm. OVERLAND — Is a doughnut, basically going round and round in circles with your tyres smoking.

Mr NOONAN — It is a technical term.

The CHAIR — You can have your conversations outside. Dr Sykes has the call.

Dr SYKES — With your assistance, Chair.

The CHAIR — I am trying to assist you as much as I can.

Dr SYKES — This question follows on from the discussion I had with the secretary over a cup of coffee. It relates to the issue of domestic violence and the apparent increase in the occurrence of domestic violence in rural Victoria. I say 'apparent' because it is anecdotal as provided to me but a lot of it is related to the drought or the 10 or 12 tough years we have been experiencing.

I have had some discussions at a local level with the police and the drought outreach workers. It seems to come down to two aspects. First of all, it is trying to prevent the situation getting to the point of domestic violence, and the second issue is the response. If we can just look at the prevention side for a moment, that is probably outside your area. But given that we do have — —

Mr CAMERON — The fact that you have said 'probably' means, I suspect, 'definitely' — but continue.

Dr SYKES — Given that we have a coordinated whole-of-government approach to issues, I would ask that you take on board that the provision of mental health services and the provision of outreach workers to connect people to appropriate services is fundamental, and the funding for that stops on 30 June.

If we go to the response, the issues that have been put to me that do relate to the budget are, first of all, the adequacy of police training to handle people who either have mental health illnesses or are under severe stress. I understand there is a differentiation there. Part of that is a police equivalent of mental health first aid. I understand that goes on, but there is a question about whether it is done often enough and well enough.

The second is the issue of professional backup for the on-the-ground police officers when a situation arises. That is about being able to call out the mental health professionals and get them there and help defuse a situation before you get to unpleasant or disastrous situations where you can have deaths. My question is: are you aware of the situation? What are you doing about it in this budget year?

Mr CAMERON — Essentially you raise an issue about the ability to detect issues and the training that goes with that. I might ask the chief commissioner to address those things.

The CHAIR — And also to manage the issue.

Chief Comm. OVERLAND — Thank you for your question. It is an important issue. It is one I am aware of. When I go out into the country, invariably this is an issue that is raised with me by my staff. To go to the second part of your question first, I think the issue around support services in the country is an issue. We struggle to find appropriate support services. We either refer people on or have to respond to a particular incident.

There are a variety of reasons for that. I guess it is a challenge for most rural remote communities. It is a challenge for a lot of country communities around access to those types of services. I do not think it is different from the general issue that people face.

In relation to my staff, it actually goes to a much broader issue, which is around how we appropriately train and support our staff to deal with the range of issues they face. We have developed a mental health first aid program that we do deliver. I agree with your point: we need to deliver it more broadly and we need to deliver it more regularly. It actually forms part of some broader work that I am having done around the whole issue of use of force — I guess, in a sense, operational training and tactics.

That is driven by a number of issues, both the review work that we have done around police shootings, around current debates and issues around tasers and availability of tasers. I am not satisfied with our training and support for members around that issue. There is a whole series of quite complex issues that we need to think through. There is work happening at the moment, but I envisage that as part of a program that will roll out — it is broader than just the defensive tactics; it is around the whole issue of how we police and how we engage with the community and the sorts of strategies that we use. But I see as integral to that this whole issue of mental health first aid training.

It is a very difficult area for us, though. There are clinicians who struggle to determine whether someone is mentally ill or not. For our people, it is incredibly difficult to know whether someone is just behaving badly or whether they actually have a mental illness. But it is a very significant issue for us right across the board — in the metropolitan area as much as in the country.

But in the country it is a little bit more difficult for us for a couple of reasons. Our members tend to be more isolated, so they tend to be one or two out when responding. The point that you made about the lack of service is definitely an issue for us in particularly rural and remote areas.

The CHAIR — Thank you for that.

Ms HUPPERT — Minister, I want to return to the topic of police stations. I note that on page 336 in budget paper 3 there is a discussion about the program for upgrading physical assets. I wonder if you could outline for the committee some of the work that is going to be done in this area in the forward estimates period.

Mr CAMERON — As you are aware, we have had a big program in relation to police stations — the biggest program in the state's history during the course of the Bracks and Brumby governments. This budget also builds on that with the rebuilding of 10 new police stations and also the work around the World Trade Centre. If I can just go back to those 10, I will give you their locations this year. They will be in Korumburra — —

The CHAIR — Try to get onto next year as well.

Mr CAMERON — They are in the forward estimates period: Korumburra, Lara, Castlemaine, Mortlake, Axedale, Balmoral, Buninyong, Koo Wee Rup, Pyalong and Riddells Creek. Obviously that is important in relation to those communities, in improving those facilities. It is good for the police members. It is also good for the confidence in those areas, particularly with the present economic circumstances. Obviously there will be jobs coming out of the building program which also occurs. If we just go back, it is a very large program. If you go around the state, there are an enormous number of new police stations in every area.

Mr WELLS — Pity there are no police in the police stations.

The CHAIR — Without the commentary, thank you.

Dr SYKES — It reduces the maintenance cost.

Mr WELLS — What, not having police in them?

Mr CAMERON — Sometimes police are not in the station because they are actually out on the beat.

Mr WELLS — Because there are not enough police to go around.

The CHAIR — To answer the question, please.

Mr CAMERON — There are more front-line police than ever before. Certainly on that front, the Ombudsman had a look around this issue at the invitation of the opposition.

Mr WELLS — Tell us about the Ombudsman report on crime stats.

Mr CAMERON — What the Ombudsman had to say in relation to crime stats was that Victoria was a very low crime state — that is what the Ombudsman had to say.

Mr WELLS — What else did he say about the reliability of those crime stats?

The CHAIR — The question is about the — —

Mr WELLS — What else did he say about the reliability of the crime stats?

Mr CAMERON — You asked me what he also said. I will tell you.

The CHAIR — No, Minister, we are about police stations.

Mr CAMERON — He also said that there were 1627 extra police, and only 24 of those in support roles.

Mr WELLS — Yes, but what did he say about the crime stats?

The CHAIR (to Mr Wells) — Thank you, you are not asking the question.

Mr WELLS — He has referred to the Ombudsman's report. I just wondered what he said about the crime stats.

Mr CAMERON — You ask me when it is your turn next time.

Mr WELLS — That 'they could not be trusted'.

Mr CAMERON — That is what he had to say. So what we have got to make sure — —

Mr WELLS — Crime stats could not be trusted.

The CHAIR — Thank you. You will have your turn.

Mr CAMERON — What our plan has been, and this budget builds upon it, is actually making sure that there are good facilities for the record number of operational police — —

Mr WELLS — Where are they? They are not in Hastings, Rowville, Endeavour Hills, Bellarine and certainly not in Bairnsdale.

Mr CAMERON — Police that are out on the beat, like at Hastings. Certainly police do a tremendous job in this area, but I might get the chief commissioner to make some comments about it.

The CHAIR — About the police stations.

Mr WELLS — Can the chief commissioner comment about the crime stats?

The CHAIR — Mr Wells, could you desist from interfering. You are getting a very bad reputation for this.

Mr WELLS — I was just wondering if the commissioner could make a comment about it.

Chief Comm. OVERLAND — We welcome the money that is being spent in this area. I think it has led to very significant upgrading of our facilities. Some 160 police stations have either been constructed or refurbished over the period. It has led to better facilities for our staff, I think particularly in rural and country areas. We know how important it is for local towns to have police stations and to have pride in their police and their police stations, so it has been great that we have been able to have those facilities constructed, that they are new, they are modern, they are appropriate and they accommodate our people appropriately. As I said, I think particularly for country areas it is an important thing for a town to have a police station in it.

The CHAIR — That concludes the presentation on police and emergency services. I thank Chief Commissioner Overland for his attendance.

Chief Comm. OVERLAND — Thank you, Chair.

7.2 Corrections Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 14 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr B. Cameron, Minister for Corrections,

Ms P. Armytage, Secretary, and

Dr R. Kelleher, Executive Director, Police and Emergency Services and Corrections, Department of Justice; and

Mr R. Wise, Acting Commissioner, Corrections Victoria, Department of Justice.

The CHAIR — I welcome the Minister for Corrections, Ms Armytage, Dr Kelleher and Mr Rod Wise, Acting Commissioner, Corrections Victoria. I call on the Minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the Corrections portfolio, and after that Ms Pennicuik will have the call.

Overheads shown.

Mr CAMERON — We have a few slides to go over, then questions, and if there is any other information, we will follow that up later, as is the normal course. If we have a look at the corrections system, there are 4052 male and 267 female prisoners, so 4300 in the system at the present time. There are 1420 parolees. That also includes commonwealth parolees, because the commonwealth does not look after their own prisoners and parolees; they effectively contract that out to the states to do. There are also those who are community corrections offenders — over 8000.

The CHAIR — I assume the commonwealth pays for these?

Mr CAMERON — They do, yes.

The CHAIR — Can you include that in your report of the department?

Mr CAMERON — Include that, from the discussion we had at the very outset? Yes, we can put that in. When it comes to staff, you can see the numbers there are over 2500. There are 11 public prisons, 2 private prisons and 59 community corrections locations across the state and one transition centre, the Judy Lazarus centre down in West Melbourne.

Just going over things from last year, what we are building on — Better Pathways is a major initiative to address women's offending and reoffending. That includes infrastructure upgrades at the Dame Phyllis Frost Centre and the establishment of a 20-bed inpatient unit, which we call Marrmak, at the Dame Phyllis Frost Centre and a range of support programs, employment, child care, housing, a transport subsidy for women on community based orders, sexual assault counselling and services to try to break what are often ongoing issues for women prisoners. If we can break those issues, we will hopefully avoid reoffending as we go forward.

We are also building confidence in corrections. What we saw was more beds in the system at Port Phillip, Dhurringile and Beechworth and also 100 flexible beds across the rest of the system, across the state. There is funding for the next year coming up for 100 flexible beds across the system, to be operational by 2012.

If we just go back to where we were, we opened Wulgunggo Ngalu down near Yarram. That is for young Aboriginal offenders on community-based orders. So they are not in custody as such, but they can opt to go and live there. It is an in-house residential program. It is seen as an important program, but time will tell. The feedback to date has been positive.

Transitional housing is a partnership with the director of housing and the regional housing agencies to access affordable housing across Victoria for exiting prisoners identified as being at high risk of homelessness. With people coming out of prison, one of the key risks for them reoffending comes to the issue of housing.

That is why we see that work occurring. We have seen the first full year of operation of Melaleuca, essentially the prison within a prison at Barwon — a high-security state-of-the-art security facility. We have seen that first full year of operations completed during the current financial year, back in September. Some of the people in there are gangland figures, who you have probably read about in the newspapers during the year.

I turn to some of the work that is done by prisoners, particularly in the low-security prisons but also sometimes from medium security. Obviously it is only related to certain types of prisoners but they have done work helping with the clean up with bushfires or fencing. Dr Sykes is probably aware of some of that up and around his area.

Dr SYKES — The community is very grateful for what the fellows from Beechworth have done.

Mr CAMERON — That is building on after what occurred after 2006–07, also assistance given after the floods and also in relation to the Landcare work more generally.

The graffiti removal program with Community Corrections — —

The CHAIR — It has been removed [from the slide]!

Mr CAMERON — Community Corrections has been on this slide! It has been removed for some reason. That is really just a program of trying to use community offenders to bring about a public good, particularly working with the likes of councils, and there is a program around that.

There is also work happening around animal care and fostering. That has been expanded a little bit this year; we have a greyhound adoption program. There are other things, like at Beechworth they are looking after eagles, and there have been other initiatives. If prisoners look after animals and pets, for some people it actually has quite a therapeutic thing about the need to look after others. On the face of it you say, 'Why would you do that?', but there is actually a logic to it which is the evidence base.

The CHAIR — I think a former member of Parliament, Jan Wilson, is very strongly involved in this program.

Mr CAMERON — She is, because she is the chair of the greyhound racing board.

Dr SYKES — As an ex-prisoner?

The CHAIR — No, the greyhound adoption program. She is great to be one saying how very successful it was.

Mr CAMERON — She has been very persistent about that over time with Corrections Victoria. There is the new Ararat prison, as you know, which is being planned for. Expressions of interest closed in early April they are being evaluated and that project is due for completion in 2012. That is the prison next to the prison at Ararat.

If we go to the next slide, with this initiative around demand management, with the detention in home expansion, that is subject to legislative change, but at the moment that is not a statewide program. The objective is to try and make that broader rather than be just the metropolitan unit.

With new accommodation units, I mentioned earlier 100 beds across the system to be operational by 2011, and also some work in relation to infrastructure about flexible accommodation.

If we just have a look at this overhead, they are the prison numbers and the growth there — what was predicted and actual, which is a fraction under the actual.

Mr RICH-PHILLIPS — It does not really fit in with the decline in crime, does it?

The CHAIR — Seasonal variations.

Mr CAMERON — We are tough on crime and this is the graph that shows it. In each of the years you can see in January there is a dip down and then it grows. That is a seasonal thing. It is to do with the courts and when the courts operate, so that is why that occurs. It goes up and down.

You will be aware of measures that have been done around sentencing and the different approaches that are particularly taken in relation to sex offences.

We can have a look at imprisonment rates around Australia; however, Victoria does have a relatively low imprisonment rate around the rest of Australia.

Mr WELLS — Yes. Tougher sentencing.

Dr SYKES — Soft on crime.

Mr CAMERON — That has increased a bit. But as the Liberal Party knows, because they have invited the Ombudsman to report on the Ombudsman's report of that, that Victoria is the low-crime state.

The last graph is the recidivism rates for people who go into prison and reoffend within a couple of years. We have seen that consistently decline. We are the only state to have that decline for a period of six years in a row.

The CHAIR — Minister, thank you very much for that, although I do not think we needed the last page.

Mr CAMERON — Was there one more?

Ms MUNT — Yes; some diary entry on the last page.

The CHAIR — We are happy to give that back to you.

Ms PENNICUIK — I am interested in the slides showing the increase in prison numbers. Certainly the Minister would be aware that we have raised concerns about that in terms of dealing with offenders and the policy of incarceration as a last resort, particularly young offenders. On your third slide you mentioned transitional housing and you made a few remarks about that. Minister, you would be aware that the Australian Institute of Criminology, in its ex-prisoners housing and homeless paper, described:

> … a picture is merging of ex-prisoners in Australia facing significant barriers in attempting to secure accommodation on release from prison.

That report also concluded:

> … that imprisonment, even for a short period, is associated with increased homelessness …

and homelessness in turn is associated with re-incarceration. This report and many others found that accommodation is a major factor in preventing return to prison. I say this, too, in context of we know there is a housing shortage and there is an increasing level of homelessness in the general community. On page 38 of budget paper 3 under 'Reducing homelessness' it says:

> Additional assistance will … be provided for clients in the mental health and justice systems who are homeless or at risk of homelessness.

I presume these are the small programs that are already in existence that do not service all prisoners and are currently underfunded in any case. So my question is: in this budget and going forward, how much money will be provided specifically for accommodation programs for ex-prisoners, both male and female, post-release?

Mr CAMERON — You probably overheard the conversation I just had with the secretary.

Ms PENNICUIK — No, I didn't, because there is another one going on over here !

Mr CAMERON — It is about trying to get a break-up of figures from housing. We will get that information so that we can provide it to the committee. But what you say is right, and as I outlined in the slides, homelessness is a key issue, particularly around reoffending; and transitional housing is important.

That is not to say these things are easy because it is difficult to provide providers and to find accommodation, but it is important and it is one of the key reasons why we see recidivism rates continue to come down; but it is a challenge and I will get the acting commissioner to talk about some of the initiatives at the present time.

Mr WISE — This has been a big focus of corrections over a number of years. Indeed, we have had funding over the last few years to increase our stock of transitional housing. The link between homelessness and recidivism is very well-known, so we have invested significantly in it.

We are looking at 78 new housing options over the next three years, to bring them online. We have entered into partnerships with the Office of Housing and a number of housing providers in order to do that, and over the last few years we have also invested heavily in a number of our transitional programs — the Link Out program for men, which provides up to 500 places for men exiting prison; WISP for women exiting prison, and that is another 90 places for women exiting the system and going out into the community; and we just recently introduced the Konnect program for Aboriginal offenders, both male and female.

A huge focus of each of those integrated programs is on finding appropriate housing for people exiting prison. The workers on each of those programs have the opportunity to catch up with the prisoners while they are still in prison, to understand what their needs are and to make arrangements prior to the prisoners' release, and then ensure that appropriate accommodation is provided once the prisoner is released.

So we will continue on with those transitional programs quite clearly, but we will also be able to draw upon a much greater stock of appropriate housing in the community over the next three years.

Ms PENNICUIK — To follow up, Chair, the Federal Government has a white paper on homelessness which establishes the policy of no exits into homelessness from custodial settings. Are there any performance indicators being developed to ensure compliance with Victoria's obligations under that partnership?

Ms ARMYTAGE — Just in terms of the agreements that there have been historically, in terms of access to housing for exiting prisoners, that is why they have not been the priority target group until now, and that is why we have developed these transition housing options. They are eligible, when they are back in the community, as everybody is to public housing; but in terms of that transition, that first step from exiting prison back into the community is the responsibility of corrections, and that is why our budget increase has been done — to accommodate that fact.

Ms PENNICUIK — But I am interested in the performance measures — getting to that agreement of 100 per cent.

Ms ARMYTAGE — That is beyond our brief, though.

Ms PENNICUIK — But that could be in the budget as an output measure, right?

Ms ARMYTAGE — No, it would not be in the state budget in terms of our agreement around the corrections budget; that would be in the accounting budget.

The CHAIR — It comes back to the original question I asked in terms of accountability mechanisms.

Mr SCOTT — Minister, I would like to draw attention to your presentation where you made reference to the number of female prisoners in the corrections system, and also the Better Pathways program, and I ask: can you advise what is being done to address the specifics needs of women offenders through the Better Pathways strategy?

Mr CAMERON — Thank you, Mr Scott. This was an initiative of the government. Additional funding now in this budget will take the strategy forward this financial year.

The strategy has been around infrastructure upgrades at the Dame Phyllis Frost Centre, which is the women's prison in Victoria. We have only two women's prisons because of the relatively low number of women prisoners; there is also one in the country at Tarrengower for the lower-risk females, but in terms of the one high and medium-security prison, the establishment there of Marrmak — the integrated mental health unit— has been important.

The needs of women around mental health are very significant. They are often people who have been abused; they are vulnerable people, and therefore this has been very important because it can provide 24-hour care.

There has been the Women's Integrated Support Program, which is pre and post transition support for women exiting the prison, and to date 366 women have been through that program. And there have been 10 supported transitional properties for women through the Court Referral and Evaluation for Drug Intervention and Treatment program — the CREDIT program — which is now combined with the bail program, to improve the chances of women being granted bail and successfully completing the CREDIT program during the bail period. In addition there are two transitional properties for indigenous women who are released on bail, who exit prison on parole.

In terms of child-care and transport subsidies, 4500 subsidies approximately have been issued to date. There is also a multicultural liaison officer in the women's prisons, and sexual assault counselling services for women prisoners, and to date more than 116 women prisoners have accessed that; and an independent evaluation of the strategy is under way and will no doubt inform planning for the development of future initiatives to address women's' offending and reoffending. Is there anything you would like to add to that, Mr Wise?

Mr WISE — Just to pick up on that last point, although we still have not received the evaluation report, there are certainly some indications that the Better Pathways strategy has already been successful, although in terms of recidivism data it is still too early to assess.

But in terms of the manageability of the prison system, the Better Pathways initiatives have made an enormous impact. Marrmak has taken some of the most problematic women and provided them with the appropriate treatment they require.

I am happy to say that, whereas we had Marrmak full of women at one point, it now has some capacity. We are hoping that the ongoing influence of Marrmak will be that we can return these women with very complex issues back out into the community in a much fitter state so that they do not keep coming back to jail and recycle at a rapid rate. The early indications are very positive, and we will know more shortly.

Mr RICH-PHILLIPS — Minister, I would like to ask about the 100 flexible beds, but before I do that, can you clarify — on the slide you said Ararat prison would be finished in 2012?

Mr CAMERON — Yes.

Mr RICH-PHILLIPS — When will it open to receive prisoners? Will it be 2012?

Mr CAMERON — Commissioned in 2012. There is already a prison at Ararat; it is just a prison next to it.

Mr RICH-PHILLIPS — The 100 flexible beds, or temporary beds as the budget paper refers to them — you said they will be all available by 2011. Can you tell the committee what the rollout of those 100 beds will be over the forward estimates period, to 2011? Where do you plan to locate them initially; where will they be spread? And what category do they fall into in terms of security? What type of facilities are they — single bed, single units or double units?

Mr WISE — The 100 beds that will be rolled out by 2011 will be a unit or units that will be developed. We are looking at a number of options to place them, and we will determine where we can get the best value for our money. One of the options is to place them at Marngoneet, where there is space inside the walls. There are some opportunities for us to run some critical programs that are important to corrections, around things such as literacy and parenting. That is some early scoping work that we have done. Alternatively we might place them at somewhere like Port Phillip Prison.

Mr RICH-PHILLIPS — The expectation is they will be placed together?

Mr WISE — They will be placed together — the 100 beds, yes. Most of those beds will be single-cell accommodation. There may be some double bunks to increase the efficiency of those operations.

Mr RICH-PHILLIPS — As to the security level?

Mr WISE — It would depend on where they are placed, but they will be secure rather than insecure, so they will be behind a wall.

Mr RICH-PHILLIPS — That's encouraging!

Mr CAMERON — It depends on the nature: if it is low security, it will not be a wall, it will be a fence; if it is medium or high security, it will be thick. There are different categories.

The CHAIR — We understand that.

Mr WISE — We already have clearly an extensive building program both at Dhurringile and Beechworth prisons, which will introduce significant numbers of minimum-security beds into the system over the next 12 months.

Mr RICH-PHILLIPS — The new 100 — will they all be rolled out in 2011 or will they roll out before then?

Mr WISE — 2011, all at the one time.

Ms MUNT — I note in your presentation the photo of the men at work on a community work site in Moorabbin cleaning graffiti and also that budget paper 3, page 334 details the graffiti prevention and removal strategy. I was wondering if you could detail for us what is actually involved in that program.

Can I also take this opportunity to congratulate the graffiti task force that has been placed at the Moorabbin police station, which is doing wonderful work in actually apprehending graffiti offenders in our local areas.

Mr CAMERON — Community Correctional Services (CCS) wants to try and engage people who are involved in community work in meaningful and good work. They do that using a range of organisations. The graffiti program is a key part of that, particularly in trying to engage with organisations like councils in the work they do around graffiti, with, for example, a community-based order where there is work attached. Once offenders have been screened, they are suitable for unpaid community work, and they are selected to do graffiti, then what occurs is that those linkages are made, and often it is an ongoing program.

In this budget, the budget the Treasurer delivered a couple of weeks ago, we have allocated a further $4.5 million over two years to build on and continue the graffiti clean-up program, of which $2.6 million has been allocated to corrections to actively engage offenders in the removal of graffiti. The rest of the program relates to groups and organisations applying for a particular grant. What we hope is that we can marry these things up.

Since it began in 2005 the program has involved 10 000 offenders who have completed over 158 000 hours of unpaid community work. They have removed graffiti off 439 000 square metres — that is like 22 Melbourne Cricket Grounds.

Ms MUNT — Does that include graffiti offenders themselves being asked to clean off graffiti?

Mr CAMERON — Yes, that is right — graffiti offenders themselves but also other offenders.

Ms MUNT — Offenders on community work-based orders?

Mr CAMERON — Community work or for whatever particular reason. They have removed over 13 000 kilograms of rubbish to make sure the vandalised areas are completely clean and ready for the community. That happens through community work coordinators within Corrections Victoria — that is at 14 CCS locations. And there is a partnership between 28 local government and community partners.

Effectively that is around 30 operational days of graffiti clean-up each week. In addition there are 14 graffiti removal trailers that have got their equipment so that when they go out, they are able to do the work. I think, Rod, that probably covers it.

Mr WISE — That probably covers it, yes.

Ms PENNICUIK — It is interesting that on page 10 of the budget paper there is a picture of one of Melbourne's laneways featuring some graffiti.

Mr CAMERON — We will have a disagreement on this.

The CHAIR — There is some work in my area that they can come along and clean up too, Minister, as well.

Mr WELLS — Could you bring up the home detention slide, please? While that is happening: one of these graphs is obviously incorrect — crime decreasing, prisoner rates increasing — fascinating.

Mr CAMERON — Increased sentence length; you have to factor that in.

Mr WELLS — You are not serious!

The CHAIR — Your question, please, Mr Wells.

Mr CAMERON — Particularly around sex offenders.

Mr WELLS — Just on that, are you happy to provide information about increased sentencing?

Ms ARMYTAGE — Sentence length?

Mr CAMERON — Yes, sentence length.

Ms ARMYTAGE — For serious offenders — yes.

Mr CAMERON — For serious offenders.

Mr WELLS — In comparison to people who have been given a suspended sentence and the like.

In regard to home detention, I am just wondering, over the forward estimates, how many convicted criminals who should have been sent to jail you are expecting to go into the home detention program or this soft option, and how many of these criminals who should have been in jail are you anticipating will break the conditions of home detention, based on past experience?

The CHAIR — I think the question probably should be properly rephrased. I am sure you will do that in your mind, Minister. The use of imputation against our court system is something which I certainly do not support as the Chair of this committee.

Overhead shown.

Mr WELLS — Hang on, this is the front end — that is a fact. The people who are on home detention are the front end of those who have been convicted and should have a custodial sentence; they have been given the option of home detention. That is a fact.

The CHAIR — The minister to answer. It may well be something for the Attorney-General rather than you.

Mr CAMERON — That is not quite right, because the courts at the front end have an option either not to impose a custodial sentence or impose a custodial sentence but not necessarily in custody.

Mr WELLS — Yes, but that is what the legislation intends — —

Mr CAMERON — But that could also occur by way of intensive correction orders. I think you have to put yourself in the mind of the sentencer and what they ultimately have in mind as to what the punishment is going to be — whether it is ultimately in custody or not in custody. I do not think you can undermine the role of the sentencer in the way that that works.

In relation to home detention, we see how that works because it is available in the city, but it is not available in the country. There is a limit to it in the city of — —

Mr WISE — Forty.

Mr CAMERON — Within 40 kilometres of the CBD. I suppose essentially there is an issue as to why it is available in one part of the state and not available in another part of this state. Technology was the reason, but in reality, ultimately in terms of equity with country people and city people, it is beneficial to do it across the board.

As at 11 May there were 35 current home detention orders in place, with just three from the front end. The rest of them came from the back end — that is, from the parole board. Quite frankly, the parole board will make its own assessment as to who should be on home detention and who should not be on home detention. I have faith in the courts in terms of looking at all of the options available and magistrates and judges deciding who should or should not get home detention.

In terms of breaches, where there is a breach, application can be made for revocation.

Mr WELLS — Application can be made, or should be made?

Mr CAMERON — Is made.

Mr WELLS — Is made?

Mr WISE — Is made — breaches, yes.

Mr CAMERON — I will just try and find the number of incidents. I understand there have been 21 revocations due to breaches, and the principal reason for those has related to a positive drug test — where they have had to provide a drug sample and they have failed the sample and the parole board as a consequence has said, 'You had your option, and it is being revoked'.

Mr WELLS — And the change?

Mr CAMERON — What the change might be in relation to the country — I will have to get you some other material.

Mr WELLS — No, 'subject to legislative changes'.

Mr CAMERON — Yes.

Mr WELLS — What is that legislative change?

Mr CAMERON — One of them will be to address the issue that you mention in relation to the fact that they have to be sentenced to imprisonment before being eligible for home detention. It will be around an option of this should be a stand-alone order — so sentence someone to jail if you are going to send them to jail; give them home detention if you are going to give them home detention; or do whatever else. The other thing will be around the city-country issue. That will address your issue about whether they should have been in prison or not. It will give greater transparency.

Mr WELLS — They should have been in prison.

Ms PENNICUIK — Could I just ask the minister to repeat the figure.

The CHAIR — Which figure were you looking for, Ms Pennicuik?

Ms PENNICUIK — The figure on how many home detention orders were revoked due to positive drug tests. You said a figure.

Mr WELLS — Twenty-one.

Mr CAMERON — There were 21 revocations due to breach, and there were 14 on that.

Mr NOONAN — Minister, I wanted to ask you about drugs in prisons, which has not been covered in your presentation. In budget paper 3, page 157, there are output measures in relation to prisoner supervision and support. My question is in regard to prisoner supervision and whether the minister can outline what the government is doing about containing drug use in Victoria's prisons.

Mr CAMERON — Corrections Victoria has this ongoing battle, as you are well aware — and the prisons are continuing to win the battle — against drugs and other contraband. We will get to corrections soon, and Mr Wise will talk about some of the measures, such as what happens when you walk into some prisons and the arrangements that are made there — and that is by use of barrier controls.

The Commissioner will be able to expand on how that works; it is clearly quite technical. The 2007–08 data shows an increased amount of drug seizures from visitors — in other words, they have been detected in advance — and there has been an increase in targeted positive drug test results for prisoners. That is indicative of the improved success of intelligence in identifying drug users within the system. Also there has been a decrease in the number of random positive drug tests from prisoners, which is indicative of a decrease in contraband entering prisons in the first place.

In terms of detection, those ion scanners that I mentioned operate at Barwon Prison and the Melbourne Assessment Prison and the Melbourne Remand Centre, and the Commissioner will outline how that works. MRC — Metropolitan Remand Centre — also uses walk-in security booths and hand-held scanners to detect metal items, narcotic substances and explosives. The Security and Emergency Services Group, intelligence section, works collaboratively with prison management and external agencies such as Victoria Police and they gather intelligence in an effort to intercept contraband and prevent incidents that may threaten the good order and security of prisons. They also use passive alert dogs; they have built them up over the years. They have quite a few now.

At the Dame Phyllis Frost Centre, the Ombudsman's report into contraband entering the Dame Phyllis Frost Centre was tabled in Parliament in June last year. There were 14 recommendations highlighting the need to tighten administrative procedures around seizures and the recording and control of contraband in prisons.

Corrections Victoria accepted those recommendations. The actions undertaken so far have included: enhanced security training for staff, improved monitoring of procedural compliance, and steps to upgrade the security management system in the prison gatehouse to improve visitor surveillance. I might now hand over to the Commissioner for anything else that he would like to add. He could also explain how the ion scanner works — the puffing of the wind.

Mr WISE — Certainly, Minister. I think the Minister introduced it by saying it is an ongoing battle against drugs in the prison system. That is true. It is probably unsurprising, given that around about 70 per cent of our prisoners who come into the system are drug users on the outside, and the figure is probably higher for female prisoners. I guess it is not surprising that when they do come in and there is a big community of drug users, that they continue to try to acquire and use drugs.

Our battle is to stop them from getting in and, when they do get in, to detect them and to deter people from using drugs, and then if they are habitual drug users, to treat them so that they have less chance of returning to prison on drug-related offences.

A number of the things that we do are around the front of the prisons, the barrier controls. As the Minister indicated, we have ion scanners at a number of our jails — at Barwon, MAP and the Metropolitan Remand Centre. They do puff compressed air over people entering the prison. That dislodges narcotic particles into the air, which are then sampled by the machine, and the machine will then indicate whether that person has been in recent contact with narcotic substances.

It has proved a very effective way of determining whether someone is likely to be introducing contraband into the prison. If someone registers positive during that process, then we will not permit them a contact visit with the person whom they wish to visit, or alternatively, we ask them to submit to a more stringent search to detect whatever items they might have on their person.

There are other technological things that we do at the front including, at a number of our jails, requiring visitors to undergo an iris scan. We have had incidents in the past of visitors being detected bringing drugs in and then trying to re-enter another prison, perhaps under an assumed name or a different name; the iris scanning process allows us to determine that someone who has been banned from visiting is trying to get in. That has been another very significant weapon to stop drugs coming in.

The Minister outlined a number of those other measures that we have in place, and they are all working well. Indeed the results, I think, are fairly impressive. We do a test ourselves on the percentage of prisoners who test positive to random samples. Only 1.28 per cent at the moment of prisoners across the system have tested positive through that random sampling process, which is an extraordinary effort. There is only one prison that is exceeding its benchmark, and that is by 0.08 per cent, I think, of its target. It should also achieve its target by the end of the year.

Dr SYKES — What is your level of confidence in that result? It does seem amazing, based on the drug use coming into the prison and anecdotal claims about the drug use that continues in the prison — do you have a high level of confidence in that result?

Mr WISE — I do. The random sampling is truly random and the testing is very rigorous. What we also do in addition to the random sampling, though, is target individuals whom we suspect to be under the influence of drugs or who we might have received intelligence about, who we think are likely to be using drugs at any particular point.

The targeted sampling of those offenders produces a higher rate than the 1.28 per cent. It is closer to 5 or 6 per cent. So there is drug use in our prisons; it would be silly to suggest otherwise. Our intelligence is getting much better at identifying those people who are using. We are constantly trying to establish ways to beat the masking of drug use. But we are very confident that there is a low level of drug use, particularly compared to other jurisdictions nationally and internationally.

The CHAIR — Thank you. Mr Dalla-Riva, a final question?

Mr DALLA-RIVA — Minister, following up from Mr Rich-Phillips's earlier comment about the Ararat prison, I note a reference on page 34 of budget paper 3. I notice it says that the 2009–10 budget allocates $61 million for the opening of the 350-bed prison in Ararat. Has that prison been built as a part of a PPP?

Mr WISE — It is.

Mr DALLA-RIVA — You opposed those.

The CHAIR — Without the commentary.

Ms ARMYTAGE — The capital builds in — —

Mr CAMERON — The Government — —

Mr DALLA-RIVA — No, I am just curious. Your policy position changes, but anyway — —

Mr CAMERON — No, we are talking about a capital build. We have never opposed PPPs with capital — —

Mr DALLA-RIVA — We've changed the meaning, have we? That is all right, we just want to get it clear!

The CHAIR — Mr Dalla-Riva!

Mr CAMERON — I am just telling you; it is the capital — —

Mr DALLA-RIVA — No, I just wanted to get it clear, that was all. I needed clarification. So you are now supporting PPPs? Great!

I refer to page 157 of budget paper 3 in relation to — —

Mr CAMERON — We have actually said that for years and years, haven't we?

Mr DALLA-RIVA — It follows on about the private and public operators. I am just wondering about page 157, the total output cost of prisoner supervision and support — —

The CHAIR — Can we have a question and get on with it?

Mr CAMERON — The PPP relates to the — —

Mr DALLA-RIVA — We both have corrections in opposition.

Mr CAMERON — Then you would know — —

Mr DALLA-RIVA — We know what your government's position was, so now you have — —

Mr CAMERON — We have talked about PPPs for years and years.

Mr DALLA-RIVA — I am just trying to get it clear about the total output costs. In terms of the forward estimates, are you able to provide the committee with the breakdown of the cost of keeping prisoners in a private prison as opposed to keeping prisoners in the public system? You can take it on notice if you are not able to provide it here. Have you got it now?

Mr CAMERON — Is that the question?

The CHAIR — That is the question.

Mr CAMERON — We will see what we might have.

The CHAIR — I think we have asked this before — last year.

Mr WELLS — Yes, it is a standard question.

Mr CAMERON — Comparison is difficult because — —

Mr WELLS — Maximum to maximum.

Mr DALLA-RIVA — Port Phillip to Barwon for example.

Mr WELLS — Yes, Port Phillip to Barwon.

Mr CAMERON — I will have to provide that; we do not have that split.

Mr WELLS — He has got it in front of him.

Mr CAMERON — I have not got it in front of me. There is a handwritten note from the Acting Commissioner that comparison is difficult. Different overheads — —

Mr WELLS — Between Barwon and Port Phillip.

Mr CAMERON — I do not have those numbers. I will have to provide them to you.

Mr WELLS — Ask Rod to provide them now. He would have them at his fingertips.

Mr WISE — No, I do not. We have got the whole — —

Mr CAMERON — We have only got the whole.

Mr WISE — Which includes medians.

Mr CAMERON — We will get the information that you requested, as we always do. Thank you very much.

Mr WELLS — It is a question on notice.

The CHAIR — We are going to get it on notice. Thank you very much. That concludes the consideration of the budget estimates for the portfolio of corrections. I thank the minister and departmental officers for their attendance today. Where questions are taken on notice the committee will follow up with you in writing at a later date and request written responses to be provided within 30 days. Thank you.

Mr CAMERON — Thank you.

7.3 Attorney General Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 14 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Hulls, Attorney-General,

Ms P. Armytage, Secretary, and

Mr J. Griffin, Executive Director, Courts, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009-10 budget estimates for the portfolio of Attorney-General. On behalf of the committee I welcome the Honourable Rob Hulls, MP, Attorney-General; Ms Penny Armytage, Secretary of the Department of Justice, and Mr John Griffin, executive director, courts, 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 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 protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing.

In accordance with past practice the transcripts and PowerPoint presentations will be placed on the committee's website. Following a presentation by the Attorney-General committee members will ask questions relating to the budget estimates. Generally the procedure followed is that relating to questions in the Legislative Assembly. I ask all mobile telephones be turned off. I now call on the Attorney-General to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of Attorney-General.

Overheads shown.

Mr HULLS — Thanks very much, Chair I have got five or six slides only. I just want to outline some of the key initiatives over the last 12 months.

The first slide deals with justice statement 2, which is the vision for the justice system. It was released October 2008. It has a number of themes. It provides a particular focus on reducing the cost of justice, promoting appropriate dispute resolution, civil justice reform, creating an engaged and unified court system and outlines some 35 projects, from the overhaul of the Crimes Act to addressing systemic discrimination, exploring problem-solving approaches in the criminal justice system, improved family violence, a consolidated Courts Act, a new judicial complaints mechanism and the exploration of youth peer panels.

There are a number of reforms I could focus on, but I want to briefly touch on Alternative Dispute Resolution (ADR). We committed some $17.8 million in 2008-09 to expand ADR services, in particular the extension of community mediation services, increased diversion of disputes away from magistrates courts, and we are supporting the development of judicial mediation through both funding and supporting legislation. I am also pleased that Justice Louise Otis, former justice of the Quebec Court of Appeal, who only retired some months ago, is out here at the moment conducting a number of master classes for judges in Victoria about judge-led mediation.

We have also committed funds to a whole range of programs including a financial counselling pilot in the County Court; also we will introduce later this year a judicial dispute resolution bill to ensure judicial immunity for judge-led mediation, and we are also expanding ADR services to regional and rural Victoria.

Also in relation to the human rights charter, in the second annual report on the charter, the Human Rights and Equal Opportunity Commission found that the charter is working effectively, and indeed Victoria is making steady progress towards building a culture of human rights right across the community; and there are a whole range of examples where the human rights charter has made a difference to peoples' lives. International experience suggests it does take a number of years to bed down a charter, but the feedback in relation to the first full year has been very positive.

The Criminal Procedure Act is the first of three major pieces of legislation reviewing the Crimes Act, and we think it is a very important piece of legislation in modernising our criminal justice system. A further piece of legislation will be introduced in due course.

In relation to reducing the cost of civil justice the Victorian Law Reform Commission made 150 recommendations in March of last year. An advisory group headed up by Chief Justice Marilyn Warren is now working through each and every one of those recommendations, and further announcements will be made shortly.

In relation to family violence, as we know family violence is the leading cause of death, disability and illness in women aged between 15 and 44, and we have the new Family Violence Act which has come into effect and is making a huge difference. But we are also embarking on an advertising campaign, which you have probably seen at bus stops and the like.

The next slide relates to the fact that with some of the reforms we have introduced, we also have to implement cultural change across the justice system in a whole range of areas — ADR is about that. But also we need to look at the billing practices of lawyers. I have to say that anyone who has come into contact with the legal system would be well aware of the tyranny of the billable hour. For clients, the billable hour is the basis upon which they are charged. They often receive hefty legal bills.

I think there is enormous capacity to change the way charging practices occur in the legal profession on the basis of the quality of the work rather than time spent; and with the way charges are made at the moment there is no incentive to settle matters, because you are getting paid by the hour or by the day, and therefore we need to look at that, and I will be doing that in the not-too-distant future.

The second-last slide deals with some of the initiatives in this year's budget. There is a huge increase to legal aid — an almost $80 million package in the state budget — to provide ongoing support for key initiatives such as the Neighbourhood Justice Centre, the Sentencing Advisory Council, and family violence programs.

The last slide deals with some of those further initiatives including Sentencing Advisory Council, CISP (Court Integrated Services Program) and the new initiative of a mental health list, which we will be trialling in the Melbourne Magistrates Court.

It is all about trying to address the underlying causes of crime. A person goes to court because they have been charged with, let's say, a break and enter. Why have they broken and entered? Because they have drug and alcohol problems. Why do they have drug and alcohol problems? Because they are homeless. Why are they homeless? Because they are unemployed. Why are they unemployed? Because they come from a broken family. All of those matters need to be addressed in a holistic way, and that is what things such as CISP, the Neighbourhood Justice Centre and the mental health list are all about.

The CHAIR — Thank you very much for that, Attorney. As I have asked other ministers, I would like it if you could tell me about any federal grants and programs your portfolio, department and agencies receive in the budget, provide the committee with a detailed list and description of them, including what accountability mechanisms there are in respect of these grants and programs.

Mr HULLS — Sure. The situation with my portfolio is that the main federal grant comes in relation to legal aid. The commonwealth provides about $30 million a year for legal aid, but that funding is tied. That is really the accountability. It can only be used by Victoria Legal Aid (VLA) in relation to commonwealth matters. It is principally used for family law matters but there are stringent accountability mechanisms that apply nationally, and that funding agreement with the commonwealth expired on 31 December. It has been rolled over for 12 months.

In the recent budget the Brumby government announced an additional $24.7 million in recognition of the pressures that are faced by legal aid. In other words, we have given an almost 50 per cent increase in the base funding levels to VLA, which certainly provides a strong foundation for state funding into the future; and to achieve this I might say in the midst of a financial crisis and a very tough budgetary environment is very pleasing and an indication of the priority the government puts on legal aid.

However, I have to say that now that the federal budget has been delivered, it is clear that the federal government did fail to step up and deliver an appropriate commitment, in my view, to legal aid, and I think this has created an unsustainable state of affairs in relation to federal funding for legal aid, and it cannot continue.

Over 11 years to June 2009, the Victorian government has provided $540 million to legal aid, including $160 million out of the Public Purpose Fund, whereas the federal government has provided only $330 million over the same period.

The view I take is that the federal government has for a long period of time — the previous federal government and this federal government — actually shirked its responsibility in terms of the national legal aid funding effort. The commonwealth has increasingly allocated its shrinking share of total national legal aid funding to other jurisdictions at the expense of Victoria.

There is a chart that shows exactly how Victoria has been dudded by the federal government in relation to legal aid funding. It shows that Victoria now has by far the lowest of the eight Australian jurisdictions in relation to federal funding on a per capita basis for legal aid. This shows that we have really a three-way pincer movement: the tying of federal funding to federal matters only, a reduced share of national legal aid spending, and, can I say, a demonstrable bias against Victoria when it comes to legal aid funding, meaning that VLA has had to implement drastic restrictions to funding of matters arising under commonwealth laws, including family law matters in particular.

I have to say that the commonwealth's continued failure means that disadvantaged Victorians are enduring the toughest eligibility requirements in the nation for family law matters.

I think there is now even greater urgency for the federal government to bring forward its negotiations on the national legal agreement and put funding on a much fairer footing. We would get greatly increased federal funding if they funded it on a per capita basis but also if they untied the grants that they currently make so Victoria Legal Aid can use those funds as it deems appropriate, at its discretion.

Negotiations are continuing with the federal government. The state government stepped up to the mark in relation to legal aid, but the federal government has not. I notice, in conclusion, that the law institute put out a media release after the state budget, welcoming our substantial increase to legal aid funding. They put out a media release just yesterday in relation to the federal budget, and they make it quite clear that they believe it was very disappointing that the federal government had not followed the Victorian government's lead and prioritised legal aid funding as a critical access to justice issue. And I have to say I agree with the law institute.

The CHAIR — Attorney, does that also mean that some of the Victorian legal aid also covers commonwealth legal matters and cases?

Mr HULLS — How legal aid spends its untied funding and its state funding is entirely a matter for it. I do not have the power to direct.

The CHAIR — I am not asking that.

Mr HULLS — No, but because of the huge demand for funding state matters — that is, people have been charged with offences under state jurisdiction — all state funding is used for state-related matters. That is why there are very tight eligibility criteria for federal matters — because of the reduced funding. Every cent that legal aid gets from the state, it spends on assisting state recipients, but there will never be — and I have made this point before, I think — enough funds to meet the unmet legal demand that exists in the community.

As well as appropriately funding legal aid, we have to look at other ways of meeting that unmet demand. As you know, we outsource something like $35 million to $40 million worth of work to the private profession each year, as a government, and we have made it a condition for any firm that wants to do government legal work to commit to a certain percentage of pro bono work as well. That has proved to be not only a great scheme but it has been looked at by other jurisdictions, not just in Australia but overseas as well.

The CHAIR — And you are getting more pro bono work coming in?

Mr HULLS — We are — I think the latest reports shows that there was something like $8 million of pro bono work that has been undertaken by those firms doing government work. It is something like that — I will stand corrected on that figure. That is increasing year in, year out.

The CHAIR — If you could provide that to us, give us some details, that would be good.

Mr HULLS — Yes, I can do that.

The CHAIR — Okay. Thank you very much. Mr Dalla-Riva?

Mr DALLA-RIVA — My question is obviously to the Attorney-General. Attorney, I want to ask you about the processes of appointments of JPs, which is one of the activities of your portfolio, supported by the Department of Justice and funded by the budget in budget paper 3.

As you know, the quality control of the process of appointments of JPs has been brought under scrutiny — certainly by the recent findings of the Victorian Ombudsman, who found that a person whom you appointed as a JP, Mr Hakki Suleyman, had been convicted in 1989 of intentionally causing injury, being found armed with an offensive weapon, and assault with a weapon. When you were asked about this in Parliament on 19 August last year you claimed that:

> People who make an application to become a justice of the peace are screened by the organisation representing JPs, and I endorse the recommendations that come to me.

I ask: do you mean to tell me that you, as the Attorney-General, as the leading legal figure in this state, made one of the government's advisers a justice of the peace even though you knew he had a criminal record for violent assault and weapons offences?

Mr HULLS — I will tell you exactly how the process works.

The CHAIR — How the process works in particular — I am not sure; it is up to your discretion as to whether you go into past cases.

Mr HULLS — I am happy to answer the question.

Mr WELLS — It needs to be dealt with. I mean, it is a very important point.

The CHAIR — It is not necessarily the forum to do it, but anyway — —.

Mr HULLS — I am happy to answer the question, if you want me to.

Mr DALLA-RIVA — Yes, please. Can I ask you to bring up the slide because it is relevant to your presentation, Attorney?

Mr HULLS — If you want me to answer the question, I am happy to.

Mr DALLA-RIVA — Yes, just slide no. 5, I think it was 'Future of the justice system' — if there are some points of issue.

Mr HULLS — I am happy to answer the question. This is how the process works for the appointment of a JP. An application form is filled in, and it is sent to the Department of Justice, which makes a general assessment in relation to that application. Often, I might say, an application — a copy of the application is sent to me accompanied by a letter from an MP endorsing a prospective appointee. I have a standard response, and that standard response indicates that an independent assessment panel makes the ultimate recommendation.

The department receives the application. They then send the application to Victoria Police to conduct a criminal record check and also meet with the applicant for interview. So for each applicant for a JP a police record check is undertaken and an interview takes place with the police.

The department then convenes an assessment panel to assess the application and also to assess the information that is provided by the police. In making a decision to recommend individuals, the panel takes into account a whole range of matters, including an applicant's character, their standing in the community and also the availability of JPs in that area: whether or not there is a shortage of JPs or an over-abundance of JPs.

As Attorney-General I then receive a list of the recommended applicants from that panel for appointment as a JP, and I have to say I receive something like 100 per year, and they come in groups. Often I get letters from MPs saying, 'So-and-so has applied to become a JP. They have not heard for 12 months or 6 months; please advise me why it is taking so long to assess their application'. The reason it often take so long is that an

assessment is done once there is a sufficient number of applicants. They do not do them individually, they do them as a group. The recommendations are made to me, at least, as a group.

In relation to Mr Suleyman, the person to whom you referred, he was 1 of 41 applicants who were recommended to me for approval. I do not get a copy of criminal convictions, a criminal record check or the like; that is done before it gets to me. All I get is a recommendation that 'The following people be appointed as a JP because they have undergone the relevant checks'. I might say that I have received, as I said, something like 100 a year, and many of them are accompanied by letters from MPs. I do not know if anyone here has written to me — I suspect they have. I know that Louise Asher, for instance, has written to me previously endorsing her electorate — —

Mr WELLS — Did they have a criminal record?

Mr DALLA-RIVA — Did they have a criminal record?

Mr HULLS — I do not know the answer to that.

The CHAIR — The Attorney-General to answer, please, without assistance.

Mr HULLS — I got a letter from Louise Asher recommending that her electorate officer be appointed as a JP.

Mr DALLA-RIVA — But hang on, this is about — who was the MP who did the recommendation for Hakki Suleyman?

Mr HULLS — I don't — —

Mr DALLA-RIVA — You know who Louise has written about.

Mr HULLS — No, what happens is: people will send in their application, but some applicants — —

Mr DALLA-RIVA — Have you trawled through the files? Have you had the files trawled through?

The CHAIR (to Mr Dalla-Riva) — Without assistance!

Mr DALLA-RIVA — You seem to know about the Louise Asher check.

The CHAIR — Mr Dalla-Riva!

Mr DALLA-RIVA — I find it amazing that he knows about what Louise Asher has written.

Mr HULLS — No, this is a letter to me.

The CHAIR — Just a moment!

Members interjecting.

Mr HULLS — The point I am making is that often MPs will write to me — —

Mr WELLS — Which MP recommended Hakki Suleyman?

Mr DALLA-RIVA — Was it Justin Madden?

The CHAIR — Attorney-General, just a second. Can we have one person at a time? We have the Attorney. I must admit I have put them in myself, and in fact one of the — —

Mr WELLS — Why doesn't he answer the one about Hakki Suleyman? Which MP recommended Hakki Suleyman?

Mr HULLS — I don't know — —

Mr WELLS — But you remember about Louise Asher. Why didn't you know about Hakki Suleyman?

Mr DALLA-RIVA — Why are you picking out Louise Asher?

Mr HULLS — Because I asked my department what the process is, and the process is that MPs sometimes will write, either enclosing an application — —

Mr WELLS — So you are not going to tell us?

Mr HULLS — Or endorsing an application.

Mr DALLA-RIVA — You know!

Mr HULLS — Other times an applicant will send it directly to the department. In relation to Mr Suleyman — if you will just let me finish — I repeat: he was 1 of 41 who were recommended to me in the normal way by the department after a police check was undertaken, after an interview with the police was undertaken, after an assessment was made by the independent panel as to whether or not he was a suitable person to be a JP, taking into account all of those criteria. They then presented his name as 1 of 41 to me for endorsement, and it was endorsed.

Mr WELLS — You endorsed it?

The CHAIR — The Attorney, to answer. Repeat your answer, Attorney.

Mr HULLS — I repeat: he was 1 of 41 that came to me for endorsement, based on the recommendations of the panel and indeed the interview with the police, and I signed it off to go to the Governor in Council — absolutely.

However, as we all know, JPs have a duty to uphold the status and reputation of their office and to avoid conduct which diminishes public confidence in or respect for that office. I said, I think, at a press conference shortly after the appointment that I have asked my department to review the appointment of Mr Suleyman in light of the Ombudsman's report; I said that at the time.

Mr DALLA-RIVA — With the greatest respect, Mr Clark raised it last year.

Mr WELLS — In August last year Bob Clark asked you this question in Parliament, and you knew nothing about it. You waited for the Ombudsman's report.

Mr DALLA-RIVA — Have a look, Chair.

The CHAIR — I understand what is about. The Attorney-General is answering.

Mr WELLS — We want to know why he took no action in August last year.

The CHAIR — That is irrelevant to this hearing. This is about the estimates.

Members interjecting.

Mr HULLS — Do you want the full answer or not?

Mr WELLS — Yes. I feel like getting into it.

Mr HULLS — I asked my department to review the Ombudsman's report, and in light of the Ombudsman's report to advise whether the matters in that report warrant the revocation of Mr Suleyman's appointment as a JP. I do not intend to second-guess the independent panel's recommendation in the first place in relation to any JP, because I believe that the processes undertaken, including police searches, police interview, independent panel interview are appropriate — and then ultimate recommendation to me.

However, since the Ombudsman's report I made it clear the day after that I had asked my department to review that report and advise whether or not matters set out in that report warrant the revocation of Mr Suleyman's appointment as a JP. The department wrote to Mr Suleyman on Monday, 11 May, inviting him to show cause by 4.00 p.m. on Friday, 15 May — that is tomorrow — as to why his appointment should not be

suspended, pending a full investigation of his conduct. A panel, I am advised, will be convened in due course to consider the substantive issue of whether Mr Suleyman's office should be revoked.

Of course I know you would agree that, like every other citizen in Victoria, Mr Suleyman is entitled to a fair hearing, and I will await the outcome of this examination. It is not appropriate for me to make any further comment or actually pre-empt the decision of his future JP status. But he has been given until 4 o'clock tomorrow to show cause, based on the Ombudsman's report, as to whether or not he should be suspended as a JP following the full investigation of that report, and that will take place.

Mr DALLA-RIVA — Is it your intention — —

The CHAIR — Mr Noonan, please?

Mr DALLA-RIVA — Is it your intention, Chair — —

The CHAIR — No, we will move on.

Mr DALLA-RIVA — I just want to — —

The CHAIR — No, if you wish to ask another question — —

Mr DALLA-RIVA — No, it is the same one — —

The CHAIR — You have an answer; an answer has been given. Mr Noonan?

Mr WELLS — What about your conduct as Attorney-General in the way you conduct — —

Mr DALLA-RIVA — And getting access to documents?

The CHAIR — Please move on. The call has been given to Mr Noonan.

Mr DALLA-RIVA — You have been very selective, Attorney-General, and you accept people with criminal records — —

The CHAIR (to Mr Dalla-Riva) — Thank you, with no assistance.

Mr NOONAN — Attorney, I would like to ask a question about Victoria's bushfires and your area of responsibility. I refer to budget paper 3, pages 152 and 159 and the outputs and deliverables for the Coroners Court and the Victorian Institute of Forensic Medicine, and I ask whether you can, as the Attorney-General, advise of the impact of the Victorian bushfires on the ongoing work of the VIFM and the Coroners Court.

Mr HULLS — Sure. Black Saturday, as we know, will be forever remembered as a day of horror and a day of tragedy in this state's history. I am sure everyone's thoughts and sympathies will remain with every Victorian struggling with the aftermath of the 7 February fires, and for many years to come. There is so much work that is occurring, and has been occurring, to bring certainty to the bereaved and a new start for whole communities.

Victoria's courts and tribunals, I have to say, have been a critical part of this process, and I want to commend them for their response to the bushfires and the assistance that they have provided our community. I also want to, in particular, acknowledge the work of the state coroner and her office and also the Victorian Institute of Forensic Medicine. The Victorian bushfires have had a substantial impact on the ongoing work of VIFM and also the Coroners Court. The unique nature of this tragedy and its sheer scale, can I say, presented these organisations with a range of very complex scientific, logistical and emotional challenges. The deaths of those who perished during the bushfires fall within the jurisdiction of the state coroner, who has to establish the identity of a deceased person, how the death occurred, and the cause of the death.

Just for this committee's information, when identification of a deceased cannot occur by visual identification, the disaster victim identification process has to be undertaken to avoid any misidentification. The coroner, I might say, and all those working with her have faced what we can only imagine to be a very grim, harrowing and incredibly complex task. They have been working around the clock and in very difficult circumstances.

Prior to these tragic, unforeseen events the government had already invested very heavily in strengthening the Victorian coronial system, as well as the new Coroners Act. Funding of $43 million was provided in 2007-08 to improve the delivery of coronial services, and a further $61.8 million last year was provided to upgrade mortuary facilities, forensic services — including $38 million to rebuild the mortuary services building — and also extend forensic services and additional pathologists.

Immediately after the bushfires the Brumby government moved very quickly to provide extra resources to the coroner's office to assist with the unprecedented increase in demand. Within a very short time two magistrates were reassigned from the Magistrates Court to the coroner's office to work as coroners, whilst two acting magistrates were then moved across into the Magistrates Court. A Treasurer's Advance of over $2 million was provided to the coroner to cover unplanned costs, including additional body transport costs, funding for additional coronial hearings, security of facility and grief counselling services.

On 6 March the coroner conducted the first identification board meetings, which resulted in the formal identification of four victims and advice to families leading to the release of their loved ones. By Saturday, 9 May, which was just last Saturday, only three months after the tragedy of Black Saturday and after 19 identification board meetings, the state coroner announced that all 173 bushfire victims had been identified.

I understand it has been a very difficult time for the families of the deceased as they wait for news from the coroner. I acknowledge their extraordinary patience and forbearance, and I acknowledge the horrible trauma they have suffered. I also want to publicly acknowledge the tremendous efforts of Judge Jennifer Coate and her office and Professor Stephen Cordner and his team. They have worked tirelessly since the events, and I thank them for what they have done so far and for what I expect will be a similarly unflagging approach to what they will face as they prepare to move into the next phase of the response to this tragedy.

I conclude on this note: for its part, the Brumby government will continue to monitor the impact of the bushfires on our coronial services, and we certainly stand ready to step in with additional support whenever and wherever it is required to ensure that Victorian families continue to receive what has been a timely, effective and, can I say, compassionate response to an extraordinary tragedy.

The CHAIR — Thank you for that, Attorney-General. I note that it was $6.5 million, I think, in additional money, as recorded on page 284 in budget paper 3.

Mr HULLS — Yes.

Mr WELLS — Attorney-General, I would like to go back to the issue of the future of the justice system and the appointments of JPs.

Mr HULLS — Yes.

Mr WELLS — Firstly, you might like to tell us how many justices of the peace out there actually have criminal records; that might be a start.

Mr HULLS — Yes.

Mr WELLS — Did Hakki Suleyman, when he was filling out his form, fill the form in correctly — and that is, that he declared that he had committed crime in the past? Did you recognise the name when you appointed him? And did he get special treatment because he was a Labor mate?

Ms MUNT — Excuse me, Chair, does this relate to the — —

Mr WELLS (to Ms Munt) — Hang on, I know you are very sensitive about this. The Attorney-General does not need any protection in relation to this question. He is capable of answering this. Is it because I said, 'Labor mate' that everyone has become very sensitive?

The CHAIR — No.

Ms MUNT — Which page of the budget papers does that — —

Mr WELLS — This is about the future of the justice system.

The CHAIR — Without assistance!

Ms MUNT — No, this is about the forward estimates.

The CHAIR — Without assistance! If you finish your question, I will then rule on whether or not it is appropriate to this inquiry.

Mr WELLS — Fair enough. In relation to the forward estimates, and the future of the justice system, and the credibility of the justice of the peace system, I wonder if you can answer those particular questions in relation to Hakki Suleyman and the credibility of justices of the peace, and the number of JPs out there who have a criminal record.

The CHAIR — I am happy to rule that most of that is actually relevant to this inquiry.

Mr HULLS — And I am happy to answer the question. In relation to the specifics of Mr Suleyman, he was treated like every other applicant for a JP in that he went through the appropriate process. He was assessed, he was interviewed by the police, and, as I said, he was one of 41 that came to me. I was not aware of his — or, might I say, any applicant for a JP's criminal history because that does not come to me. All that comes to me — —

Mr WELLS — So the Attorney-General of this state is not aware of a JP's record — whether or not they have criminal record?

The CHAIR — The Attorney-General, to answer; we do not need the commentary.

Mr HULLS — First of all, if you have actually had a look at the material that goes out to applicants for JPs — —

Mr WELLS — I have got it here. It has got here 'criminal history'.

Mr HULLS — It actually says that criminal history will not necessarily preclude a person from becoming a JP. I think from memory it then — —

Did you say it should?

Mr WELLS — Pardon?

Mr HULLS — Did you say it should? It actually says on the form that a criminal history — —

Mr DALLA-RIVA — 'Intentionally causing injury'.

Mr WELLS — 'Intentionally causing injury'.

The CHAIR — Can we have the Attorney-General answer?.

Mr HULLS — I am talking about the form that goes out to people when they fill out a form, when they make an application for JP. The material that goes with that actually says that a person's criminal history will not necessarily preclude them from becoming a JP. All the circumstances will be taken into account.

In relation to your question about whether or not I know of people's criminal history, the answer is no, I do not get that material. What I get is a recommendation taking into account the police criminal history check, the interview with the police, the independent panel assessment — —

Mr DALLA-RIVA — A letter of recommendation?

Mr HULLS — What I get then is a recommendation, all those things. I then get — —

Mr WELLS — Which MP signed it?

Mr HULLS — Sorry? I then get a recommendation from the department in relation to whether or not people should be appointed — that is, a recommendation that 'the following people should be appointed'.

A simple way of answering your question is that Mr Suleyman's application was treated like any other application. However, I repeat: since the Ombudsman's report has been released, and certain observations were made by the Ombudsman and certain recommendations have been made by the Ombudsman, I immediately asked my department to assess — —

Mr DALLA-RIVA — You were told about this last year.

Mr WELLS — Robert Clark asked you in August last year, and you took no action.

The CHAIR — Without assistance!

Mr HULLS — — to assess whether the status of Mr Suleyman as a JP should remain. My department — —

Mr WELLS — In August last year Robert Clark asked you this question.

Mr HULLS — If you actually look at *Hansard* — —

Mr WELLS — I have it here.

Mr HULLS — I was asked — —

The CHAIR — Attorney-General, resist the temptation. Answer the original question as it relates to the estimates.

Mr HULLS — I will resist it.

Mr WELLS — He set out very clearly that he had a criminal record.

Mr HULLS — And I endorse the recommendations that come to me.

The CHAIR — I do not want it to be included in the transcript. Thank you very much. Attorney?

Mr HULLS — A review is taking place in relation to Mr Suleyman's appointment as a JP. I might say the review is based on not second-guessing the assessment that was made initially — —

Mr WELLS — But you are responsible.

Mr HULLS — Not second-guessing that, but because of information that has come to light as a result of the Ombudsman's — —

Mr WELLS — No, that is wrong. Robert Clark asked you this question in August last year, and you took no action.

Mr HULLS — A letter has been sent to Mr Suleyman, which I have no doubt he has now received — —

Mr WELLS — You are the leading lawmaker in this state.

Mr HULLS — He has until 4.00 p.m. tomorrow to show cause why he should not be suspended. A number of options are open to Mr Suleyman as to what he may do in response to that letter, but regardless of the response there is a full investigation that will take place in relation to whether or not he should remain as a JP. It would be totally inappropriate for me to pre-empt the outcome of that inquiry. It would also be inappropriate for me to attempt to undermine Mr Suleyman's right to be afforded due process, and that due process — —

Mr WELLS — But you were told in August that there was a problem with this person — —

Mr HULLS — That due process was set out in a letter to him — —

Mr WELLS — You waited for the Ombudsman's report to come in. I do not understand why you, as the leading lawmaker in this state, would wait for that.

The CHAIR — Thank you. Next question. Ms Huppert?

Ms HUPPERT — I have a question about one of the budget initiatives. I draw your attention to page 333 of budget paper 3, and the line entry relating to the four-year investment in a Neighbourhood Justice Centre. I wonder if you could outline the ongoing benefits to the Victorian justice system of this investment? I am particularly concerned about issues of access to justice and how this may impact on access.

Mr HULLS — I have to say the Neighbourhood Justice Centre is a great initiative. I do not know if all members sitting around this table have had an opportunity to have a look at the Neighbourhood Justice Centre, but I hope those who have will agree that it is a fantastic initiative. I hope it now has bipartisan support. I know when it was originally mooted and the legislation went through the house, a member of Parliament ridiculed it and branded it as an apartheid justice system. I hope they now recant those outrageous comments.

The CHAIR — Just stick to the facts.

Mr HULLS — The Neighbourhood Justice Centre celebrated two years of operation in March 2009. It is Australia's first community justice centre integrating court and client support services and community engagement projects in one location. It received a further $26.2 million over four years in the recent budget, and I am very proud that it is actually leading the country in adopting a community-based approach to the delivery of justice.

An evaluation of the Neighbourhood Justice Centre will be completed in late 2009, but there are clear trends emerging of the benefits of the Neighbourhood Justice Centre to the justice system. These trends include the fact that breach rates for family violence intervention orders appear to be lower at the Neighbourhood Justice Centre than the statewide average; the rate of successful completions for community corrections orders appears to be higher at the Neighbourhood Justice Centre than the statewide average; and the proportion of guilty pleas at first hearing appears to be higher at the Neighbourhood Justice Centre than the statewide average, thereby leading to greater court efficiencies.

As at February 2009 about 11 000 community members had contacted the Neighbourhood Justice Centre for information, so word is out there that the Neighbourhood Justice Centre indeed is a community asset. The Neighbourhood Justice Centre is successful because it combines a multi-jurisdictional court with access to a whole range of social services and in doing so acknowledges the impact of disadvantage and crime on the lives of individuals in the community.

As I said before, it is about addressing the underlying causes of crime. A person will go before the Neighbourhood Justice Centre and, if you like, it is a one-stop shop. If they are going there because they have committed a burglary, for instance, yes, they will be dealt with for that, but the reason why they have committed that offence will also be addressed. If it is a drug and alcohol matter, they can get drug and alcohol counselling on the spot; if it is the fact that they are unemployed, they can actually get employment assistance on the spot; if it is because they are homeless, they can actually get accommodation assistance on the spot; and if they have been the victim of domestic violence, for instance, that can be addressed on the spot.

All those matters address the underlying causes of the criminal activity. It is about using the mechanisms available to any court to make sure that the law works. It is about harnessing a sense of accountability and ensuring that offenders feel that they actually belong to a local community. I think it has been widely accepted by the community in the city of Yarra. Not that this ought be how you judge a place like the Neighbourhood Justice Centre, but I go past there regularly and I have been there regularly, and there is a lot of graffiti in the area but no graffiti on the Neighbourhood Justice Centre, which is really quite extraordinary.

Ms PENNICUIK — I refer you to page 10 of the budget overview paper.

The CHAIR — You will have your chance to ask a question in a second.

Mr HULLS — I have to say that the $26.2 million over four years will ensure that the Neighbourhood Justice Centre continues. There has been interest from right around the world. There are only about four of them anywhere in the world. I know that New Zealand has a great interest and other parts of Australia have a great interest, and I think the model we have adopted in Collingwood is a model that other jurisdictions would do well to follow.

Ms PENNICUIK — Attorney-General, my two areas of interest — —

Mr WELLS — On a point of order, I thought Dr Sykes was next.

The CHAIR — Dr Sykes has now joined us. We welcome Dr Sykes for this portfolio.

Ms PENNICUIK — It is all right. He stole my question before.

Mr WELLS — Okay, but isn't Dr Sykes next?

The CHAIR — Ms Pennicuik has been here for a whole three-quarters of an hour, so since she has been here all that time, I give her the call.

Mr RICH-PHILLIPS — That is a new criterion.

The CHAIR — Dr Sykes will be able to have his turn in a minute.

Mr DALLA-RIVA — That is a new criterion. Unbelievable!

Ms PENNICUIK — Thank you, Chair. Attorney-General, my two areas of interest actually were in the legal aid issue — and you spent quite a bit of time on that at the start of your presentation — and the Neighbourhood Justice Centre. If I could just ask two follow-up questions. I presume that Victoria is going to maintain its funding of legal aid in terms of the ongoing issue with the commonwealth partnership. And with the Neighbourhood Justice Centre, you mentioned there was going to be an evaluation; would that be with a view to setting up more? Just one other thing, and that is about human rights and public education. Is there any plan to extend that public education or just keep it static, because it seems to have remained static?

Mr HULLS — First of all in relation to legal aid you will notice that the dramatic increase in funding for legal aid in the last budget was for one year. The reason for that is that we are awaiting the outcome of negotiations with the federal government in relation to the legal aid agreement. I have actually met personally and collectively with Robert McClelland, the federal Attorney-General, about legal aid funding, and everything I have said here today about my disappointment with the federal government about legal aid I have said to him personally.

He is aware of Victoria's concerns, and I expect that there will be some fairly vigorous negotiations to ensure that they do step up to the plate in relation to their contribution to legal aid. It is important that we maintain adequate funding for legal aid. I cannot pre-empt what is going to happen in relation to the federal funding agreement, but the reason for having only the one-year funding in the budget papers was to wait for the outcome of the negotiations with the federal government.

In relation to the issue of the Neighbourhood Justice Centre, you asked whether or not the review may lead to an expansion of neighbourhood justice centres throughout Victoria. Again, I cannot pre-empt the budget process or if it will work, but the Koori and domestic violence courts in this state have been rolled out and the Koori courts have been a huge success. From what was a very small acorn, if you like, a huge forest has developed, and the Koori courts are now a permanent fixture in this state and have been expanded to the children's and County Court jurisdictions, in Australian firsts.

The Neighbourhood Justice Centre will be evaluated, and without wanting to pre-empt either the evaluation or what might occur as a result of the evaluation, I make no secret of the fact that I am a passionate advocate for neighbourhood justice centres, particularly the Victorian model, and ultimately I would like to see more neighbourhood justice centres, not just in Victoria but right around Australia. Of course that is always subject to budgetary considerations.

In relation to the human rights charter and the educative program that has taken place across government, there have been substantial resources allocated to that, and we will continue to have education programs in relation to the implementation of the charter. I personally have addressed a number of senior bureaucrats in relation to the human rights charter but it is important that we do all we can to change the culture of human rights in this state.

It is not just education programs but it is also embedding the human rights charter in Victoria. I hope one day that there will not be any political disagreement in relation to the human rights charter. I think it is still opposition policy to repeal the legislation should they become government.

Mr WELLS — What will happen is that we will have a more credible JP system, I can tell you. We will be repealing your system, which allows criminals to become JPs. We will not be allowing that. We are talking about the integrity of the system.

The CHAIR (to Mr Wells) — Without assistance, thank you.

Mr WELLS — The integrity of the system is such that — —

Mr HULLS — I hope that they will come to their senses one day and realise that the human rights charter is something that we can all be proud of.

I will finish on this note: I hope that the federal government also — and I know they are consulting right across Australia at the moment in relation to whether or not there should be a national human rights instrument — through Fr Frank Brennan and his committee adopt the Victorian model on a national basis.

The CHAIR — Thank you.

Mr SCOTT — Attorney, I draw your attention to budget paper 3, page 333, and the line item 'Supporting courts to address family violence' and to your presentation as well. Can you advise how investment in this area is going to improve the safety of women and children, particularly those at greatest risk of experiencing family violence?

Mr HULLS — Yes, thanks for the question. I said during the presentation that shockingly family violence is the leading contributor to death, disability and illness in Victorian women aged 15 to 44, and over 40 per cent of homicides by partners or former partners involve a known history of family violence. The recent budget provides $10.8 million over four years to support courts, to address family violence by continuing the family violence court divisions operating at Ballarat and Heidelberg; they have been operating since 2005. This funding builds upon the investment of over $75 million that has been committed since 2005 to reform and integrate responses to family violence in Victoria, including the new family violence legislation.

These new funds that have been allocated in the budget mean that we can continue our multi-pronged approach to combating family violence, particularly in our approach to making the courts more responsive to victims of family violence. This includes a number of things: training magistrates and court staff on issues of family violence; new support services for victims and perpetrators in some courts; establishing, as I said, the family violence divisions that I have spoken about; specialist family violence services that commenced in 2006 at the Melbourne, Sunshine and Frankston courts; increased investment in community legal centres — $3.8 million over four years to fund a network of 7.5 dedicated family violence community lawyer positions; and also the $1.5 million Enough campaign which is an essential part of our reforms. You saw some of the confronting images. They have been used at bus stops, nightclubs, shopping centres, in newspapers and on Facebook.

Alarmingly, more than half a million Australian teenagers live with violence in the home, and evidence indicates that almost one in three boys believes it is not a big deal to hit a girl, which shows that we still have an enormous way to go. This type of attitude is totally unacceptable in the community. We have to play a role in tackling the issue of family violence in the home by speaking out for friends and family, and by helping to shape young attitudes.

I will be very pleased to be attending a number of information sessions and forums in the coming weeks at Benalla, Ballarat, Dandenong and Traralgon. I think it is important that we all play a part in sending out the message.

Mr SCOTT — I just seek some clarification on some matters. You mentioned that family violence is the leading cause of mortality and morbidity for women. What was the age group for that again?

Mr HULLS — Fifteen to forty-four. It is the leading contributor of death, disability and illness in Victorian women aged between 15 and 44. They are startling figures.

Mr SCOTT — Can I just seek, maybe on notice: is there any estimated cost to the rest because obviously there are other government services that would be impacted by that terrible statistic? And is it possible on notice at least to get some information on that?

Mr HULLS — I can get some estimates on that. There it is a family violence ministerial task force, where all ministers on that task force contribute to addressing the scourge of family violence. I am sure there are some estimates that I can give to the committee in relation to the cost to the community of the scourge of family violence.

Ms MUNT — Are you finding that women are coming forward?

Mr WELLS — We know what you are doing. You are trying to talk it out until 5 o'clock. Are you going to have the last question here?

Mr HULLS — The quick answer to the question is yes. As a result of the changes we have made, as a result of the police protocols, more and more women are prepared to come forward and report family violence, because they know it is being dealt with in a more holistic way.

The CHAIR — Thank you, Attorney-General.

Mr DALLA-RIVA — Attorney-General, just going back to your slide show, which seems to have been taken off again, and the future of the justice system in relation to the budget and forward estimates: in response to applications for JPs, I note that you are saying that you are looking to examine their practices, their professional culture and some inherent dogmas. Is part of the inherent dogmas that you have just to rubber stamp JP recommendations without examining them further?

I also note in relation to your earlier comment, on which we have sought some advice, it says here on the Justice of the Peace information sheet for applicants:

> Persons found guilty of an indictable offence or fraud are unlikely to be recommended for appointment.

So surely in the case where Mr Hakki Suleyman had been convicted of intentionally causing injury, it would have automatically, or at least had a high level of rejection? Would it appear that perhaps there was some persuasion in his application that may have led to the recommendation being approved?

The CHAIR — Once again, I think this question is not appropriate for an estimates hearing.

Mr HULLS — I am happy to answer it.

The CHAIR — Okay, but quickly.

Mr HULLS — The process — I have just checked with the secretary, and it has been confirmed — in relation to JPs is a process that has been in place for quite some time, a long period of time, under previous governments and this government, whereby the Attorney-General acts on the advice he or she, previously, gets from a panel that assesses the applications based on the criteria — that includes police checks, police interview and a panel process — and those recommendations are then made to the Attorney of the day, whoever he or she may be, and the Attorney acts on those recommendations. That is the first thing.

The second point you make is in relation to the criteria, and it is true that the criteria make it clear that firstly, a person's criminal history will not necessarily preclude them from being appointed as a JP, and it also says that if one has a conviction for an indictable offence, I think it says something like 'unless there are exceptional circumstances' or 'it is unlikely that' — —

Mr DALLA-RIVA — 'Unlikely'.

The CHAIR — It says they are 'unlikely to be'.

Mr WELLS — 'Unlikely to be recommended'.

Mr HULLS — 'Unlikely'. But it does not preclude them.

Mr WELLS — But it is unlikely.

The CHAIR — No. The Attorney-General will finish.

Mr HULLS — I repeat that I was not involved in the process of interviewing any of the 41 applicants who came to me on that day. What I did do, though, is adhere to the independent recommendations that came to me — —

Mr DALLA-RIVA — So you rubber-stamp every recommendation that comes to you?

Mr HULLS — As I have done previously.

Mr DALLA-RIVA — You rubber-stamp every recommendation?

The CHAIR — Mr Dalla-Riva!

Mr DALLA-RIVA — He has not answered it.

Mr HULLS — But I repeat: there were certain revelations that came out as a result of the Ombudsman's report. Immediately I read that report I contacted the secretary of my department — —

Members interjecting.

The CHAIR — Mr Wells! Thank you!

Mr HULLS — The letter that I refer to has been sent to Mr Suleyman, and can I say that is absolutely the appropriate process to be undertaken as a result of this report.

Mr RICH-PHILLIPS — Have you ever rejected an application? Have you ever rejected a recommendation from the council?

The CHAIR — I think we will finish this hearing there. I thank Mr John Griffin for his attendance.

7.4 Racing Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 14 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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;

Mr R. Kennedy, Executive Director, Gaming and Racing; and

Ms P. Armytage, Secretary, Department of Justice.

The CHAIR — I welcome the Minister for Racing, Mr Ross Kennedy and Ms Penny Armytage.

I now call on the minister to give a brief presentation of no more than 5 minutes of the more complex financial and performance information relating to the budget estimates of the racing portfolio.

Overheads shown.

Mr HULLS — I have got just a couple of slides on the racing portfolio. If we move to the first slide, it makes it clear that Victoria is recognised as a national leader. It is a huge employer — 70 000 people, two-thirds of them in country Victoria, $2 billion per annum economic impact. There is no question that racing in Victoria remains a national leader under the Brumby government, and we have consolidated its position as a national leader. It does, as you can see, return enormous economic activity in this state, around half of which is accrued in regional areas, and two-thirds of the employment in the racing industry occurs outside the metropolitan area.

The next slide shows the racing slice of the justice pie, so to speak, and it constitutes 0.8 per cent of the total budget. When combined with gaming, it is 3.1 per cent of the department's total budget. The allocation for racing will support funding programs such as the Regional Racing Infrastructure Fund and the Living Country Racing program. The objective of these programs is the development of rural and regional racecourses throughout the state, and it addresses things such as regional racecourse capital and infrastructure needs, occupational health and safety concerns, drought-proofing, water-saving initiatives and the like.

The next slide talks about the racing and training infrastructure plan that was released on Tuesday of this week by Racing Victoria. That plan will sustain country racing well into the future. The plan includes a five-year summary of funding for every Victorian racecourse as well as details of proposed race dates for the same period.

Harness Racing Victoria has been working hard to implement its strategic plan, which includes the development of the harness racing centres of excellence. The jewel in the crown is Melton. That opened recently; it will have its first meeting in July.

Greyhound Racing has continued with its process of renewal of regional greyhound racing centres to ensure they deliver a safe and professionally run industry.

The next slide shows some of the support frameworks we put in place for the industry. We introduced legislation to reform the Victorian bookmaking industry so that bookies could effectively compete in the national wagering market. We also commissioned Judge Gordon Lewis to undertake a review of the integrity assurance of the industry. He made 63 recommendations. All have either been accepted in full by the industry or modified with the agreement of Judge Lewis to more effectively achieve the outcomes sought.

The Regional Racing Infrastructure Fund is an $86 million fund, of which the government contributes $45 million, with the remainder coming from the industry to support regional and rural racing in this state. That is the presentation.

Ms MUNT — Minister, can I refer you to budget paper 3, page 161. Under 'Regulating Gaming and Racing' in part it says:

> The output … supports the racing industry through a range of advisory, administrative and regulatory services, and selected initiatives.

Can you please tell me how that funding and other support will impact on the thoroughbred racing industry in the next financial year?

Mr HULLS — I have to say that the racing industry — Racing Victoria Ltd — released its plan for racecourse and training facilities, called the Racecourse and Training Facilities Infrastructure Plan, a couple of days ago. It provides each club with a five-year blueprint, gives industry certainty and I believe a secure future.

The media is reporting that racing clubs are very pleased with the directions plan. I notice the *Herald Sun* saying that the plan is a winner for RVL. It also says that it is a testimony to the state government's commitment to racing.

There are a number of clubs that have come out already and supported the plan. I notice that the CEO of Country Racing Victoria, Scott Whiteman, has said that they are satisfied with the outcome that has been reached through this process. CRV requested the development of a long-term plan, and this plan provides all clubs with certainty and a framework to move forward. He also said that as long as the community supports the race meetings, every country club has a place in the Victorian racing calendar. I will not bore you with all the other articles that have appeared supporting this plan.

We think that RVL has shown leadership; they have consulted very widely, and Benalla, Geelong, Tatura and Bendigo racing clubs are already reported as saying it is a positive outcome for their clubs, and I expect there will be more positive media over the next period. I notice that the shadow minister slammed the plan, but he seems on his own on this issue.

The CHAIR — Without provocation!

Mr HULLS — I also note that the $86 million in the Regional Racing Infrastructure Fund, $45 million of which has been contributed by the state government, will ensure that country racing flourishes well into the future. The infrastructure projects that we have worked up as a result of that funding will create hundreds of jobs, and the enhanced facilities will also protect the existing levels of employment across the Victorian racing industry, and there will be an enormous flow-on effect to local communities.

The key positive impacts that will arise from this funding will be significant improvement to regional and rural infrastructure at racecourses leading to improved racing, increased participation, which of course then creates employment opportunities, better and much safer facilities for racing participants, better-quality racing, better size fields and the like, and also the ability to drought-proof a whole range of courses to reduce reliance on town water supplies.

In addition to this funding, the government also has its Living Country Racing program, which, since 2001, has delivered some $3.5 million to 303 projects at Victorian country racing clubs across all three codes. Whether it is building new toilets at a race club or new running rails or judges' towers or the addressing of health and safety issues, these are projects that often small country clubs cannot afford on their own, and this fund is a real bonus for them.

We will continue to support country racing. I think, because of our support, the recent figures of country racing are very positive. More people are going to country racing than ever before, with attendances at country race meetings growing 25 per cent in the last five years, so whilst there are some doom-and-gloom merchants out there who continue to talk down the industry, I have to say that we are not in that game. We will continue to support the industry, to talk it up, and we ignore the falsehoods that are out there, particularly the opposition spokesperson on racing who seems to have a penchant for talking down racing in regional Victoria.

Ms MUNT — It can be a fabulous family day out at country racecourses.

Mr HULLS — Indeed.

Dr SYKES — Minister, my question relates to the future of country racing and, for a reference point, we can look at budget paper 4, page 45, and the calculations of tax revenue. However, I preface my question by reporting that in 2005, seven country harness racing tracks were closed; in June 2009 the Wangaratta greyhound track will close; in the past two years, 66 — I repeat: 66 — country thoroughbred race meetings have been removed or downgraded; and this week it has been announced that nine country racing centres will be defunded or cease to exist in the next five years, and that includes Mansfield in my area; and 10 country thoroughbred racing training centres will be denied access to any capital works funding, and that includes Benalla in my area, thereby affecting their ability to retain the track trainers.

Is this gutting of country racing during the term of a Labor government one of the main reasons for a reduction in budget projections for gambling tax revenue as shown on page 45 of budget paper 4, in comparison with the like projections on page 43 of budget paper 4 of last year? Further, what will be the impact of these track closures and meeting downgrades and removal of race meetings on employment and wealth generation in communities such as Mansfield and Benalla and like communities around country Victoria?

Mr HULLS — There are a couple of things. First of all you need to get your facts right. If you are going to ask a question, you need to get your facts right.

Dr SYKES — What facts have I got wrong?

The CHAIR — The minister, to answer.

Mr HULLS — Country racing has never been healthier. Country racing and the attendance figures at country racing show — —

Dr SYKES — So why are we — —

The CHAIR — The minister, to answer.

Mr HULLS — Country racing is booming. That is the first thing. The second thing is no government in Victoria's history has ever put as much money into infrastructure at country tracks than this Labor government.

The next thing you need to understand is that certain people have actually made public comments in the past that if country clubs continue to be a drag on the industry, you have got to question their ability to survive. That is not a view I take; that was a view that the current shadow minister for racing took in 1995. We take the opposite view.

We take the view that every country track and every country club has a role to play. That is the view that RVL takes. Indeed, the setting of race dates is not a matter for the minister of the day. If you think otherwise, you should say so publicly. The setting of race dates is a matter for the independent body that runs racing in this state, which is RVL. I do not believe there should be political interference with the setting of race dates, and I hope you would agree with what I am saying. RVL is an independent body that makes decisions for and on behalf of industry. Having said that, the plan that it has released yesterday or the day before has been widely applauded by the industry, widely applauded as a way forward for the sustainable future of racing in this state.

It understands, as I thought you might have understood, that racing is in a very competitive marketplace. It is competing for that discretionary dollar that is used at gaming machines, that is used to buy DVDs, that is used for theatre tickets and the like. It has got to be innovative; it has to change. Just because things have been done for 100 years does not necessarily mean that it should continue to run in the same way.

Ms PENNICUIK — I absolutely agree with that.

Mr HULLS — Things need to change. The governance structure of racing in this state has changed dramatically, as you would know. It used to be run by the VRC. The VRC used to be the principal club running racing in this state. When I first became racing minister I saw that as a clear conflict, where you had, if you like, Collingwood running the AFL. Some say they do!

Dr SYKES — They do — we agree on that!

Mr HULLS — You cannot have an individual club running the entire industry, so we set up an independent structure, which is RVL. Whilst people may not necessarily agree with all the decisions that RVL makes, the fact is that it is there to make decisions for and on behalf of the industry. It was supported by all parties in the house when the legislation was passed. I do not take the view that some do, that the Minister for Racing should be the one who decides what clubs have what meetings on what days. I think that should be done by an independent body, which is RVL.

I conclude on this note: RVL took a leadership role in developing this plan. Not only does it have the support of most clubs, it also has the support of the peak body that is the lobby group, if you like, for country racing in this state — this is, CRV. CRV represents the country clubs. The CEO of CRV has made public statements that this blueprint is an appropriate blueprint for the future of racing in this state, and I agree with him.

Dr SYKES — Chair, with respect, I asked two questions and I have not been given an answer. What I have had is a spruik by the Minister for Racing. My questions were quite specific, Minister. What is the impact of these track closures and meeting downgrades on country communities in terms of wealth generation and employment? I will give you an example — —.

The CHAIR — No, we do not need the examples. We just need the answer.

Dr SYKES — With respect, Chair, Mansfield has had a 20 per cent cut in funding, and funding ceases in five years time. That is hardly good for Mansfield.

The CHAIR — The minister, to answer.

Dr SYKES — Benalla has had a removal of infrastructure funding. That is hardly good for Benalla.

The CHAIR — Dr Sykes, you have had your question.

Mr HULLS — My understanding is that Benalla supports the plan, firstly.

Dr SYKES — I ask the question: has Benalla had a removal of infrastructure funding?

Mr HULLS — Can I say to you — you asked the question about employment — $45 million plus $41 million — —

Dr SYKES — My question is: what is the impact of these downgrades?

The CHAIR — We have had your question three times.

Dr SYKES — The minister is not answering the question, because he knows that he has contributed to the gutting of country communities.

The CHAIR (to Dr Sykes) — Show a bit more respect, please.

Mr HULLS — Forty-five plus 41 equals 86 — $86 million in infrastructure is the biggest infrastructure spend in country Victoria in its history.

Dr SYKES — How much is going to Benalla in the future?

Mr HULLS — Guess what happens when you spend $86 million in regional Victoria? You create employment.

Dr SYKES — So what is going to happen when you remove access to money in the future? You lose employment.

Mr HULLS — I do not believe that country clubs are a drag on the industry, as the shadow Minister for Racing does.

Dr SYKES — Why are you closing Mansfield?

Mr HULLS — I believe — —

Mr WELLS — You said 1995.

Dr SYKES — You are closing Mansfield. You are overseeing the closure of Mansfield.

Mr HULLS — I believe this government has shown a clear commitment to country racing and also a clear commitment — —.

Dr SYKES — You want it each way — you take the good points but will not accept responsibility for closing Mansfield.

Mr HULLS — It has shown a clear commitment to the independent governance structure.

The CHAIR — Mr Noonan — and I hope you will behave yourself when you ask your question.

Mr NOONAN — I will do my best.

Dr SYKES — He has not had his country race clubs gutted. He will be able to behave himself.

Mr NOONAN — If I can get a go. I am interested in the harness racing industry. I note with interest the harness racing centre of excellence in Melton, which I think, as you said, is about to have their first meeting in the not-too-distant future. I refer to the outcomes and deliverables Ms Munt referred to in budget paper 3, pages 161 and 162. I ask whether you, Minister, can report on the impact of the government's ongoing support for the harness racing industry.

Mr HULLS — I do not know if anyone here has had the opportunity to go out and have a look at Melton, but you should, because it is a fantastic complex. We have a very vibrant harness racing industry in the state. It employs 2300 full-time equivalent jobs. It contributes about $257 million to the Victorian economy. In 2001, following a harness racing industry summit convened by the government, Harness Racing Victoria developed a five-year strategic plan. Key recommendations included having harness racing centres of excellence in strategic locations in this state. Since moving its metropolitan racing from the showgrounds in 1980 — and we all remember those days; Penthouse Club and Mary Hardy and every second horse was 'something Adios' — —

The CHAIR — Paleface.

Mr HULLS — There have been substantial changes to the industry. Melton is an ideal location for the new home of harness racing in this state. It is a $45.1 million complex. It is in one of the state's fastest growing municipalities and has the highest concentration of harness racing horses and trainers in the state. The government provided some $453 026 through the racing industry development program, about which I spoke earlier — that great program that is supported by the member for Benalla.

In March, Tabcorp Park, as it is known, was officially opened at Melton. The complex will provide Melton and the broader community with a multi-purpose venue, a state-of-the-art facility, a 41-room 4-star motel, conference and function facilities for 750 people, and the like.

There will be 60 full-time-equivalent jobs created by the project, and the first harness race meeting at Melton will be held in July. I look forward to being there, except that it is the same day that Geelong plays St Kilda; but I will be at Melton. I think it is going to be a great day. The government is certainly very pleased to support this very important step by HRV to enable harness racing to really take control of its future.

The CHAIR — Thank you very much. It is a great sport.

Mr RICH-PHILLIPS — I take you to page 45 of budget paper 4, which shows the taxation revenue estimated for the outlook period. The gambling tax revenue from racing for the three years shown in this budget paper are lower estimates than were projected in last year's budget paper, 2009–10, 2010–11 and 2011–12 all being lower.

My question to you is: does that reflect a loss of wagering revenue interstate from TAB and Victorian bookmakers to interstate bookmakers, and what action is the government taking to protect the wagering revenue stream for Victorian racing?

Mr HULLS — In relation to that, you probably remember in April 2008 we announced changes to the gaming machine licence arrangements post-2012, and because of those changes the government made the decision that funding for the racing industry post-2012 is to be from wagering to the greatest possible extent. As you know, currently it is funded through a combination of wagering and gaming machines.

In keeping with the legislative requirement that the rearrangements between the new wagering licensee and the racing industry be no less favourable than those currently in place, the government made a decision to lower the parimutuel tax rate from 19.11 per cent to 7.6 per cent to provide funding equivalent to what the racing industry would have received if the gaming licence had remained the same. This equates to about $80 million in today's dollars. The tax rate for fixed-odds wagering will also be reduced from 10.91 per cent to 4.38 per cent to increase competitiveness with Northern Territory corporate bookmakers, who operate, as you would know, at a much lower tax rate.

Due to the difficulty in projecting gaming and wagering revenues this far in advance, the government also decided that the tax rate will be reviewed in 2012 with a view to considering the rate in the context of the actual figures. We have had discussions with the racing industry in relation to that, and they are happy with that arrangement. The requirement for a review and its terms of reference will be placed in legislation, and consultation with the racing industry on the post-2012 arrangements are ongoing.

But, in a nutshell it is because of the changed tax rates that were announced, and we believe that the agreement, the consultation and as a result, the arrangements that have been made with the racing industry will ensure that the industry is no worse off and dealt with on no less favourable terms post-2012.

Mr RICH-PHILLIPS — As to the issue of the immediate revenue protection vis-a-vis interstate leakage, what action is the government taking there?

Mr HULLS — There is a whole range of issues that we are looking at and indeed addressing, but one of the difficulties we have is the issue of the leakage from interstate and — it gets a bit complex — the ability of corporate bookmakers interstate to offer tote odds and not really set a book appropriately. All jurisdictions are grappling with that. There have been preliminary discussions with the federal government in relation to whether there can be a federal approach in relation to addressing that issue. I am continuing to get legal advice in relation to what action we can take.

It is not so difficult for me to take action as racing minister in Victoria for bets that are taking place in Victoria. It is far more difficult, for a whole range of reasons, to take legal action here in relation to the offering of tote odds from bookmakers operating under a tree in Fanny Bay, for instance. But it is not just Victoria that is grappling with this; it is all other jurisdictions as well. It was raised at the last racing ministers conference. I understand it was agreed that a Heads of Treasury group be set up to look at some of these issues. I understand that that will be progressed, and we will continue to have discussions with other jurisdictions to address this issue.

The issue of corporate bookmakers is not going to go away. The issue of telephone betting, internet betting and the like is not going to go away. All states are grappling with how they can protect their revenue base, but in particular the issue of corporate bookmakers from interstate offering not just tote odds but best tote odds in some areas is something that we are attempting to address in all jurisdictions. It is not simple.

Mr RICH-PHILLIPS — When would you expect the Heads of Treasury work to be progressed; what sort of time frame?

Mr HULLS — It is a good question. I am not sure they have a time frame, but they, I think, understand that this is a national issue that needs to be addressed on a national basis.

Ms PENNICUIK — My question would be quick.

The CHAIR — Put your question on notice.

Mr HULLS — No, I am happy to — —

Ms PENNICUIK — You might have to take it on notice anyway.

The CHAIR — Put it in the Hansard transcript and the minister will take it on notice.

Ms PENNICUIK — Minister, I refer you to page 45, to the racing and gambling revenue. My question is: what proportion of that estimated revenue for racing and gambling taxes is derived from jumps racing?

Mr HULLS — It is a good question, and I am happy to — —

The CHAIR — You will have to be really quick, Minister.

Mr HULLS — I am happy to attempt to answer it. I will take the figure on notice, but it is a very small amount. In relation to jumps racing generally — because I think that is really what your interest is; the reason behind the question — I have to say that RVL is to be commended for taking decisive action in relation to jumps racing after the Warrnambool carnival.

The Warrnambool carnival is a great carnival; I have been there before. Unfortunately it usually takes place when Parliament is sitting, so I was not able to get there this year, but there were some pretty tragic scenes screened on our television sets and were in the paper in relation to the recent carnival.

RVL took decisive action to suspend jumps racing following the Warrnambool carnival. They had a meeting yesterday, where they hoped to make a decision in relation to the future of jumps racing. I can understand there

are both sides of the argument in relation to jumps racing. A lot of people are dependent upon jumps racing for their employment. RVL considered the issue, as I understand, yesterday and made a decision that they needed further information and will be making an announcement on Monday in relation to that issue.

I have to say — and I conclude on this note — there have been some intemperate comments made in relation to the issue of jumps racing by certain people. It does not behove them well, I have to say. I think people have to take a deep breath and allow RVL to make their decision in a measured and appropriate way. All sorts of accusations have been flying around the place, including ministerial pressure being put on RVL, including horse heads being delivered to the minister and other people, and the like. Not only are those accusations about political interference a nonsense — I think Rob Hines as the CEO of RVL made that quite clear — this is a decision that will be made by RVL on behalf of the industry.

Whilst I understand people's passion on both sides of the argument in relation to jumps racing, RVL will be the ones that will make this decision. RVL independently will make this decision. I support the process and I will support the decision that RVL makes.

But some of the nonsense that we have read about and heard about and the intemperate and inappropriate comments that have been made are just that — intemperate and inappropriate. People need to take a deep breath and allow RVL to independently get on with the business of making what is a very important decision on behalf of the industry.

The CHAIR — That concludes consideration of the budget estimates for the portfolio of racing. I thank the minister and departmental officers for their attendance today. It has been an interesting session. I note there have been a number of questions which I felt were not appropriate for the estimates hearing, but I thank the minister for what I regard as his indulgence in answering them. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days. Thank you.

7.5 Gaming Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 21 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr T. Robinson, Minister for Gaming,

Ms P. Armytage, Secretary, and

Mr R. Kennedy, Executive Director, Gaming and Racing, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of Gaming. On behalf the committee, I welcome Mr Tony Robinson, Minister for Gaming, and departmental officers. Members of the public and members of the media are also welcome.

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

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

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

I ask that all mobile telephones be turned off. I now call upon the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of Gaming.

Mr ROBINSON — In the 5 minutes, I will briefly outline the portfolio budget for 2009–10 and then discuss gambling regulation, the gambling licences review, developments in policy and the continuing program in respect of problem gambling.

Overheads shown.

Mr ROBINSON — So if we go to the first slide, business group, you will see here that the gaming and racing business group within the department consists of the Office of Gaming and Racing, OGR, the Gambling Licences Review, GLR and the Victorian Commission for Gambling Regulation, the VCGR.

The gaming component of the budget is $91 million; the racing component, for which the Minister for Racing is responsible, is $32.7 million; and the total output is $123.7 million, and that is what is alluded to in the budget papers.

Just on the VCGR, that is the state's independent gambling regulator which has a range of statutory functions under the Gambling Regulation Act. It also has powers under related legislation. Its activities are geared towards achieving a fair, crime-free and responsible gambling industry and it is widely recognised in Australia and beyond Australia as achieving that. The commission regulates commercial gambling activities, including gaming machines, lotteries, wagering and the Casino as well community and charitable gaming — through things like raffles and bingo. Since 1 January this year, the commission has also had responsibility for the registration of bookmakers.

In the last full year to June 2008, there were 520 gaming venues. During that year the VCGR conducted 14 public hearings into applications for new venues or an increase in the number of machines at existing venues, and conducted 603 investigations into possible breaches of the gambling legislation.

I will just now turn to the gambling licences review. Considerable progress has been made during 2008–09 on the review, which relates to a very substantial undertaking. It is a fundamental reshaping of the gambling industry in this state. Public consultations were held in June, October and December of last year. The review has released two major documents, the *Statement of Outcomes II on Gaming Machine Arrangements* and the *Overview of the Victorian Gaming Industry*, and, of course, we have had the release of venue-level data. The documents provide potential industry participants with the information they need if they are considering whether to participate in the industry from 2012, when the gaming operator licences end.

The competitive process for the new keno wagering and monitoring licences commenced and is continuing to be worked on. We envisage the keno licence being determined by the end of the year, the wagering licence determination in early 2010 along with the monitoring licence.

The next slide just deals with some of the policy achievements.

We will go straight to the next one, given the time constraints, which is more recent initiatives. As you can see from this slide, the government is continuing to build on earlier initiatives and our record of progress in initiatives such as codes of conduct, precommitment and strengthening legislative provisions relating to minors. The policy settings have changed significantly in the past decade and I would be happy to quote from our submission to the Productivity Commission inquiry on gambling, to give a flavour later in this presentation about the distinction that has been achieved in the last few years.

Moving to policy achievements, most of the work that is undertaken by the Office of Gaming and Racing in the department generally relates to gaming machines. Victoria's success in creating a responsible gambling environment is illustrated by this chart which compares us with other states and territories. This chart compares the number of gaming machines with the density per 1000 adults in Australian states and territories. Victoria does quite well on that score compared to the four states and territories to the left. In absolute numbers, as well, Victoria has 27 500 gaming machines outside the 2500 in the casino; New South Wales has over 100 000 and Queensland has over 40 000.

Turning to Taking Action on Problem Gambling (TAPG), which is our five-year problem gambling strategy, it adopts a public health approach to the prevention and early intervention and treatment of gambling-related harm.

Moving through to the next slide: 'combating problem gambling'. The financial commitment to addressing problem gambling continues to grow. Since 1999 we have spent over $87 million on problem gambling, including more than $54 million on specialist services. This is a great increase compared to the previous period. Our projected expenditure through to 2010–11, which is our extended TAPG at this point in time, is foreshadowed there.

The total figure incorporates expenditure from TAPG and the problem gambling services strategy. Expenditure in 2007–08 totalled $21.4 million and expenditure for 2008–09 is anticipated to increase to about $28.5 million; $21 million had been spent to March this year.

As a comparison with some other jurisdictions: we have shown the interstate comparisons, but some other jurisdictions — again, as I said this year we will spend about $28.5 million — the state of Nevada for example which has 200 000 EGMs would spend about $3.5 million; the state of Delaware would spend about $1 million; the state of Indiana about $5 million — and they are the best of the US jurisdictions. In Canada the province of British Columbia would spend about $4 million. By any comparison, Victoria is doing better than others.

Moving through to expenditure by action: most of the expenditure, as you can see, is in building better treatment services. In 2007–08 Gamblers Help services provided more than 65 000 counselling hours to over 8900 Victorians.

In the next slide 'combating problem gambling': recent achievements include the new TV campaign, redevelopment of the Gamblers Help program, the national 1800 number and online counselling. So far in the advertising campaign, there has been $3.6 million spent; that incorporates TV and other media, and I will be happy to expand during question time about the way the new ads were constructed.

Looking ahead to 2009–10, the state's major commercial gambling licensing arrangements will continue to receive priority. Work will continue on implementing the government's precommitment initiative. We anticipate spending in excess of $30 million, and this includes $13.3 million being provided to Gamblers Help agencies and statewide initiatives, promoting enhanced services for the culturally and linguistically diverse and indigenous communities, and some $6 million for problem gambling awareness and education strategies.

That completes the presentation, and I am happy to take questions.

The CHAIR — Thank you, Minister. We have until 3.30 p.m. for allocated questions on the gaming portfolio.

Ms HUPPERT — Minister, on the previous slide you talked about some of the programs relating to problem gambling and the investment of over $30 million. I also note you referred to the new TV campaign and generally the advertising campaign. Could you please outline to the committee how that TV campaign will work and the success of those campaigns both currently and into the forward estimates period?

Mr ROBINSON — The TV campaign was launched in about October last year. What makes the TV campaign different is the extent of research that was undertaken involving people who had experienced problems with gambling. I think we are the first jurisdiction to actually base the ads on research that was done with people in that group. This is important because what the research shows is that advertising campaigns can lose their impact over time, so it is important to refresh them and renew them, and to base that on some degree of research.

I was appraised of the way in which people in the at-risk group respond to ads at the Banyule Community Health Service in the second half of last year. A woman who had experienced problems came to me and said, 'The weakness of the earlier ads when you just talk about problem gamblers per se is that, "I do not believe I am the problem" ', and she was picking up from the ads that there was a pejorative in that. Indeed, research more broadly reflects that point.

That is why the ad has been changed and the core message is to take the problem out of gaming or gambling, and the use in the ads of other members of family and friends — you would have just seen the two ads of the boy and his dad on the pier, and the two mates at the footy — is a very powerful, subtle change, but it has had an impact. We saw during the first few weeks, I think the first two months of that campaign, we had about 45 per cent increase in calls, and that was terrific. The further research, I think, demonstrated the actual impact people were getting out of those ads was also at a higher level than had previously been the case.

That campaign ran for a few weeks. It was run out again a little while ago. It has had good results, and we will continue to run that out as and where opportunities arise; we do not want it to get too stale. We will continue to research ways in which the advertising, both that and other advertising, can be refined over coming years.

Mr WELLS — Minister, I refer you to the secret deal between the government and Crown Casino, and budget paper 4 page 45 — 'gambling taxes' over the forward estimates. Did the government use a third party to act on its behalf in its negotiations with Crown? Who was this third party? Where were the meetings held? Who attended these meetings — for example, did James Packer, himself, attend? When was the memorandum of understanding first agreed upon?

Mr ROBINSON — There are a series of questions there.

Mr WELLS — Maybe we can go through each one.

The CHAIR — We can try to take them all together, Minister.

Mr ROBINSON — I can give you advice on this matter insofar as I am aware of the background to all this.

Mr WELLS — You are the minister, so you would be aware.

The CHAIR — Thank you, Mr Wells, without assistance!

Mr WELLS — He is the minister, he would be aware.

The CHAIR — Without assistance!

Mr ROBINSON — The issue of potential changes to the tax arrangements that Crown is subject to was actually raised by me with Crown at a regular meeting in the second half of last year. We meet regularly with Crown; we do that three or four times a year. That meeting, I think, involved Gary O'Neill, who attends those meetings, and, I think, David Courtney.

We put it to Crown in general conversation that as a consequence of the decision in April to restructure the gaming industry, the EGM industry, and to terminate gaming operators and pass ownership of machines to venues, that the health benefit levy which is currently paid by Tatts, Tabcorp and Crown would almost certainly

need to change. You cannot collect a health benefit levy from operators after 2012 as operators are not in business.

We suggested to them that the government was probably going to need to reconfigure that tax and to recover from Crown in a different way that money which is currently paid by them as their health benefit levy. We indicated to them that this would quite properly be a matter — because it is a tax matter — that the Department of Treasury and Finance would handle. That is not new, that has been the case in respect of taxation matters for the casino since the casino was established.

That was the extent of that discussion. There was no discussion about anything else other than our suggestion that, as a consequence of the restructuring decision in April, there would have to be some changes — or that there would, in all probability, be changes to the health benefit levy.

We were subsequently advised in April by the Treasurer's office that in fact Crown had commenced commercial negotiations with the Treasury. We were also advised that Crown were bringing to those negotiations a request for a change to the table limits. The table limits were last set in 1995, when they were raised from 200 to 350. The Treasurer sought my advice on this, what did I think, and I offered my advice on it. I can go into detail on that if you wish.

Those negotiations continued and the agreement was reached and signed off by the Treasurer. It was an agreement in principle, which of course is subject to legislation and the Parliament's determination. That was finalised on the morning on which I made the announcement — I think that was Tuesday, 12 May.

Mr WELLS — In regard to the advice you that you gave the Treasurer, please?

Mr ROBINSON — My advice to the Treasurer in respect of table games was that, from my perspective and from the department's perspective, they were less problematic than EGMs; most of the work we do is around EGMs That is not to say there are not some problems associated with them, but there has been a fair bit of research done which shows a lower incidence of play and less exposure to risk in those forms of gambling than in EGMs

I further made the observation to him that poker was unique amongst the table games because poker is the only table game where players do not play against the house. Players actually play against each other, and it requires certain degrees of skill in terms of tactics and the way it is played.

I also advised him that Crown had a well-recognised, in-house capacity for problem gambling counselling. The VCGR did a report on that last year. I further offered the perspective that, in so far as any changes to tax might be concerned, I thought the hotel EGM tax rate was an appropriate benchmark. As you would possibly be aware, there has been a longstanding differential between the tax rate applied to Crown's EGMs and to those that operate in hotels. That is about 10 per cent — it is something like 22 per cent that Crown pays and 32.5 per cent or 33 per cent that hotels pay. That was the advice I put to him. The Treasurer indicated that he would seek formal advice from the VCGR, and I was pleased with that. That was the advice I offered.

Mr WELLS — In regard to the question of who did Crown negotiate with directly, was it a Packer, who did the negotiations in this deal? You are telling us that you had absolutely nothing to do with the negotiations of the deal. So who made the deal, who put the deal together?

Mr ROBINSON — As I have said, my understanding is that Crown entered into commercial negotiations with the Department of Treasury and Finance, and that a commercial negotiator was brought in by the Department of Treasury and Finance for that purpose.

Mr WELLS — Who was the commercial negotiator? There was a third party?

Mr ROBINSON — The department hired someone to negotiate this matter commercially. Yes.

Mr WELLS — There was a third party, you are confirming — —

The CHAIR — All right — —

Mr WELLS (to the Chair) — Hang on, this is an important point. It is the first question I have asked.

So there was a third party brought in to do the negotiations?

Mr ROBINSON — As is usual in these types of cases, yes. They were hired by the department, as I understand it — and the Treasurer could give you more advice on this — for the purpose of negotiating the matter of tax and the other matters Crown were bringing to that negotiation.

Mr WELLS — Kerry Packer was involved?

Mr ROBINSON — Kerry Packer would struggle to be involved in anything now.

Mr WELLS — So — —

Mr ROBINSON — I was not involved in those discussions.

The CHAIR — This is something we probably need to follow up with the Treasurer.

Mr WELLS — So we had a secret deal, and then we had a secret third party doing the negotiations? Is that the situation?

The CHAIR — I think we have the answer.

Mr WELLS — No. We will just confirm. We had a secret deal and a secret third party as part of the negotiations?

The CHAIR — I think the minister has answered this. If you wish to ask some further questions — —

Mr WELLS — Are you confirming that?

Mr ROBINSON — No, I am confirming what I have just said.

The CHAIR — Mr Scott, I think we will move on. We have heard enough on that question. You can ask some more later, Mr Wells.

Mr SCOTT — Minister, I refer you to budget paper 3, pages 161 and 162, to the ongoing enhancement of the regulatory environment. Could you advise on whether Victoria is keeping pace with other states in the implementation of responsible gambling initiatives?

Mr ROBINSON — To take my point earlier in the presentation further, I would contend that Victoria is not only keeping pace, but Victoria has well exceeded what other states and territories have done. That stands up to comparison both in Australia and abroad. Victoria has the third-lowest gaming machine density of any state, with only Tasmania and the Northern Territory having a lower density. Western Australia is excluded as it only has gaming machines in its casino.

Perhaps a more relevant figure is that NSW has nearly three times as many gaming machines per thousand adults as Victoria. New South Wales has 18.31 machines per 1000 adults, where Victoria has 6.64 machines per 1000 adults. Victoria's density figure continues to decline across the state because we have a fixed number of machines; so as the population increases, the machine numbers do not increase across the state.

Victoria is the only state that has taken action to protect vulnerable communities by capping the number of machines that can be operated in those communities. We have 19 capped or partially capped municipalities. Those caps were introduced in two phases, the most recent of which was at the end of 2007. They have resulted in almost 1000 machines being relocated from those areas.

We think the caps have worked very well, and we have noted from time to time industry comment about the declining return on those investments because of the caps. It is simply not possible, as it once was, for operators to pick up machines and move them to where they are more profitable. The caps act as a very effective restriction.

We are about to extend this policy further by implementing municipal limits, which will apply in areas not covered by regional caps. Municipal limits will cap the maximum number of gaming machines in every LGA to 10 per 1000 adults, and that is work that the VCGR will undertake this year.

Other things that we do that I think exemplify leadership here is that we have a ban on gaming machine advertising outside gaming venues — something that Queensland, the Northern Territory and the ACT do not do. We have compulsory responsible gambling training for venue staff; Queensland does not do that. We have mandatory player information displays; the Northern Territory does not do that. And of course we have announced a policy on banning ATMs altogether. They currently are under limits as to what they can dispense per day. We will go further and ban them altogether, with very limited exceptions.

And we have adopted a precommitment policy. That, as some members would be aware, is the subject of some ongoing discussions in the context of the bill, so I perhaps do not want to speak too much about where those discussions are. That is something we will let our negotiators deal with. But we are very keen to see that implemented. Victoria, as I said, will be the first state to ban ATMs altogether from gaming venues.

Last year I had the chance to be at the international conference on problem and responsible gambling, and one thing that does stand out is the extent to which in Victoria we do have a robust discussion about problem gambling measures. I have got to say that puts us miles ahead, light years ahead of most jurisdictions. If you spoke to someone in any United States jurisdiction about problem gambling ads and even hinted that playing a machine represented a hazard to certain people, you would be howled down.

One, they spend a pittance, and two, they have this supreme view that everyone is responsible for what they do regardless of the consequences. So we are a long, long way ahead of those jurisdictions.

Ms PENNICUIK — Minister, electronic gaming machine manufacturer Aristocrat spends approximately $117 million per year on research and development to make their machines as marketable as possible. I notice that your slide there mentioned $3.4 million is how much the government spends on its combating problem gambling fund — which I think works out at about $300 000. So you spend that much on research and development. How much do you spend to counter the built-in manipulative qualities of gambling machines, and in what ways is the government enhancing harm reduction and safety features on the actual machines?

Mr ROBINSON — I think the $3.4 million you have referred to there is money that was specifically put aside for research. We also have arrangements where we work on research projects in collaboration with other states, and this is something we would like to advance further. We have had some discussions with the commonwealth which last year revived the Ministerial Council on Gambling. We had the meeting here in Melbourne. We thought that was a very positive move after a hiatus of a couple of years.

We will continue to advance that, and it may well be that the Productivity Commission in its recommendations later this year takes a position on further research, which we would be very happy to support.

Can I just say in relation to the claims — and I have heard these claims before about Aristocrat and the style of machines, and I think from time to time it is probably a claim that is made against a number of manufacturers, not just Aristocrat — the VCGR has a roving brief on these matters, so the VCGR is able, without me having to request it, to look at these matters, and it does; it looks at these matters.

I have not received any advice from the regulator that it is concerned about this matter. I think this matter is a matter of interpretation. Clearly you would expect manufacturers would produce machines with different types of designs. I think the attention in this case alluded to a certain type of design and qualities that might attract certain types of at-risk gamblers. The VCGR is well-equipped to deal with that problem, and I am confident would take action if it agreed with that claim, but I think the position up to now is that it has not agreed with that claim.

Mr NOONAN — I refer to budget paper 3, pages 161 and 162 and the ongoing enhancement of the regulatory environment. I ask the minister to provide an update on the steps the government is taking to proactively promote responsible gaming environments in gaming venues.

Mr ROBINSON — Probably the most significant recent step has been the commencement, on 1 December last year, of the requirement for gaming venues to sign up to a responsible gambling code of conduct. Existing gaming venues have until 1 June to have their codes approved by the VCGR, and the VCGR through its recent newsletters — it tends to do them quarterly — has been making public its advice on how that is progressing.

It is progressing quite well. This is important because it is really in a very public way putting obligations that have not been articulated before back onto venues. We think that is a very good thing. It makes venues more accountable as to what happens in those venues.

The requirement for codes of conduct applies to all participants in the gaming industry, including the holders of a venue operators licence, wagering operators licence, public lottery licence and casino licence, as well as bingo centres licences — so it applies very broadly. We provided the VCGR with about $4 million to operate the responsible gambling unit to support the implementation and to monitor compliance. So is not just about them getting these codes into place, it is about making sure that they are keeping up to the mark as time goes on, and that will be very important as we go through 2012 with our plan to in fact devolve, or transfer, ownership of EGMs to venues rather than the two operators. For a code to be approved it must set out a process for interaction with customers and how it will foster responsible gambling.

It must also set out a process for interacting with customers who have requested information about or assistance with a gambling problem or expressed interest in a self-exclusion program. The codes that have been approved by the VCGR and are now available on its website include codes developed by Tatts and Tabcorp, Tatts public lotteries, ClubsVIC, RSL and ALH.

We are also, I should say, continuing to fund the work done by the Responsible Gambling Ministerial Advisory Council and its working groups. They have been doing some work in particular recently on precommitment and the ATM policy. I should say, furthermore, we are continuing to fund the new Problem Gambling Research and Treatment Centre at Melbourne University. That is a partnership based at Parkville. It is a partnership with Monash University. We believe its work there will greatly contribute to the body of knowledge that informs our policy decisions. I guess it alludes in part to the questions Ms Pennicuik raised, that developing that research and expertise capacity in Melbourne is a good thing.

Ms PENNICUIK — Can I ask for clarification on that answer?

The CHAIR — A really quickly one.

Ms PENNICUIK — Minister, under the codes of conduct you mentioned Tatts and Tabcorp. At the moment, I understand, they facilitate the relationships that venues are obliged to have with the support services? How is that going to be managed when it not just Tatts and Tabcorp?

Mr ROBINSON — As a transition issue? That is one of the things that the VCGR will have responsibility for, principally. That will probably involve the VCGR having to be given dedicated resources to oversight that. We would anticipate that industry bodies like the AHA, ClubsVIC and Community Clubs Australia would play a serious and ongoing role in that.

Our policy on industry transition is also in part a policy about capacity building. It is not just saying, 'As of tomorrow, the machines move from you to you'. It is about saying that clubs and pubs have an opportunity to derive greater revenue from that and put it into local activities, but they also have, with that, greater obligations. One of them is the way in which they discharge responsible gambling principles in real life situations every day.

Mr DALLA-RIVA — Minister, I just want to go back to what Mr Wells was referring to earlier in terms of the secret deal between the government and Crown. I just want to get it clear in our minds: was Mr James Packer involved in the negotiations?

Mr ROBINSON — I have never met Mr James Packer.

Mr DALLA-RIVA — Was he involved in the negotiations?

Mr ROBINSON — I can only tell you what I am aware of — that is, I had a discussion with Crown last year.

Mr DALLA-RIVA — Yes or no; was he involved in the negotiations?

Mr ROBINSON — I am not aware of Mr Packer being involved in these discussions.

The CHAIR — It might be a question we could direct to someone else.

Mr DALLA-RIVA — Did Mr Packer want more concessions from the government, and did he get everything that he wanted?

Mr ROBINSON — I am not in a position to answer that question, Mr Dalla-Riva.

The CHAIR — We will have to ask Mr Packer that one, I think.

Mr DALLA-RIVA — You are the gaming minister. You must be aware of the negotiations.

Mr ROBINSON — I have had no dealings with Mr Packer.

Mr DALLA-RIVA — You are unaware of the negotiations? You do not know who the negotiators name was?

Mr ROBINSON — That was a commercial negotiator. The Treasurer could give you that information, I am sure.

Mr DALLA-RIVA — So you do not know that either?

Mr ROBINSON — No.

Mr DALLA-RIVA — What is it about this government? Nobody knows anything about anything. We seem to have a consistency of ministers before us who fail to answer questions when it comes to accountability. We have got this minister — —

The CHAIR — Without the statement, thank you, Mr Dalla-Riva.

Mr DALLA-RIVA — Chairman, I have asked the minister some specific questions. He should know. In the forward estimates there is an expectation — —

The CHAIR — The minister is to answer these things honestly and fully. He has give an answer. Unless you have got any — —

Mr DALLA-RIVA — We have had ministers before us who have answered honestly and fully, and we know where that has got us.

Mr ROBINSON — Chair, I am happy to offer one piece of advice that might clarify — —

The CHAIR — Thank you — further elucidation?

Mr ROBINSON — That is to say, I do not believe the arrangements here differ in any substantial way from the arrangements in 1995 when the gaming minister of that time— —

Mr WELLS — Hang on, we are talking about the forward estimates.

Mr DALLA-RIVA — We are talking about now. We are talking about the budget.

The CHAIR — Without assistance!

Mr WELLS — This has a direct relationship to the forward estimates.

The CHAIR — Without assistance!

Mr WELLS — Chair, you need to direct him to answer these questions.

The CHAIR — He has answered the questions and he has given some further clarification. Ms Munt?

Mr DALLA-RIVA — I was seeking some clarifications in terms of Mr Wells's — —

Ms MUNT — Chair?

The CHAIR — Just a second, Ms Munt. Quickly, Mr Dalla-Riva, without making a statement.

Mr DALLA-RIVA — I was seeking some clarifications in terms of Mr Wells's question. My issue is that the minister mentioned that he announced this on 12 May. I refer to the budget paper and the forward estimates on page 45, where there is the additional tax revenue you expect to receive from this deal, which is included in this year's budget papers. If the deal was certain enough for the revenue to feature in the state budget, why did you wait until the day of the federal budget before Victorians were told? Would you also confirm whether the Crown deal was signed off by cabinet?

Ms MUNT — Is this another question, Chair?

Mr DALLA-RIVA — I sought clarification on the first issue. This is my specific question.

The CHAIR — I am happy to allow this.

Mr WELLS — This is relevant.

Mr ROBINSON — The announcement was made on that day because the agreement in principle between the government, which is signed by the Treasurer, was signed on that day. Government understands that Crown is a listed company. As soon as that was signed it was under obligations to the stock market. We were under obligations to tell Victorians that an agreement in principle had been reached.

Mr WELLS — That does not make sense, because you had already put it in the forward estimates, and this was printed a couple of weeks beforehand.

The CHAIR — It is something we probably need to ask the — —

Mr WELLS — But that does not make sense.

The CHAIR — The minister, without assistance.

Mr WELLS — The minister made the announcement on 12 May.

Mr DALLA-RIVA — You knew it was already in the budget.

Mr WELLS — You have already put it in the budget papers.

The CHAIR — The minister is answering the question.

Mr WELLS — No, he has not — not that part of it.

The CHAIR — Minister, have you any other clarification to the question? I think he understands the question.

Mr ROBINSON — I understand the question. My understanding is that, because the commercial negotiations had been under way for some time — as I said, the Treasurer advised me in April that these things had started — I believed the Treasury department believed that in all probability an agreement was going to be reached and therefore felt it was under an obligation to disclose that in all probability there would be some additional revenue.

Mr DALLA-RIVA — The Treasurer never told you he was involved in those negotiations?

Mr WELLS — But the agreement was only signed in principle.

The CHAIR — The minister, to answer, without — —

Ms MUNT — You want to ask a question and give the answer as well.

Mr DALLA-RIVA — The minister knows what exactly what has gone on.

The CHAIR — There are continuous interjections. The question has been asked clearly. Does the minister have anything further to add?

Mr ROBINSON — As I said on that morning when I made the announcement — —

Mr WELLS — On 12 May?

Mr ROBINSON — Yes, the figures in the budget papers are indicative figures and will be updated by the Treasurer as part of a forward update.

Mr WELLS — But they are already in the forward estimates.

Mr ROBINSON — They will be updated in the next budget.

The CHAIR — Ms Munt has the call.

Mr WELLS — And they were printed a couple of weeks before.

Mr DALLA-RIVA — Why is this government so secretive?

Mr WELLS — Something's wrong.

Ms MUNT — Minister, can I refer you to the budget paper 3, page 161, under 'Regulating gaming and racing' and in particular the delivery of problem gambling services. I would just like to follow through on that. What funding will be provided to gamblers help services in Victoria in this coming year, and how will they ensure that those services actually go to those gamblers who need that help and assistance?

Mr ROBINSON — I should say one of the administrative reforms that have been undertaken over the course of the last 12 months is that the Office of Gaming and Racing now has responsibility for both problem gambling counselling services and general financial counselling services. This decision was taken after a review by the State Service Authority, I think it was, which made some recommendations that it would be more efficient, given there is an enduring overlap between the clients who are served by both those services, for them to be administratively consolidated. We now have the situation where the Office and Gaming and Racing oversights both, whereas previously Consumer Affairs Victoria oversighted the generalist services and OGR did the problem gambling services.

In respect of the generalist services, I made an announcement recently — I was more wearing the consumer affairs hat, I suppose — that there would be an additional $2.8 million provided for generalist services in the next 12 months. That is to deal with a general growth in demand for those services. I am happy to talk about that further, perhaps in the consumer affairs presentation. With respect to problem gambling, what we have done beyond the State Service Authority review was to have a review undertaken by KPMG.

That made recommendations that we should repurchase and repackage those services, so we have done that with our providers. The redeveloped gamblers help service model commenced on 1 July last year, and it was designed to increase access to services for both problem gamblers and their impacted families by improving gamblers help service coordination with a broader system of care. This is improving access to specialist program gambling services from a broad range of services.

I should say the other reform that has gone on has been to link these problem gambling counselling services with primary care partnerships. We did a launch, which I alluded to, at Banyule with the community health service. This has been greatly welcomed by the health sector. I am grateful for the work that the health minister has done in facilitating this. What we are building is a service capacity where, at an earlier opportunity, people can be hooked into assistance by GPs and other networks. That was not there to the same extent previously, and we subscribe to the view that the earlier you can connect an at-risk person or someone experiencing problem gambling difficulties into an appropriate services, the better your chances are of getting them through that period and actually assisting them in practical terms.

Mr RICH-PHILLIPS — Minister, I would also like to ask you about the secret Crown Casino deal. In 1995, as you know, John Brumby as opposition leader said in relation to the increase in tables then that there should be a full and independent economic and social impact study of that proposed expansion. My question to you in relation to the secret deal that has just been done is: have you undertaken the full and independent social and economic impact study that 10 years John Brumby said was necessary? If not, why not? And if so, when will you release it publicly?

The CHAIR — Minister, insofar as it relates to your portfolio?

Mr ROBINSON — There are a couple of similarities and there are also some differences between 1995 and today. The first difference is that in 1995 the casino had only been established, I think, for about 18 months or two years. It is now well beyond its establishment phase and can demonstrate very strong patronage, both local and particularly interstate and overseas. I think in fact the last estimate for Crown was that some 16 million people visit per year, which is an extraordinary number. The third hotel they are building is estimated to deliver about 100 000 tourist stays per year into that complex. There is a far greater demonstrated demand now than there was in 1995.

I think the other point you can make is that between 1995 and now Crown has developed its in-house capacity for problem gambling support. If it suits the Chair, I might just allude to an extract of the VCGR's report on Crown last year, which I think gives a flavour of the quality of that service. Would that be all right, Chair?

The CHAIR — Yes, quickly, please.

Mr ROBINSON — This is at page 24 of the fourth review of the casino operator and licence:

> Indicative of this commitment is the operation of the Crown Melbourne responsible gaming support centre, established by Crown Melbourne in 2002. The initiative, a 24-hour onsite counselling and referral service, is believed by Crown Melbourne and the commission to be a world first. Crown Melbourne's centre led to the development of similar centres across eight provinces in Canada. The commission recognised, as a result of its benchmarking exercise with Australian and international casinos, that the centre is unique in that company and a milestone initiative for helping those with gaming problems.
>
> In 2007, Crown Melbourne added a further element to the centre with the establishment of a chaplaincy support service.

My view on this, Mr Rich-Phillips, is that Crown in the intervening period between 1995 and today has demonstrated by statistical facts in terms of visitation levels and in terms of its growth, by the core element that it represents down there in that part of Melbourne in our tourist industry and by the work that it is doing now through its in-house resource, that it is able to deal in a very competent way with the increase in tables that is being proposed.

Mr RICH-PHILLIPS — Minister, you indicated the Treasurer sought your views on the expansion by 150 tables. Before you gave your views to the Treasurer, did you seek any advice from the VCGR or your department?

Mr ROBINSON — I regularly receive advice from the VCGR about a whole range of matters.

Mr RICH-PHILLIPS — The Treasurer — a specific question to you.

The CHAIR — Thank you. The minister, to answer.

Mr ROBINSON — I was able to draw upon my knowledge of the industry and the advice that is instantly available to me on these matters. I offered the advice, and I do not believe my advice on some of those specific matters would be inconsistent with the advice of any number of people involved in the field.

Mr RICH-PHILLIPS — You have had a massive increase in the number of tables at the casino, and you did not seek any advice from your department before giving your views to the Treasurer?

The CHAIR — The minister to answer, thank you, without assistance.

Mr ROBINSON — To illustrate that point I think I have even heard Reverend Tim Costello acknowledge publicly that the incidence of problem gambling and the at-risk characteristics of table games is not very substantial.

Mr WELLS — Tim Costello agreed to the expansion?

The CHAIR — The minister, without assistance.

Mr ROBINSON — Tim Costello has publicly acknowledged that the at-risk characteristics of table games are very different from the at-risk characteristics of EGMs

Mr WELLS — So did Tim Costello agree to the expansion?

Mr RICH-PHILLIPS — So you expect us to accept that you did not seek any advice from your department or the VCGR before you advised the Treasurer of your views?

Mr ROBINSON — I was asked for advice by the Treasurer, and I provided advice to the Treasurer.

Mr RICH-PHILLIPS — Straightaway, or did you go back and — —

The CHAIR — I think the minister has answered that one.

Mr ROBINSON — The Treasurer indicated that he was going to seek advice from the VCGR more formally. I understand that he did that, and that would be appropriate, given that the relevant pieces of legislation — not just the Gambling Regulation Act but the Casino Control Act and the Casino (Management Agreement) Act — do provide for the Treasurer to deal with the VCGR on matters like that.

Mr RICH-PHILLIPS — Did you give considered advice, or was it on the phone when you were talking to the Treasurer?

The CHAIR — All right. I think we have had enough.

Mr RICH-PHILLIPS — Did you wave to him or what? What was the form of the advice? Was it instant advice? This is quite a significant issue.

Members interjecting.

The CHAIR — Mr Rich-Phillips, I think the minister has given you about four clarifications in a row. The minister has said he has talked to the Treasurer about this.

Mr RICH-PHILLIPS — There are still a lot of issues to be resolved, Chair.

The CHAIR — You can ask about them in a second.

Ms HUPPERT — Minister, I refer to budget paper 3, again pages 161 and 162, and the continuing references to the regulatory toolkit. Can you please outline to the committee whether you have had cause to use your regulatory powers to ban products or practices that do not accord with responsible gaming principles?

Mr ROBINSON — The two areas that I administer, and the two largest parts of my portfolio, are liquor and gaming. There are similarities in the sense that they are very heavily regulated areas and probably amongst the most heavily regulated businesses in Australia. That is quite appropriate. The same sorts of issues arise in respect of what is appropriate practice. From time to time people will seek to introduce new practices or products that do challenge some of the settings we have had in place policy-wise which are designed to minimise risks to Victorians.

In relation to liquor we introduced some time ago a power for the director to take action where the director was concerned about a promotion that would contribute to inappropriate consumption and use of alcohol. We have been keen to and more recently we did introduce the same power in respect of gambling. That power, I think, has only applied — I cannot tell the committee exactly what date that came in, but it was only some few months ago.

The CHAIR — You can give it to us on notice anyway.

Mr ROBINSON — We can put that on notice as to when the actual power accrued. We have had cause to use it once, and that was in respect of what were called cashless gaming machines. These were devices that had been imported, I think, to Australia and were being placed around inner Melbourne. We understood the fellow who had imported them intended to make some of them available in youth hostels and hotels, I think. They were like gaming machines, but you could not actually invest money in them. We took the view that that was inappropriate and that in fact the thing was designed as a gaming machine. Notwithstanding the fact that you did not play with money, we thought that it was inappropriate in that it encouraged people to get involved in gaming. It was, can I say, a creative way around the law. That was the occasion on which I have used that power, and that particular product has been exposed and is subject to a ban. We will use that power going forward, where appropriate.

Mr DALLA-RIVA — Minister, we had other questions which we were going down the path of asking, but we are finding it very hard to get true answers about what appears to be a very smelly, secret casino negotiation and about what has occurred and what the public knows. It does not make sense in terms of what you have provided.

Mr WELLS — The time lines do not make sense.

Mr DALLA-RIVA — The time lines do not make sense, so I am just going to go back.

The CHAIR — Can we have a question, thank you.

Mr DALLA-RIVA — Given that you spoke to the Treasurer about the economic and social impact, as Mr Rich-Phillips indicated, during those discussions with the Treasurer, did you talk about the fact that James Packer was involved in the negotiations?

Mr ROBINSON — No, I did not.

Mr DALLA-RIVA — You did not. I asked that before, so now I know.

The CHAIR — I think we heard the answer before as well.

Mr DALLA-RIVA — Did Mr Packer want more in terms of concessions from government? Did he, or did he not?

Mr ROBINSON — I have got no idea, because I was not a party — —

Mr DALLA-RIVA — But you did not speak to Mr Packer.

Mr ROBINSON — I think my second answer will flow from my first answer. I have not dealt with Mr Packer. I was not involved in the commercial negotiations. They were quite properly — —

Mr DALLA-RIVA — You are the Minister for Gaming.

Mr ROBINSON — Correct. The situation on these matters, as was the case in 1995, where tax matters are involved is that the Department of Treasury and Finance undertakes the negotiations. It is no different from 1995.

Mr DALLA-RIVA — Was this about the Treasury directing where things were going to be done? Was this about the Treasury dictating the forward estimates, saying, 'We want more money and we are going to exclude you'? Were you aware?

Mr ROBINSON — You would have to ask that question of the Treasurer, wouldn't you?

Mr DALLA-RIVA — There is a secret cover-up. There is a secret cover-up by this government yet again. You are responsible. There is an increase, and you are covering up yet again. Yet again!

The CHAIR — Thank you. We have had the answer.

Mr SCOTT — Minister, I refer you to pages 161 and 162 of budget paper 3, and I ask you to outline the various programs and expenditure linked to those programs that form part of the Taking Action on Problem Gambling strategy which you referred to in your handout to us today.

Mr ROBINSON — As I said in the presentation, that policy was launched in October 2006. It outlines the government's response to combat problem gambling and sets out major initiatives over the five years through to 2010–11. Total funding over the five years is $132 million, and it is the largest program of its kind anywhere in the country. As I think I have alluded to, by comparison with other jurisdictions I would be surprised if there were anywhere else in the world doing more in those five years than we will be doing.

The anticipated expenditure for 2008–09 is around $28 million, which represents an increase from previous years. Expenditure is anticipated to increase again through 2009–10 to in excess of $30 million, and this is reflective of a ramp-up in expenditure associated with a number of action areas. In particular, implementation of the new problem gambling community awareness and education strategy has commenced. It was completed in

November 2008. The TAPG program commits $37.5 million for a statewide mass media and community awareness strategy. That is under action area 3.

During the first wave of campaign activity for October and November, as I said before, there was about a 45 per cent increase in calls to the Gamblers Help line. We think we have funded this program adequately for what we need to do, but we will continue to look at emerging trends. We are conscious that the move to venue ownership may present new challenges for us. We certainly anticipate that there will be some additional work for the VCGR, and we will have to work through what that will require, but we think the TAPG gives us a great platform not only to get best practice in terms of problem gambling programs and counselling support but also is a great platform to allow venues to take ownership of the industry and to do so with a very strong commitment to responsible gambling.

The CHAIR — I think Ms Pennicuik has a question, but it may well have to be mostly taken on notice, given that we are out of time.

Ms PENNICUIK — Minister, regarding the 10 per cent deposits you expect to obtain in 2010, where will those funds be held and what purpose will they be used for, if any?

Mr ROBINSON — Ms Pennicuik's question I think relates to the transition measures from gaming operators to venue ownership?

Ms PENNICUIK — That is right.

Mr ROBINSON —. Can I say I think, as you would probably be aware, a very large number of these matters are still under negotiation and discussion. We envisage that the funds that would be received as part of deposit payments or scheduled gaming entitlements scheduled next year I think will be appropriated into general revenue. I do not think we have gone beyond specifying that. It is not to say we would not, but I am not aware of us having made any policy determination beyond saying that it will be available for general revenue.

As I say, matters like that are the subject of some pretty wide-ranging negotiation. The draft bill was introduced in December and that has been subject to debate in the lower house, but a great deal of negotiation, that is not finalised yet. We look forward to that being finalised in the not-too-distant future.

The CHAIR — If there are any other aspects that need to be taken on notice, you could take them on notice, Minister. I thank Mr Kennedy for his attendance.

7.6 Consumer Affairs Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 21 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr T. Robinson; Minister for Consumer Affairs;

Ms P. Armytage, Secretary,

Dr C. Noone, Executive Director, Consumer Affairs Victoria; and

Mr T. Lee, Executive Director, Community Operations and Strategy, Department of Justice.

The CHAIR — I welcome Dr Noone and Mr Lee of the Department of Justice. I now call on Tony Robinson, the Minister for Consumer Affairs, to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the consumer affairs portfolio.

Overheads shown.

Mr ROBINSON — We have a number of slides here. With respect to Consumer Affairs Victoria, the role of the agency is to protect and promote the interests of consumers, and the agency plays a significant role as a leader in the national reform of consumer protection frameworks.

CAV's main goal in achieving its vision of an informed and responsible body of consumers and traders is to empower consumers via a competitive, fair and safe trading environment and to protect vulnerable and disadvantaged communities. It engages with consumers and businesses to help make markets work better.

Victorian consumers have the highest level of protection in Australia because of our leadership in consumer policy. That has been over a number of years. We work in modernising our consumer protection framework with a view in the next 12 months in particular of maintaining that level of protection, but actually reducing the number of acts that we are responsible for.

Over the last year we delivered services to more than 500 000 Victorians. As I said, we are committed to reducing the regulatory burden to improve Victoria's competitiveness and ensure modern consumer protection laws. One of the real achievements in the last 12 months was getting the commonwealth to acknowledge the strength and the utility of our unfair contract terms embedded in our Fair Trading Act and agreement that would be part of the national consumer law. That has been a very major achievement.

Moving to the next slide on funding, in 2009–10 the consumer affairs output cost target is 3.8 per cent of the department's total output cost target — that is, $144.2 million. Of that, almost $102 million comes from our trust funds. The rest, some $34 million, is sourced from appropriations. I think consumer affairs probably ranks as the most self-sufficient of all the agencies going around.

On the next slide: liquor reform is the biggest project under way within the agency at the moment. In May last year the Premier announced the release of the $37.2 million Alcohol Action Plan, which is about restoring the balance. It outlines a suite of measures to address alcohol misuse. DHS is the lead department for the Alcohol Action Plan, but the implementation of various acts is the responsibility of a number of departments, including Department of Justice.

Responsible Alcohol Victoria was established in 2008 to provide leadership across the government on alcohol policy reform and to administer the Liquor Control Reform Act. RAV incorporates the liquor licensing branch, which was formerly part of the CAV.

A key initiative within the Alcohol Action Plan is the new liquor licensing compliance directorate that will become operational midyear, with at least 30 new compliance inspectors. Its work will free up police work. For a long time they have had the responsibility of enforcing the law. We think, as a government, that the police are better placed concentrating on serious breaches of the liquor licensing laws and other public safety issues in and around licensed venues.

The directorate will have a coordinated approach to various licensees and a differential response to levels of risk. What we are going to oversee in the next 6 to 12 months is apportioning risk more directly across the licensees. This is not something that has been a feature of Victoria's licensing system; but we think it is now required. Over time, as evidence and outcomes data is collected, segmentation will become more sophisticated and will be based on the licensed premises proven risk characteristics and specific performance. Compliance activities will concentrate on high-risk premises and those of potential high risk.

Some of the activities the compliance directorate will be targeting in the coming financial year include inspections — they will be conducting up to 25 000 inspections per year to ensure that licensees are complying with their obligations; risk management — they will be working with licensees to address risks specific to a licensed premises; and enforcement activities — they will be supporting police.

I should just say that I had a meeting with licensees this morning. I think there is a shift going on amongst licensees, who I think now do more readily as a group accept the obligations and the responsibilities they have, and it was very pleasing this morning to see them embrace the Championship Moves program of the government. They were also very good at a recent forum held by the City of Melbourne. I think they are getting the message and wanting to be part of the solution.

Slide 5 outlines some other work on Victoria's leadership in consumer policy reform. Victoria has been the lead state in the past 18 months to two years. There are a number of features mentioned here. The Australian consumer law — last year a major submission by the Victorian Productivity Commission's review of consumer protection laws were acknowledged by the productivity commission, and Victoria got more out of that process than any other state. We are continuing to influence the detailed design of the new national law and operation of protocols with other jurisdictions. As I said earlier, the unfair contract terms that are a Victorian creation are going to be incorporated into the new national law.

Separately, we have a modernisation project within the department. We are aiming to reduce business regulation and repeal redundant Victorian legislation. Our aim — it is a little ambitious — is to repeal ultimately about 20 acts related to consumer affairs. That can be done in a number of ways. We had a discussion paper released late last year that relates to five pieces of legislation that we believe could be largely repealed, and we will continue our work on that.

Credit transfer is an important area that is emerging. Consumer affairs ministers last year agreed nationally that we would agree to the commonwealth taking over credit. In my view it should have been done a long time ago, but we have made terrific progress there. There are some issues that we are continuing to discuss with the commonwealth on credit, and I will be happy to allude to those in more detail later.

Product safety reforms continue. We reached agreement with the commonwealth last year over a new product safety regime where the states will maintain, but in a more unified way, their interim safety ban powers, but the commonwealth will assume the permanent safety ban power. That is something we have been pleased to see the commonwealth do some work on recently by allocating resources to the ACCC and, importantly, personnel. It is not as easy as job as people might think, but we are confident the commonwealth understands how that works.

Finally, we focus on service delivery. I do not want to speak too much about that, but clearly in the coming year we have got more to be done on the work we have done so far in relation to student accommodation; we made some progress last year on that. Residential caravan parks and rooming houses — I know that is a contentious point in the state at the moment.

We have new financial counselling programs that I alluded to, with a $2.8 million additional allocation for the next 12 months, and we will revisit that at the end of the year. We are hopeful the commonwealth might also join the party on financial counselling. There was some additional funding provided as well via the bushfire response in a number of key areas. We are also going to continue our work in relation to itinerant traders, and the director might like to add a bit more to that at the appropriate time during questions, because we did pilot some programs in the country and city areas last year that I think showed some good results. Chair, I think that is probably enough from me.

The CHAIR — Thank you, Minister. I am still trying to work out what the photo on the front of the presentation means in terms of consumer affairs.

Mr NOONAN — Minister, you touched on in your presentation the important area of credit transfer and the potential commonwealth takeover in this area. I am keen to understand what work consumer affairs will do in the area of consumer credit over the forward estimates period in this particular area.

Mr ROBINSON — Consumer affairs will work very closely with the commonwealth over the coming 12 months with respect to the transfer of credit from a series of state-based regimes to a unified national scheme. This has been talked about for years. When banking services and some other financial services went off to the commonwealth in the early 1990s, for some reason, and I cannot explain it, credit was left behind.

What that has meant is that we have a very disjointed system of credit regulation across the country — different regimes, gaps in consumer protection and really something that I think panders to worst practice rather

than best practice and does allow the less conscientious credit providers to simply move around to exploit those gaps.

We are very pleased to work with the commonwealth on credit. The commonwealth came out recently with draft legislation about how it will regulate credit provision. We support those moves. There is a lot more detail to be worked out. One area in particular that we have been concerned about is payday lenders, small suburban-type credit providers, and I do need to reference the member for Preston, Mr Scott, here.

A number of jurisdictions have sought to tackle payday lenders in different ways. Whilst most jurisdictions maintain caps on lending rates, some of these caps are inclusive of all charges, and some are not. This is an area where evidence is very sparse as to what actually works. We have had a view that we will work with the commonwealth on a comprehensive system. We are not beholden to whether caps should or should not be inclusive, because our position is that we have failed to see any evidence that says one means is better than another.

What I asked the member for Preston to do early last year was to investigate whether we could not get a higher standard of performance from payday lenders. To his credit he knuckled down to that work with CAV and the payday lending sector and managed to get them to reach an agreement that they should adopt a code of practice. The member might correct me, but I think that is the first time anywhere in Australia that payday lenders have actually agreed that that is a way forward.

There is a bit of arm-twisting to go on. We have since had the commonwealth announce how it is going to regulate credit providers, so we have had discussions with the commonwealth about how we might get codes of conduct to effectively be part of a licensing system. There are a few ways that could be done; it may be via a code or it might be codified licensing conditions. Either way, the work of the member for Preston is informing this discussion and I think will contribute to a better outcome.

We have circulated his report to other jurisdictions, and certainly the commonwealth is aware of it. There are simple things like how we get a better result with payday lenders and utility providers, and the report has really been a torch shone in that area. In respect of one of the credit providers, a surprisingly high number of loans were provided to people who were using them to pay utility bills, even though utility providers in Victoria are obliged to provide interest-free terms.

We are not quite sure why this behaviour has emerged. It may be that people are simply too proud to acknowledge that they have got a problem, and they would rather go to a payday lender; we are not sure. But the report has shown a light on how we can get some behavioural change in that area. I think in credit we are going to see some very substantial changes going forward in the culture of business in that sector, and I want to acknowledge the work of the member for Preston in that area.

Mr DALLA-RIVA — I refer the minister to budget paper 3, page 287 and then page 159. Page 287 mentioned the Victorian alcohol action plan, which I understand was an initiative reported in the previous budget update, but in the forward estimates there is for the 'accelerated implementation of the compliance directorate' $3.5 million and then $0.4 million. In terms of page 159, you see 'inspections, compliance monitoring and enforcement activities' and a footnote which I have referred to, and a substantial increase from 7750 inspections up to 33 250.

What I am seeking in terms of the forward estimates is the number or percentage of that total that relates to liquor licensing: will all of that increased target be met by the government's new civilian compliance directorate with, as I understand, 30 inspectors and six lawyers or does the target include activity by Victoria Police? How much additional revenue does the government expect to receive as a consequence of the proposed increase in enforcement activities relating to liquor licensing? It relates essentially to the revenue base and, as I outlined, the other bits.

Mr ROBINSON — I think I can best answer that, Mr Dalla-Riva, by indicating that overwhelmingly the majority of that increased number of activities is accounted for by the anticipated activity of the compliance unit. It does not include police activities, because I am not responsible for those directly, but we would imagine that the police would continue to be involved.

In fact we have indicated in the legislation that supports the establishment of the compliance unit, and the police, that they will be able to discharge a lot of the jobs that police currently do but not all of them, so the banning notices and other things would still be the province of police.

Going beyond what we anticipate as to how much of the activity we could finetune, we envisage, going forward to 2010-11, that that depends in part on the reaction, the response and the support we get from licensees, because principally the compliance unit will be dealing with licensees. We are going to create a compliance unit which puts a premium on best practice. We would hope that licensees would work constructively and cooperatively with the compliance unit.

In recent weeks I have been pleased with the attitude of licensees. Members might recall we attended a recent forum at the City of Melbourne, organised by the Lord Mayor for licensees. I went into that forum with some trepidation. I thought it would be an exercise in people pointing the finger and blame, but in fact it was a very constructive forum. I think the attitude of licensees as a whole has moved on in the last year.

There were some very constructive observations made there. For example, licensees are looking to have higher standards of training for security staff that they hire. They have alluded to problems that have got out of hand because, in their view, the security staff or security attendant did not have the requisite skills to deal with a particular circumstance. I think that is a very constructive observation.

They also talked positively about their desire to have not only good relations with the compliance unit but also to establish more consistent and ongoing relations with police. That was a positive initiative. It is difficult to estimate beyond the immediate establishment of the compliance unit precisely what volume of work they will be doing. To some degree that will be a reflection of the moves and the progress of licensees in accepting fully the responsibility that they have — that is, to operate their businesses and their practices under the law in a very responsible manner.

The CHAIR — Did you have any more information on the make up of the 33 250 — I think that was the other part of the question?

Mr ROBINSON — What we are alluding to there is that we are estimating some 25 000 inspections by the compliance directorate and 8250 audits, inspections, investigations and civil, criminal and administrative proceedings and processes. They will not be, however, sent out as a compliance unit to fill a quota. I am not suggesting, 'Here is the number; go out and fill it'.

The CHAIR — This is an indicative judgement?

Mr ROBINSON — Yes. Liquor is one of those areas. As I said, liquor and gaming are probably the two most heavily regulated businesses anywhere in the country and amongst the most heavily regulated in the world. You could sit there and find fault on everything, if you wished, but the compliance officers' job will be largely to get a culture of best practice up. The estimates going forward, though, I think are quite reasonable.

Ms MUNT — Minister, I refer to page 141 of budget paper 3 — Department of Justice. Under the heading 'Departmental mission statement' it states:

> The department provides a policy and organisational management focus for the vision of a safe, just, innovative and thriving Victoria, where rights are respected and diversity is embraced.

How does that relate to the national harmonisation program?

Mr ROBINSON — As I think members would be aware, in May last year the final report of the Productivity Commission's review into Australia's consumer policy framework was delivered. The report provided much-needed analysis of Australia's existing consumer policy framework and considered recommendations for reform. That was considered by the Ministerial Council on Consumer Affairs. In August the ministerial council agreed to a series of proposals for far-reaching consumer policy reform.

I should acknowledge that the last time we met the director was Dr David Cousins. The Productivity Commission does not give praise lightly, but at the meeting in May last year — which I think followed my PAEC appearance last year — the commission gave him rare praise. Of all the submissions that they received

on the consumer law framework report, the one person they praised extensively was Dr Cousins and the Victorian presentation. I said to him that was a pretty fair tribute for his time in that role.

The Council of Australian Governments has also been involved. In October 2008 COAG agreed to a new national consumer policy framework to enhance consumer protection, to reduce regulatory complexity for businesses and encourage the development of a seamless national economy. You have actually got the ministerial council working very constructively — a great relationship with the federal minister, Chris Bowen.

You have also got COAG giving directives. I think COAG is identifying that this is probably the forum beyond all others in which real progress is being made. I wanted that acknowledged — that is, that no more progress has been made in any other forum than this one in the last 12 months.

A very cooperative approach is adopted here. The PC has estimated that a series of recommendations it proposed could result in benefits to Australian consumers between $1.5 billion and $4.5 billion a year.

Consumer Affairs Victoria is currently involved in eight major reform areas; I would suggest that there is no other agency involved in as many as that. We are regularly proposing to the commonwealth, and we proposed as recently as a couple of weeks ago in Hobart, that we would be prepared to work with them on an occupational licensing matter and some conduct provisions. No-one else is doing as much as we are.

I should say that our role has been very well recognised by the commonwealth. Indeed federal Minister Bowen launched his discussion paper and the indicative legislation for a national consumer law here in Melbourne. We have a very good relationship with the commonwealth. This was not always the case, I might say, in consumer affairs, but we think this is a great opportunity to advance in a very profound way consumer law in this country to get a more consistent consumer framework and still allow us to advance our claims on things like lemon laws, which I know you are very interested in.

Ms MUNT — I am.

Mr ROBINSON — We discussed this recently in Hobart, and the minister has given quite specific undertakings that, as a consequence of our representations last year — that we wanted our lemon law work continued on within that national law context — he would use his advisory council, which goes by the acronym CCAAC to undertake some work on the Trade Practices Act 'Implied warranties' heading.

As you would appreciate from the work you did, lemon laws and other things are all about implied warranties — what is a fair deal for someone — so he has given commitments that he will come back to us with a report on that, and we are very confident that ultimately we will get the lemon laws protection that you have been so passionately championing — we will get them not just in Victoria but across the country.

Ms MUNT — That would be the best implementation, so that there is no lemon laundering between states, and could I also put on the record my thanks to Consumer Affairs Victoria for their wonderful support while I was doing that community consultation.

Dr SYKES — Minister, I would like to get some information on liquor licensing fees. The government increased liquor licensing fees by between 20 per cent and 81 per cent on 1 January 2009. I am interested to know, for a start, how much additional revenue will be raised as a result of that increase?

You also indicated that that would be a two-staged approach, so I am interested to know when the next stage fee increase will occur and how much money will be involved? Then, armed with that background, you have indicated that the intention of the fee increase is to reduce alcohol-related harm, particularly violence in and around licensed premises, and I wonder how increasing a fee on a fully licensed RSL club, by about 49 per cent, will help achieve that goal?

Related to that is: do you have many issues with alcohol-related violence around RSL clubs and if not, are they therefore paying an unfair fee increase?

Mr ROBINSON — It is a fair question, Dr Sykes, and I am happy to answer it. What we did last year was to recognise that the liquor licensing fee structure needed to be updated, because for some time the cost of the system has exceeded what is paid in fees. So as of last year the administration of liquor licensing in Victoria was costing something like $15 million, of which only $9 million was being recovered.

Before we even get to the position of how we will tackle antisocial activity there is a fundamental point here that licensees should pay their way. Whilst we maintain a system where the cost of the licensing regime exceeds what is paid by almost 50 per cent, it is very difficult to say how you will tackle these things.

Therefore, we said it has to be about cost recovery. That is not an alien principle — I think most people would accept that if a system costs $15 million to run, then licensees should be paying $15 million. So that resulted in the increases that you saw, that were posted out late last year, and they were payable by the end of January. Of that $15 million, I do not know that the whole amount has been recovered but pretty much we would anticipate that $15 million would be recovered through the course of this year.

What we have said beyond that, to tackle the second part of the question — and I do acknowledge that with RSL clubs, you would not say that they were the epicentres of antisocial activity — what we said was that we needed to build into the licensing system segmentation that better identifies risk, and again historically the liquor licensing system has not done that. That system goes back to a framework of the 19th century where liquor consumption was a very hot topic, and in Victoria and elsewhere a whole series of licence types have evolved; but they have not, at any real point in time, identified risk. The point you are making is one we are very conscious of — that across venues that are licensed, there are clear distinctions in risk.

Intuitively you would say that the small restaurant that shuts at 11 o'clock in a quiet country town is not nearly as risky as a large nightclub in King Street. So what we are attempting to do this year as a second, follow-on phase is to devise new licence categories that better reflect the risk, and then try to build an evidentiary base — and this is stage 2 — and to get to a system where those who contribute more harm or risk are more likely to pay more for their licences.

That is not an easy thing to do. You have to build up an evidentiary base because ultimately licensees have a right to challenge certain things, so we have to be confident that when we send — not the small RSLs you are alluding to — prospectively to a large nightclub in an inner city area a licence fee that might be beyond what it currently is, that club understands that this is because of the risk profile.

I do not want to give a specific number as to what amount of fees we would recover under the second stage, but it will be more than $15 million, because there will be more work involved and the recurrent costs will rise, but we will make that available later this year.

That will be subject to a regulatory impact statement, as indeed last year we did an RIS; but the move towards a more transparent indication of risk within the licensing system and within the premiums paid is what most Victorians would say was an appropriate step.

Dr SYKES — Just clarifying that, I understand you are not ready to divulge how much is involved in the second step; but in the first step you are saying you have about $15 million to come in?

Mr ROBINSON — Yes. This year we aim to recover $15 million. The licensing system works on a calendar year, not on a financial year, but there is the difference there, but we hope to recoup $15 million which is equivalent to the costs of administering the system as it existed late last year and early this year. As the cost goes up because of the greater workload that goes into differentiating risk, the revenue will increase in line so that we can maintain cost recovery.

The CHAIR — Thankyou, Minister. I am sure you will not need to ask the minister assisting the Premier in veterans affairs about the RSL clubs.

Mr SCOTT — Thank you, Chair. Firstly, Minister, with the Chair's indulgence, thank you for your kind words earlier.

I refer the minister to budget paper 3, pages 159 and 160 and I ask the minister to explain to the committee future plans to improve housing conditions and protection for disadvantaged Victorians.

Mr ROBINSON — For some time Consumer Affairs Victoria has been undertaking a review of residential tenancy matters, and I know you are aware of this, Mr Scott, because I visited your electorate where a rather prominent residential park operates.

The CHAIR — A caravan park?

Mr ROBINSON — It is a combined caravan/residential park, which in itself is a reflection of the changing dynamic in housing provision in Victoria; and for the benefit of the committee, perhaps I could explain that what we have seen over time are new housing forms emerging which do not automatically gain recognition in the legislation.

Residential parks are really an evolution of caravan parks. You have transportable units — mobile homes or prefabricated cabins, I guess — which the resident owns, but they are actually located on land that they lease, effectively. This is a departure from caravan parks, and from time to time it throws up, as it has thrown up at Summerhill, issues about how the law protects residents and what is an appropriate level of protection. We have done a series of pieces of work and continue to be involved in this space.

I suppose our work falls into three categories. The first is in relation to overseas students who face particular pressures. We are almost at the point — when the Parliament passes the bill, hopefully — of being able to provide some greater assistance with the tightening of the current exemption under the RTA, which for years has effectively allowed people to self-exempt and say, 'I am providing an educational accommodation facility. Therefore, I exempt myself from the act'. That will be harder to achieve. That is the first piece of work. We have some more work to do for overseas students, and that will progress through the course of the year.

In respect of rooming houses and boarding houses, as you would be aware that is also an issue. We are conscious of the complaints which emerge which often cover building matters, health matters, and amenity issues. Different agencies have different powers. We are doing a number of things here.

One is that we have amended the health regulations to give councils greater ability to intervene under their Health Act powers, and that is by virtue of lowering the threshold as to what constitutes a boarding house under the Health Act. It used to be about five or six rooms; we have lowered that to four. That is giving councils some additional power.

We have also worked on a pilot compliance program involving councils, health department people and CAV inspectors. They have gone around in a coordinated way to look at the totality of provisioning in those houses and to report on them. That has been quite a successful program. There have been some mixed results. I think in one municipality all of the boarding houses they visited satisfied the legal requirements.

We think there is more work to do there. I should say that one of the things we are planning to do this year through the property fund, which I oversight, is to work with the Office of Housing — in fact over the next two years — to make available up to $10 million for boarding and rooming house support. Previously Consumer Affairs Victoria had worked in an opportunistic way with the Office of Housing, so where an opportunity comes up to secure a boarding house — and we are dealing with one in Altona at the moment — the assistance of the property fund is sought. I actually wanted to formalise that, and use the property fund for strategic purposes so we can get out not just opportunistically but systematically to try to make additional boarding house and rooming house provision. I think most of that is going to be run either by the Office of Housing or by community providers.

That is probably a snapshot of where we are at with boarding houses. The third piece of work is residential parks, and we will be releasing an options paper shortly that looks at some options for improving the recognition in the first instance and the protections available to residents.

The CHAIR — Thank you, Minister. The members want to ask three more questions before we finish, so you may need to be quick.

Ms PENNICUIK — Page 160 of budget paper 3 and your slides mention the $144 million total output costs, of which $102 million is from trusts or from revenue. The outputs are quite high — 598 000 for information and advice to consumers and traders. It seems that most of this is involved in liquor licensing and the registration of business names, et cetera.

There are reasonably high targets, and I assume they are mainly in those areas. My question is: what proportion of the appropriation fund, I suppose, is given to key consumer protection activities such as improving the motor car traders industry, which is one of the most highly complained about by consumers, or monitoring door-to-door energy sales, which is also the subject of a high volume of complaints, and other general consumer complaints?

The CHAIR — If you do not know the exact answer, you can take it on notice.

Mr ROBINSON — I guess more specifically I could let Dr Noone answer or just put that one on notice. I am not sure I agree entirely with your assessment, and I do not mean any disrespect in that. Certainly liquor licensing is a big component of CAV's work, as is business name registration, but they are not the mainstays.

I think the mainstay is tenancy issues. As I have been around to the regional offices almost consistently they say that about 45 per cent of the inquiries relate to tenancy matters, overwhelmingly from tenants although occasionally they get landlords ringing in. The call centre deals with half a million calls a year — an extraordinary number — and they are about everything. I spent some time down there earlier this year, and it is quite extraordinary to see what comes in. It covers a very wide range of activities. I would be happy to give you a breakdown if you like.

The CHAIR — That would be good. Take that one on notice because we still want to do a couple more questions.

Ms HUPPERT — I refer you to page 159, budget paper 3, outputs, in relation to inspections, compliance monitoring and enforcement activities. Could you please outline for the committee what Consumer Affairs Victoria is doing in the forward estimates period to protect consumers from scams, and especially from online dealings which I understand have been increasing?

The CHAIR — The emails Commonwealth Bank scam seems to be well and truly alive and well at the moment, with probably about five a day.

Mr ROBINSON — Yes.

Ms HUPPERT — I have to admit that since I entered the Parliament I have had a number of interesting requests for assistance from places in Africa.

Mr ROBINSON — I would like to be able to tell the committee that there was a simple way of dealing with this, but I am afraid there is not. As the internet and internet-based devices become more and more a part of our lives, we are all going to be subjected to more and more approaches. Indeed, the ingenuity of people who involve themselves in internet-based scams knows no bounds.

Indeed I was recently with the member for Mordialloc, and we were discussing a scam that is deviously brilliant, where someone gets an email from someone purporting to be a personal friend, saying, 'I am stuck in country X. My passport has been lost. Please send me some money'. This is a new scam.

Ms MUNT — From their own email address?

Mr ROBINSON — We are not quite sure how it is done. It involves some untoward computer technology and a little cookie somewhere, but it is an entirely new scam. We will have to refine how it is we get warnings out very quickly about these things. Increasingly, Consumer Affairs Victoria is required to put out warnings on these sorts of things. We work quite well with other partners on some of these matters, and we discuss these things quite regularly at ministerial forums. I do not have a simple answer for you, I might say.

In 2008 we recorded in excess of 3500 calls and complaints about scams. I can give you an assurance that what we will continue to do is to put out warnings to people. It is a simple message: if it sounds too good to believe, it almost always is. Internet scams today are a modern manifestation of the old door-to-door tactic with older people who are inclined not to think that this could be anything other than a genuine approach. It is a challenging issue. CAV in the next 12 months will devote more resources to it. But I think it is partly about getting a really rapid response so that when the member for Mordialloc or the member for Benalla rings in and says, 'I have heard of this scam', we can actually get warnings out to people more quickly.

The CHAIR — Thank you, Minister. A final question, Mr Rich-Phillips?

Mr RICH-PHILLIPS — Minister, on the same output measure — inspection and compliance monitoring enforcement activities, in relation to retirement villages there seems to have been an increase in complaints about them. With respect to the current 2008–09 year, can you tell the committee how many legal proceedings

have been initiated by CAV this year in relation to the Retirement Villages Act? And with respect to the new target of 33 000 compliance activities next year, how many relate to the Retirement Villages Act?

Mr ROBINSON — I cannot give you that specific detail. Retirement village complaints would be a relatively minor proportion of the total complaint load that CAV receives, but that is not to diminish in any way the significance of them. CAV has some well-developed protocols as to how to deal with those but as happens sometimes with incorporated associations, these end up being about personality disputes which CAV is unable to reconcile. I am familiar with some of these. I think the member for Carrum had some particularly difficult retirement village issues, and I am certainly aware of the effort that Consumer Affairs Victoria makes.

We will get you some more information on that. But, as I say, sometimes they do become intractable by virtue of — and I am sure you have probably come across these — the long, existing predispositions towards each other which even Solomon with all his wisdom could not solve. So we will get you some information about that.

The CHAIR — That concludes consideration of budget estimates for the portfolios of gaming and consumer affairs. I just want to make sure that the department provides the committee with information on federal grants and funding, both output and assets, for the portfolio departments and agencies. I thank the minister and departmental officers for their attendance today. Where questions have been taken on notice, the committee will follow up with you in writing at a later date. The committee requests that written responses to matters be provided within 30 days.

CHAPTER 8: DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

8.1 Veteran's Affairs Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 11 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Brumby, Minister for Veterans' Affairs,

Mr T. Robinson, Minister Assisting the Premier on Veterans' Affairs,

Ms H. Silver, Secretary,

Mr P. Reed, Deputy Secretary, Government and Corporate Group, and

Mr A. Fennessy, Executive Director, Policy and Cabinet Group, Department of Premier and Cabinet; and

Mr Y. Blacher, Secretary of the Department of Planning and Community Development.

Overheads shown.

Mr BRUMBY — Just a couple of things if I can on the veterans portfolio. Firstly, on the Victorian Veterans Council's veterans sector study, the veterans council reported back in 2008 on a range of issues. There are a lot of challenges there. This just shows, I guess, what we all know and we see on Anzac Day. We are seeing significant increases in the number of people attending dawn services right across the population. Our veterans population overall is of course ageing, and that graphic shows it very well indeed. Having said that, RSL membership is in fact growing, mainly because of affiliate members, but many branches face issues impacting on their viability. There are challenges there, including obviously with the health and welfare of veterans and protecting their heritage. On the other hand, there are great opportunities in the education area and great opportunities I think as we move up to the centenary of Anzac in 2015. That study was, I think, instructive in identifying some of those issues — as I said, demographic changes, organisational sustainability, commemoration, and education and preserving heritage.

Just in terms of achievements over the last year, many members of Parliament were at the dedication of the Cobbers statue in July 2008, which I opened jointly with the mayor of Fromelles. That is a beautiful statue, and it emulates the one of course at Fromelles. It shows that no mate gets left behind.

On the Anzac Day just past I attended the dawn service at the Mount Macedon memorial cross. I did that because that is another dawn service which is growing in attendance and popularity. They had over 4000 or nearly 5000 people there. We have made improvements there to the car parking, to the access and so on. It is a very moving service up there. I was told that as the sun comes up the views of the city over Melbourne and Port Phillip Bay would be just quite dramatic, but when the sun came up all I saw was more swirling mist, as you do on the top of Mount Macedon at that time of the year.

The Spirit of Anzac study tour has just been conducted. This is the fifth. This is very successful. The students this year went to Gallipoli and South Korea. The Korean war is in many ways the forgotten war but important to commemorate.

We have continued to support the Victorian Veterans Council roll out half a million dollars in grants to projects as diverse as winter heating for war widows; increasing understanding about Alzheimer's and how that may affect veterans and their loved ones; money to the shrine to improve the gallery of medals; secondary and tertiary scholarships to veterans' dependants; Restoring Community War Memorials grants — we have granted 37 of those around the state, and they have been fantastic, and I have seen many of the memorials; and the restoration of honour rolls. Members would know this — in many of the smaller country towns you go into on some of the old honour rolls you see from the First World War you will see the names often of two or three members of the same family who lost their lives in that First World War. Preserving that history I think is so important.

We have also started work on recording veterans' oral histories, and ACMI is working closely with us on that. In terms of veteran welfare, we have continued work on the centre for trauma-related mental health, which is a $14.5 million investment alongside the health and wellbeing centre at Heidelberg repat, which will provide a new hydrotherapy pool and a redeveloped COTA gymnasium, and that will be completed next year.

Just finally very quickly, the key priorities for next year. The shrine — we dedicated extra money over the forward estimates period to the shrine for their education program. For those members who have been down there or taken school groups through, the number of school groups going through that is almost growing exponentially, so they have needed more support down there. We have provided, Minister, a lot of support there, haven't we, since 2005?

Mr ROBINSON — Yes.

Mr BRUMBY — The budget also provides funding of $1.6 million over four years to directly address some of the issues raised in the Victorian veterans sector study. That is a priority. We are also conducting the Premier's Spirit of Anzac Prize 2009–10 schools competition and study tour and the Restoring Community War Memorials Grants program. The tour in 2010 will be to the Western Front. I think hopefully the students will be able to participate in the ceremony at Fromelles.

You will have seen that many of the bodies are now being exhumed at Fromelles. Many Australians are being asked to contribute DNA to assist with the identification of the bodies. It may well be, I think, that a large

proportion of the bodies identified at Fromelles will be Victorian, so I think the links with the Western Front and our state of Victoria will be even stronger.

Later in the year, around Remembrance Day, we will also be launching our guidebook to Victorian veterans' heritage, which will cover the history, stories, memorials and other institutions that form part of Victoria's rich history since colonial times. Finally, we will be working very closely with the commonwealth and other states as we work up to the centenary of Anzac celebrations in 2015. I know that sounds a long way away, but it will come around pretty quickly, and if you think of some of the programs that we might want to put in place, anything that involves things that are to be built or perhaps trees that are to be grown, they do need a bit of lead time. So we are starting to run into that space now, and we will work with the federal government and other states to make sure that that is a truly significant commemoration in 2015.

The CHAIR — Thank you, Minister. We have 15 minutes for questions, so we need to keep them pretty focused.

Dr SYKES — Questions of clarification, I think, as much as anything: first of all, in relation to advertising, is it correct that it is government policy for 5 per cent of the advertising budget to be spent in ethnic media?

Mr BRUMBY — Yes.

Dr SYKES — Is that so?

Mr BRUMBY — Yes. I will come to your question.

Dr SYKES — Secondly, if that is the case, has that policy been implemented or has it fallen short? My second clarification relates to page 437 of budget paper 3, where there is a bar chart showing the proportions of Victorians who think multiculturalism makes life better. That is chart B.55. The explanation there I find difficult to match up with the visual impact, in that there would appear to be a drop-off in people appreciating multiculturalism. In 2001 about 90 per cent of urban people thought multiculturalism was favourable, and 80 per cent of country Victorians. By the time you get to 2008 the figure for city people has dropped to 80 per cent, and for country people it has dropped to about 65 per cent. I am not sure that the explanation above reflects my interpretation of the data, so I would appreciate clarification on that.

Mr BRUMBY — Firstly, on the ethnic media expenditure, I think it was back in 2002 we released a policy on this, and that was then updated in 2004. That policy stipulated that government departments and agencies would commit a minimum of 5 per cent of their campaign advertising budgets to the CALD communities. I am advised that the core Victorian government departments have reported a spend of $1.123 million on CALD campaign advertising during the 2007–08 period, which is of course the last year for which we have full data. This represents 5.6 per cent of the total expenditure by departments on CALD campaign advertising, and that figure would indicate that departments have exceeded the policy commitment.

In relation to the proportion of Victorians on that question about page 437, I might ask Mr Lekakis to comment, but I assume that that is because of what the footnote here says:

> An extra category was added from 2005 onwards to enable respondents to answer 'not applicable' if they felt that was the more appropriate response, for example, if multiculturalism was not a feature of their area.

Mr LEKAKIS — Yes, there were three extra categories of questions asked for 'Do not know', 'Not applicable' and 'Refuse'. Therefore the answering of those questions has a larger field. One would assume in the times of global problems that we experience and post-September 11 that 75 per cent of the Victorian community believing that multiculturalism is a good thing is a very, very positive rating. But yes, there have been other questions asked as part of the survey. Therefore, overall, one would assume that people would answer in other areas.

Importantly and arguably, the more critical indicator in the survey is that the number of people who expressly rejected the notion that multiculturalism made life in their area better decreased by more than a quarter, from 8.9 per cent in 2001 to 7.1 per cent in 2008. So they are some of the variations to the survey, but we are confident that the high rate that has been expressed in support of multiculturalism in the survey is a good one.

Dr SYKES — Can I just make the comment that — —

The CHAIR — I think you can make the comment by letter, if you like.

Dr SYKES — We have the very successful North East Multicultural Association in north-eastern Victoria that is run very well by Rozi Parisotto and Nino Mautone.

Mr BRUMBY — You do; it is a very good association up there. I think the answer to your question is the extra questions in post-2005, so a bit more choice, so the positives dropped down. A key point out of the answer is that the number of negatives have declined, which is very positive.

Ms HUPPERT — Premier, I also want to focus on the area of multicultural affairs, and as the child of a refugee who found safe haven and a good life in Victoria, it is a subject dear to my heart. I refer you to page 192 of budget paper 3, which talks about the Victorian Multicultural Commission grants program. Can you provide some more information on the types of grants and projects funded by this program?

Mr BRUMBY — Yes, I can, and thank you for your very strong support of these programs. The grants were outlined, I think in part, on the slides that I put up the on the screen. I am just trying to find — to add to what I put up there. The grants program has grown from $750 000 per annum in 1999–2000 to $4.6 million in the 2008–09 financial year, so it has been very substantial. In 1999, 970 organisations received grants.

This year the program distributed more than 2600 grants to something like 1730 community organisations. Some of the great projects that the VMC has funded in this last year include the Dandenong Muslim women's swim project, in partnership with the Springvale Neighbourhood House; the Victorian YMCA; the Dandenong Oasis Leisure Centre; and the disadvantaged students at risk project, where Victoria Police and students from Debney Park Secondary College will trek along the Kokoda Trail in PNG.

There is another program called On the Banks of the Tigris, a community education project celebrating the Jewish contribution to Iraqi music; the Australian Multicultural Foundation; and North Melbourne Football Club's state-of-the-art learning and life centre, and that is as part of the club's $15 million Arden Street redevelopment.

There is the Refugee and Immigration Legal Centre 20th anniversary heritage publication documenting the establishment and history of the Refugee and Immigration Legal Centre, and of course there are so many other grants, as you mentioned.

Ms HUPPERT — Thank you, Premier. Just to follow up, page 346 of budget paper 3 refers to community harmony funding, which is of course a very important aim, and it includes some reference to training and mentoring for faith communities. I imagine some of this will fit in well with the upcoming Parliament of the World's Religions that is going to be held in Melbourne later this year. Can you provide us with more information about how this event will benefit Victoria?

Mr BRUMBY — Yes, I can. As I said before, I think the Parliament of the World's Religions, which will be held later in the year at the new convention centre, will be a fantastic event for our state. There will be 5000 visitors come to our state from all around the world, representing all the religions. I think you could not get a better event in terms of reinforcing our community harmony and our multiculturalism. As I said, it will be held at the new convention centre, which is 6-star rated and the largest in Australia.

There have already been three events in relation to the Parliament of the World's Religions final event. On 11 December 2006 in Melbourne, Reverend Dirk Ficca, the executive director of the Council of the Parliament, announced that we had won the bid. A year later, in December 2007, the minister assisting me on multicultural affairs took part in the global launch in front of 300 religious and spiritual leaders. Most recently, on 8 February, an official pre-Parliament event for the Parliament of the World's Religions was held in Melbourne.

I think this will really showcase us around the world. Previous parliaments have been held in Chicago, 1993; Cape Town, 1999; and Barcelona, 2004. As I said, based on the success of these events, it is estimated that between 5000 and 10 000 people will come here. I think it is going to be great for us. It is a good fit. We have supported it strongly, as I said, with $2 million. The federal government has as well, and there has been $500 000 from the City of Melbourne.

The CHAIR — Thank you very much for that.

Mr RICH-PHILLIPS — Premier, I would just like to ask you about output funding for the veterans affairs output group. I take you to page 172 — —

Mr BRUMBY — Of which paper?

Mr RICH-PHILLIPS — The big one, BP 3. There is a decline in target from last year to this year — $11.5 million down to $10.2 million. What proportion of this funding actually relates to veterans, as opposed to seniors predominantly?

Mr BRUMBY — As you correctly pointed out, it does include seniors and veterans. The total 2009–10 budget for the veterans portfolio is $3.3 million. That represents an aggregate $800 000 increase since last year, which was comprised largely of two new budget initiatives — namely, the $700 000 being the first year of the $3 million additional operating funding delivered to the Shrine and, secondly, $400 000 from the $1.6 million budget allocation that we are devoting to implement the recommendations of the Victorian veterans sector study. So there is significant funding there. The budget includes an adjustment that reflects a decrease of $300 000. If you add the $700 000 and $400 000, that is $1.1 million, and less the $300 000, you get a net increase of $800 000 for the veterans portfolio.

Mr RICH-PHILLIPS — Sorry. What was that reduction of $300 000?

Mr BRUMBY — It is just an accounting adjustment.

Mr RICH-PHILLIPS — What does that mean?

Mr BRUMBY — It means it is an accounting adjustment.

Mr RICH-PHILLIPS — Where does it come from?

Mr BRUMBY — It comes out of the department. The key thing is the increase is just a variation to the forward estimates from last year.

Mr RICH-PHILLIPS — So it is?

Mr BRUMBY — Did you get the figures before? It is an extra $400 000 plus an extra $700 000, which is $1.1 million, less $300 000 — —

Mr RICH-PHILLIPS — Which has come from something else.

Mr BRUMBY — No, it has not come from anything else. It is an adjustment to estimates. The net increase for veterans is $800 000.

Mr RICH-PHILLIPS — So $300 000 has come off some spending from last year?

Mr BRUMBY — No.

The CHAIR — It has come off the forward estimates from last year.

Mr WELLS — It is a reduction in the forward estimates.

Mr BRUMBY — No. The net increase in funding is $800 000, which is a good result.

Mr RICH-PHILLIPS — But you allocated $1.1 million for new projects, so the $300 000 difference must be something else you have cut.

Mr BRUMBY — Yes, but these are always variations that move around from year to year, in terms of departmental estimates. We are happy to give you some advice on that.

The CHAIR — All right, you can do that. Thank you very much.

Mr NOONAN — Premier, you alluded to the growth in numbers at dawn services and in particular the growth at the Shrine of Remembrance. I note in your key priorities for 2009–10 a couple of dot points in your

presentation for the Shrine of Remembrance. I just wonder whether you could go into further detail about the government's support for the Shrine in the forward estimates?

Mr BRUMBY — Yes, I will, in just one moment. This concerns, as I have said, the Galleries of Remembrance. I have attended many functions there and we have seen huge increases in the numbers of schoolchildren who go through there. The additional funding that has been provided, as shown on the slide there, the $3 million over four years, what it does is further redevelop some of that undercroft area and creates new gallery space underneath. So we have been looking at that with them.

I think your question was really in relation to the $3 million extra. As I have said, that is basically for education for all the school groups who go through, to make sure that the staff can be employed by the shrine to complete that educational program. I do not have the numbers of the number of students going through. I did have that on Anzac Day; I have not got that with me now, but they have gone way beyond expectations in terms of the number of students going through. I will get that information for you, Mr Noonan, because it is a great example of the importance of the Shrine and the growth that has been occurring there.

The CHAIR — Thank you, Premier. More jobs as well. Ms Pennicuik, to ask the last question?

Ms PENNICUIK — Thank you, Premier. An issue that has been raised with us is young refugees who are resettling in Australia who suffer from acute educational problems, which of course can vary across the refugee community. Some in particular have not had much schooling background due to their circumstances and they need intensive and ongoing bridging education. It has been raised with us that they are getting 6 to 12 months and then they are put into the normal schooling and are struggling. So I am wondering, Premier, is there anything in the budget to assist in that area, with refugee students who are struggling in the general school system?

Mr BRUMBY — Mr Lekakis has just indicated that we are happy to give you some detailed information. Some of those areas to which you have referred will be in the education portfolio.

Ms PENNICUIK — Yes.

Mr BRUMBY — Some of them include subsidies from the federal government. In terms of what we have done in the budget, as I referred to before, it is really through the refugee support package. There was additional funding provided, if you go back to the 2005–06 budget, and then in this budget we announced we would renew the refugee brokerage program with $1.8 million over two years from 2009–10, and the refugee action program assists refugees across 22 locations in Melbourne and Victoria. Though I think your question goes more to education, and we are happy to provide you with — when is the education minister appearing?

Mr WELLS — Soon.

Ms PENNICUIK — Can I have that before I see the education minister?

Mr BRUMBY — No; I am trying to be helpful.

Mr LEKAKIS — There is a raft of programs

Mr BRUMBY — If it is later in the week, we will not be able to, but we will try to get it to you this week.

The CHAIR — All right, we will see how we go. Thank you for that, Premier. That concludes the consideration of budget estimates for the portfolios of Premier and Cabinet, Multicultural Affairs and Veterans Affairs. I thank the Premier and departmental officers for their attendance and of course the minister assisting. Where questions were taken on notice we will follow up with you in writing at a later date. The committee requests that written responses be provided within 30 days, and I understand you will try to even exceed that target.

Mr BRUMBY — We will try to do that for Ms Pennicuik.

8.2 Aboriginal Affairs Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 18 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Wynne, Minister for Aboriginal Affairs,

Mr Y. Blacher, Secretary of the Department of Planning and Community Development;

Mr I. Hamm, Executive Director, Aboriginal Affairs Victoria; and

Mr S. Gregory, Chief Finance Officer, Corporate Organisational Development and Communications, Department of Planning and Community Development.

The CHAIR — I welcome the Minister for Aboriginal Affairs and departmental officers. I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial performance information relating to the Aboriginal affairs portfolio.

Mr WYNNE — Thanks very much, Chair. I introduce Mr Hamm, who is with us today as the incoming director of Aboriginal Affairs Victoria. Mr Hamm was appointed when?

Mr HAMM — About six weeks ago.

Overheads shown.

Mr WYNNE — I think I will start, Chair, by really acknowledging the bipartisan way in which the Parliament has sought to address the question of closing the gap in the outcome for life expectancy of indigenous Victorians. As you know, we had a very significant ceremony here in Parliament House in Queens Hall where the leaders of our major political parties signed on in a bipartisan way to commit themselves to closing what is a completely unacceptable life expectancy gap between Aboriginal and non-Aboriginal Victorians — a gap of 17 years in life expectancy.

As you know, the incarceration rate among Aboriginal people is disproportionate — 12 times that of non-Aboriginal people. The unemployment rate is 2.3 times that of non-Aboriginal people. It is in that context that I sincerely do welcome the bipartisan way in which both government and opposition do have a deep commitment to making a difference in the lives of Aboriginal people.

Can I say that from the point of the view of the government the Victorian indigenous affairs framework is in fact the umbrella policy with which we are tackling these issues. Below that, of course, we have a ministerial task force which is chaired by the Deputy Premier, Rob Hulls. Clearly I am on the task force, as are Maxine Morand as Minister for Children and Early Childhood Development; Lisa Neville, the Minister for Community Services; Bronwyn Pike, the Minister for Education; Daniel Andrews, the Minister for Health; Jacinta Allan, the Minister for Skills and Workforce Participation; and Tim Holding as minister for finance.

That is an important group because it brings together all of the ministers who have a direct impact on this target of closing the life expectancy gap and all of the concomitant social issues that surround that as well. Below that, of course, is the secretaries group, which Mr Blacher is on representing us. All of the portfolio areas that interface with Aboriginal affairs are in fact on that secretaries group to really drive the bureaucracy in terms of getting outcomes.

Aboriginal Affairs Victoria is, of course, also working with Aboriginal communities, particularly in the area of leadership, capacity building and governance, because we see that as being absolutely fundamental to driving change at a community level. You must ensure that there is good governance in place and that you have strong leadership at the local level. In that respect I can say that recently I was down at a very prestigious event at the state library, the Ricci Marks awards, which award young indigenous leaders coming through. These are young people in their 20s. It is clear to me, Chair, after having been at two of these events, that the young Aboriginal leadership coming through is absolutely first-class.

The work that has been put in by the government over a number of years is now bearing fruit, and you can see these young people are going to take up these leadership roles going forward. It is really a very exciting time for the future of young Aboriginal people.

Heritage is a key element of our work, and the Aboriginal Heritage Act absolutely underpins that. We understand, and I am sure both sides of Parliament understand, the important link between land and heritage. It is fundamental in the lives of Aboriginal people, and access to land and respect for Aboriginal heritage, particularly within the broader development of the state, is a really important initiative.

As you know, we have seven registered Aboriginal parties in Victoria who speak for 45 per cent of the land in our state.

I will make only two further brief points. We fund through the Aboriginal Land and Economic Development Program a number of local enterprises which seek to bolster and support Aboriginal employment across regional Victoria, and indeed metropolitan Melbourne. We will soon be launching a fantastic catering and

hospitality project, which I am happy to talk about further, in Gertrude Street at the old Aboriginal health service.

We continue to support the local voice of Aboriginal people through the local indigenous networks — we have 38 now that have been rolled out. That is again a very important initiative because it provides a venue and a voice for local Aboriginal people who have often tended to be shut out of the conversation, both with government and more broadly. In that context it is a good place that we are in.

Economic development: Stolen Generations Victoria is a fantastic commitment by the government of $6.2 million over the next four years, which really shows a fantastic level of support to an organisation that is doing really profound work with some of the most dispossessed people in our community, and I can talk about that further as we go forward.

The CHAIR — Thank you, Minister. I want to start off by asking in respect of this portfolio, what departments and agencies in regard to federal grants or funding, both output and asset, will receive from the budget. We would like a list of those and a description of them and the accountability mechanisms that are used both for the federal government, and also the accountability mechanisms you have for providing any grants to organisations.

Mr WYNNE — We get virtually no federal funding.

Mr HAMM — No federal funding.

Mr WYNNE — Virtually none, except in CHIP housing, as I indicated in my earlier contribution. I wish I could elaborate further, but unfortunately we do not, Chair.

The CHAIR — So in respect of the CHIP housing, are there accountability mechanisms for those?

Mr WYNNE — That is an important question. Now, because the CHIP housing has been transferred to the state, the accountability will be a two-way one. Once the co-operatives have registered as housing providers they will be required to report to me on a six-monthly basis on outcomes in terms of the delivery of the program, and I am required to simultaneously report to the federal government on those outcomes as well in terms of maintenance and rent.

The CHAIR — What is the responsible entity in the federal government? Is it the Aboriginal affairs area?

Mr WYNNE — Minister Macklin's area, FaHCSIA.

The CHAIR — So it is not the housing area, it is not Minister Plibersek?

Mr WYNNE — No, it is through Minister Macklin.

Ms PENNICUIK — It has been more than two years since the inquiry into the stolen wages in Victoria began, and we have heard and seen pretty well nothing since then. Can you inform us of the progress of that and what the department is doing; and will there be any resources and funding set aside to speed up the inquiry and to interview Aboriginal people who are getting older and whose opportunities for recompense and remuneration are obviously dwindling?

Mr WYNNE — That is a terrific question, because it goes to work that Stolen Generations Victoria has done. Public Records Office Victoria has done some fantastic work in this area. I can report that the government is responding to the Senate inquiry on stolen wages — we indicated we would.

A researcher was appointed through the public records office in mid-2007 to examine Victoria's and the commonwealth's archival material which we hold. The Aboriginal affairs department is currently reviewing the final draft report on the research project to provide a dialogue back to the public records office.

I can indicate to you, though, that the findings of the draft report indicate that on the basis of available financial records, there is no evidence of systemic withholding of earnings and wages of Aboriginal people in Victoria . Although, as you know very well from the Senate inquiry's report, there is quite a body of evidence in other states.

Ms PENNICUIK — Minister, when are you expecting that report to emerge?

Mr HAMM — We are working with PROV now to finalise the report. We should have it finished in — I will be conservative and say the next couple of months; two to three months we should have that finished.

Ms PENNICUIK — Early next financial year?

Mr WYNNE — We want to get it done as soon as possible.

Ms MUNT — I refer you to page 173 of budget paper 3, 'Indigenous Community and Cultural Development'. It is my understanding that the Aboriginal Heritage Act and the review of the Aboriginal Heritage Regulations are currently under way. Could you please detail for the committee the progress in that regard?

Mr WYNNE — The review of the Aboriginal Heritage Regulations was undertaken by the member for Mill Park, Lily D'Ambrosio, and I can report that she engaged in very extensive consultations with a range of interested parties. She talked to a number of people in the development community, and we have made some minor amendments to the regulations, but more broadly the pleasing aspect of the review was that it stood up very solidly. From the point of view of both the development community who are seeking to undertake developments and from the point of view of seeking to protect Aboriginal heritage, the act has stood up very well.

As you know, the act commenced operation in May 2007, and from May 2007 until March we have had 378 plans approved; and 23 had been approved by registered Aboriginal parties as I indicated in my earlier comments.

We continued to meet the time lines of 30 days, and I think Tony De Domenico is a very important test of these things. He is, as you know, with the Urban Development Institute of Australia — he has publicly said that the implementation of the Aboriginal Heritage Act has brought surety to the process for both Aboriginal people and indeed the development community more generally.

I think it has stood the test of the last couple of years that it has been in operation, and I am pleased to say that plans are being approved in a timely fashion, and the relationship between our representative Aboriginal parties where we have been in place and the developments in their areas are going along in a timely fashion.

Mr DALLA-RIVA — Minister, I refer to budget paper 3, page 173. I am looking at the total output cost and I note that the target for this year was $26.8 million, expected outcome was $25.3 million and the forward estimates figure is $19.8 million. Footnote (s) on page 177 indicates a number of programs lapsing at the end of this financial year and says:

> However, these programs have received additional funding as part of the 2009–10 budget from the Community Support Fund.

The issue I am asking about specifically in relation to the forward estimates concerns Reconciliation Victoria. Reconciliation Victoria as you are aware — the indications are certainly reported and from their press releases — are of the view as it says here:

> At the time of printing, Rec Vic has heard from a reliable source within the government that Rec Vic will not be funded beyond June 2009 — that is, we are being defunded!

So I am probably asking you, firstly, why is there a reduction in the total output costs in the forward estimates; is the total output costs for the indigenous community and cultural developments — although it is not within that specific performance — located somewhere else? And secondly, can you give an unqualified commitment that you will commit to Reconciliation Victoria being funded beyond the end of this financial year? If so, where will it come from?

Mr WYNNE — Firstly, I will deal with the broader budget issue and the reconciling of the 2008–09 and the 2009–10 budgets. I will start there and then come specifically to Reconciliation Victoria.

In relation to the 2008–09 budget of $26.8 million, that budget included a carryover of the land and economic development program of $2.7 million and $4.7 million in concluding initiatives; the stolen generations $1.3 million and a further $3.4 million comprising $3.05 million of the indigenous community

infrastructure improvements and $0.35 million for new representative arrangements. So that is where the gap adds up to.

The $19.8 million includes $0.8 million which is carryover of indigenous community infrastructure program and does not include the $3 million CSF-funded initiatives for stolen generations, which is $1.5 million for stolen generations, ALEDP of $0.8 million and indigenous leadership of $0.7 million.

In relation to reconciliation as indicated in my opening comments, the commitment that we have made to stolen generations is a very significant commitment of $6.2 million over four years. I am aware, as I indicated to Ms Pennicuik following her earlier question, the work of Stolen Generations Victoria is regarded certainly by the commonwealth government as groundbreaking. The commonwealth looks to what we are doing here in Victoria in terms of practical reconciliation as being one of the leaders of any state in Australia.

Particularly the work we have done through the public records office has been really very therapeutic for families who really have lost their lineage, lost their attachment to family, lost their attachment to the broader Aboriginal community. It is in that context that we would seek to continue with our support for what we really are calling practical reconciliation.

A lot of that is also about supporting people who are really going through a grieving process. The apology was fundamental because I think for the first time our most senior level of government said, 'Yes, we are sorry, and we do recognise the past acts that have really caused great harm to Aboriginal people across Australia'. But in a Victorian context it is our view that we want to move in very practical ways with our Stolen Generations Victoria group.

That is not to say that Reconciliation Victoria is going to be left behind, in that we have funded Reconciliation Victoria, as I am sure a number of members of the committee know, since 2000. I think in the order of $1.3 million has been spent with Reconciliation Victoria. It is my view that going forward there is a real opportunity for the great goodwill that is out there and that has been harnessed through Reconciliation Victoria to work much more closely with Stolen Generations Victoria, because essentially they are on about the same sets of issues.

I cannot give you an unequivocal answer today, Mr Dalla-Riva, but I can say to you that I am looking at providing some interim funding to Reconciliation Victoria for next year and the following year to bring the two organisations and the goodwill and energy that is a part of Stolen Generations and Reconciliation Victoria into what I think will make for a much more engaged outcome from a community level.

Mr DALLA-RIVA — Sorry, where would that come from?

Mr WYNNE — Those funds would be generated from within AAV itself.

The CHAIR — Time for two more quick questions on this portfolio.

Mr NOONAN — Minister, you moved through your presentation pretty swiftly.

Mr WYNNE — Yes.

Mr NOONAN — But I wanted to ask a question about the land and economic development program, which you touched on in both your 'Achievements for 2008–09' and 'Focus for 2009–10', so I wonder whether you can outline in terms of this budget period how funds that have been allocated for the increase in economic participation will be used? I think you mentioned a development down in Gertrude Street, Fitzroy?

Mr WYNNE — We are in a situation where economic development is quite fundamental in my view. We think this is the next really big challenge for us going forward as a government. If you go to any community where there is a large conurbation of Aboriginal people and you talk to those communities anywhere across the state, the take-up of employment opportunities for Aboriginal people is woeful; it is woeful right across the state, particularly in private enterprise. You go to a place like Shepparton and you talk to the good folk at Rumbalara and ask how many Aboriginal people are employed in Shepparton in mainstream employment, outside of Aboriginal organisations, and the answer is a handful, literally a handful. That is not acceptable. It is not acceptable to anybody here.

It is really about saying, 'What are the impediments to Aboriginal people getting employment — whether it is in Shepparton or Morwell or indeed any other community across Victoria or in metropolitan Melbourne?'. We are trying to look at this in a very systematic way. In that context we have put together what I think is a really interesting group of people who are dealing with the issues of economic development and really developing a strategy to inform the government about how to move forward in our investment around economic development and land, because we see there are great opportunities for synergy between land and economic development.

In that context we have set up a new task force, for want of a better term, on employment issues. There are an equal number of Aboriginal and non-Aboriginal people on this task force and many of these people are entrepreneurs in their own right or have extensive experience in running businesses themselves. We have got two co-chairs: Jason Eades, who would be known to many of you as the CEO of the Koorie Heritage Trust, based down here in King Street — a fantastic organisation and great people — and John Morse, a former managing director of the tourism commission and a former chair of the Victorian Tourism Board. It has got a whole range of people who would be very well known to you — Jason Mifsud — —

The CHAIR — Okay, we might take that on — —

Mr WYNNE — Anyway, I can table that. They are developing an economic — —

The CHAIR — Table that because Ms Pennicuik wants to ask a short question as well just before we wrap up the Aboriginal affairs portfolio.

Mr WYNNE — I haven't finished.

The CHAIR — I know. I am just telling you that we are trying to wrap up this particular portfolio.

Mr WYNNE — Okay. They are developing a strategy. That strategy will inform where we invest the ALEDP funds going forward to make sure that they are very much on the money in terms of getting the employment outcomes that we want. The second thing is that you cannot go and ask the private sector to be involved in employment opportunities for Aboriginal people if you are not doing it yourself. There are targets that are being set for the state government in the broader public sector to ensure that we are up to the mark ourselves in terms of employing Aboriginal people, so that we do not just have an Ian Hamm as an Aboriginal person at a senior level of government but we have lots of Ian Hamms right through the Victorian public service, and not people just at the lower levels of employment.

It is an opportunity to bring Aboriginal people through to the highest levels of both our state service and the public sector more generally, but also to look at what are the real opportunities for Aboriginal people to be employed in the private sector as well. This is a terrific initiative, and one that I think is going to reap big benefits going forward.

Ms PENNICUIK — Just as a follow-up to Mr Dalla-Riva's question about Reconciliation Victoria, I was interested in your comment that you are providing interim funding for Reconciliation Victoria to continue.

Mr WYNNE — Yes.

Ms PENNICUIK — We have had recent conversations with RV, and they have indicated that they assumed they were on the way out — —

Mr WYNNE — Yes, that is right.

Ms PENNICUIK — My question is: has this development been communicated to them?

Mr WYNNE — No, it has not.

Ms PENNICUIK — Is the funding going to be commensurate with current funding?

Mr WYNNE — No.

Ms PENNICUIK — How long is it going to last for, and what is the strategy going forward?

Mr WYNNE — This is a different journey that Reconciliation Victoria has to go on. They were fantastic in really galvanising community support and understanding of the issues that confront Aboriginal people in Victoria. I am very respectful of that, and I am very respectful of the work they have done at a community level. But now we have moved forward to a different stage in the conversation. We have had the apology; the apology is in place. That was a really fundamental move by the government which I think has lifted a burden off many people, and now we are moving forward in terms of practical reconciliation with Stolen Generations Victoria. There is a place for Reconciliation Victoria to be part of this next stage of the journey.

Mr DALLA-RIVA — Will you guarantee that no Aboriginal person in Reconciliation Victoria will lose their job as a result of your decisions?

Mr WYNNE — I cannot indicate to you how many Aboriginal people are employed in Reconciliation Victoria. I think it is — —

The CHAIR — Take that one on notice, Minister.

Mr WYNNE — My colleagues tell me none is employed in Reconciliation Victoria. But I want to indicate — —

The CHAIR — We want to finish off.

Mr WYNNE — I will finish by saying that in the conversation we will have with Reconciliation Victoria I can indicate it will not be in the order of $200 000 that will be provided to them, which is what they have got over the last number of years. But I am sensitive to trying to bring those two organisations together to really achieve the outcomes that I think we would all agree on.

The CHAIR — I thank Mr Hamm for his attendance.

8.3 Local Government Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 18 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr R. Wynne, Minister for Local Government,

Mr Y. Blacher, secretary,

Ms P. Digby, Deputy Secretary, Planning and Local Government, and

Mr S. Gregory, Chief Financial Officer, Department of Planning and Community Development.

The CHAIR — I now welcome the Minister for Local Government, Richard Wynne; again Mr Yehudi Blacher, secretary; Mr Stephen Gregory; and Ms Prue Digby, deputy secretary, planning and local government, Department of Planning and Community Development. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial performance information relating to the budget estimates for the portfolio of local government.

Mr WYNNE — Thanks very much, Chair. Can I start by saying that we strongly argue, as I am sure both sides of this committee would argue, that the community has a right to expect good government from its local councils — and we expect it. We expect them to act responsibly in the interests of their communities.

As you know, last year we had a series of reforms to the Local Government Act through the Local Government Amendment (Councillor Conduct and Other Matters) Act 2008, which as you know defines the standards of conduct expected of councillors. We are putting in place the councillor conduct panels, and the subsequent powers which will be extended to VCAT to discipline councillors who fail to meet those standards.

We have also made significant reforms in relation to conflict-of-interest rules for councils, providing clearer direction about what is and what is not a conflict of interest. As the Premier indicated earlier this year in his statement of government intent, further legislation is proposed for later this year to amend the penalties for offences under the Local Government Act which have not been reviewed for a number of years.

As members know, we went to the election on 29 November for four-year terMs Whilst we had significant interest from people seeking to contest the local government elections — we had 1975 nominations for 631 vacancies — I am not pleased to report that we had a drop in the number of female councillors who got themselves elected, down from 30.5 to 29.8. I was hoping for a better result. The Office of Women's Affairs is going to have a look at this and do some further work in this area because we want to see if there were impediments to women seeking to stand. Anecdotally, I would indicate that there seemed to be some reluctance by women candidates to stand because of the four-year term. I think that is something we will need to get some assessment of through the Office of Women's Affairs.

Post the council elections we put in place an extensive induction and training program where we invested $600 000 to ensure that going forward councillors understood their obligations and responsibilities under the act. We have a kit which has now been distributed which is an outcome of that work. Between February and April over 400 training places were taken up by councillors, which I think is a terrific result.

We continue with our $4.7 million Councils Reforming Business initiative, which is really about trying to change the way that councils work, in terms of both shared resourcing and a new range of strategies around procurement. As you know, we have released the Ernst and Young report which indicates that there are potential savings on procurement of the order of $350 million per year going forward if we can do it better and smarter.

Neighbourhood houses are, as you know, a great success story for all of us; we all have neighbourhood houses in our areas. We had more than $19 million in recurrent funding in 2008–09, and that will increase to over $20 million in 2009–10. I am pleased to say that in the fire-affected regions we provided one-off grants of an extra $10 000 to 23 neighbourhood houses and one of the networks to provide a bit of further assistance for those communities that were devastated by the fires. Needless to say, you are all great supporters of neighbourhood houses and they do a fantastic job.

The final area I want to briefly touch upon is public libraries. Again this is a wonderful opportunity for us to take up the opportunity that has arisen through the extraordinary investment of the federal government in school refurbishments, and I would be pleased to talk a bit further about some of the examples that we have now seen coming forward where municipal libraries are twinning with schools to provide terrific outcomes. Indeed in Mr Noonan's area we were down turning the first sod at — —

Mr NOONAN — Altona North.

Mr WYNNE — Altona North Secondary College, where the council and the school have come together to provide a comprehensive library service for the broader community.

Mr NOONAN — Outstanding.

Mr WYNNE — Yes. There is more than $32 million in recurrent funding in 2009–10, and there is a terrific program of $2 million for wireless internet in public libraries. So you can take your laptop in and hook into the internet. That is a terrific initiative which we are rolling out across our public libraries.

There is $6 million for the Premier's reading challenge. For anyone who has young children or knows people with young children, the Premier's reading challenge is a very simple idea but a fantastic outcome in terms of encouraging young kids to read. It has been a wonderful initiative over the last few years.

The CHAIR — It has been.

Mr WYNNE — And there is $15 million over four years for the Living Libraries program, which has so far funded 106 projects across the state to improve and expand library facilities. Public libraries are a great success story, and I am delighted to have them as part of the portfolio, obviously along with neighbourhood houses.

The CHAIR — Thank you, Minister. I had complaints about the Premier's reading challenge; it only allows for 99 books.

Mr WYNNE — Only 99? Not bad, though.

The CHAIR — That is a lot.

Ms HUPPERT — Minister, this is a similar to a question you have been asked in previous portfolios. Could you please outline what federal grants or funding your departments and agencies will receive in the budget, and can you provide the committee with a list and description of the grants and also outline the accountability mechanisms that are in place in respect of these grants?

Mr WYNNE — Thank you very much, Ms Huppert. The big-ticket item for local government direct from the commonwealth is the financial assistance grants. We have talked about this in the past. In 2009–10 we will get an estimated $451 million; it will be provided by the commonwealth to Victorian councils through the grants commission. That is an increase of about 1.5 per cent over 2008–09, but by any measure the pool of funds is still too low. You have heard me speak in the Parliament about this before. In 1996 the share of federal government outlays was 1.02 per cent. It is now down to 0.64 per cent, as I indicated. That is a shortfall for Victoria of near enough to $250 million.

If you look at that in the context of a range of our smaller councils, where the community's capacity to pay is limited and where you have dwindling populations, infrastructure asset issues and environmental issues, there are a number of our municipalities that are reliant on rates to the order of 50 per cent of their entire income. Not only is this a big problem for local government in Victoria, it is a big problem going forward for the sustainability of local government more generally. In that context, as you know, the Auditor-General indicated in his monitoring of local government that whilst all of our local governments, particularly our smaller ones, are in good shape, the broader question of their ongoing sustainability really cannot be supported unless you do something about the financial assistance grants.

We had a big seminar of local governments only a couple of weeks ago here in Melbourne, and it was the topic of conversation. So with the 20 smallest municipalities this is a major issue for us and it is a major challenge for me going forward. It is one that I will and must continue to advocate for on behalf of local government, because if you look structurally at some of those small councils, they simply do not have the capacity. I have had numerous representations from people associated with the Victorian Farmers Federation and a whole range of other rural — —

Dr SYKES — The member for Benalla.

Mr WYNNE — The good member for Benalla, Mr Delahunty and a whole range of rural members who are really quite concerned about this systemic problem that we have got going forward. But I guess in that context my obligation is to continue to advocate for two things: both the quantum and the formula. I think they are the two key issues that we have to talk to the commonwealth about. I think that if we can get them to a space where they really, truly understand that it is in fact a national problem — it is not a Victorian problem; it is a national problem — and a systemic problem, we may be able to get better outcomes.

Finally, I just want to indicate for the benefit of the committee that the Auditor-General's report for 2007–08 noted that no council received a high risk rating for that year, which is important. Of the three councils identified as being at high risk in the last report, Colac Otway and Moorabool have moved to a medium risk rating and Central Goldfields, which was the third, is now categorised as low risk. The number of local governments rated at medium risk has reduced from 18 last year down to 15 this year. I think that is a pretty good result.

The CHAIR — Thank you, Minister. I refer members to appendix D of budget paper 3, where there is a discussion of local government financial relations.

Mr WELLS — Minister, I refer you to budget paper 3, page 179, in relation to local government accountability and in particular Brimbank council. I note with interest that last week you announced that Bill Scales had been appointed to be the municipal inspector.

Mr WYNNE — Yes.

Mr WELLS — Given that you said that Brimbank was such a vital issue and needed to be resolved, I am concerned that you are allowing the factional warlords to dictate to your department in regard to that.

Mr WYNNE — Sorry, just say that again. Factional?

Mr WELLS — Factional warlords to dictate to your department.

Ms MUNT — And how does this relate to the forward estimates?

The CHAIR — I am not sure it relates to the forward estimates, Mr Wells. Do you want to rephrase your question?

Mr WELLS — Just wait; I am just about to ask.

Ms MUNT — There is no mention of Brimbank on page 179.

Mr WELLS — Just wait; I am about to ask the question. I know you are very keen to shut down this part of the hearing.

The CHAIR — I do not shut down anything, Mr Wells.

Mr WELLS — I just want to be able to get my question out.

The CHAIR — Get on with the question.

Mr WELLS — Given that the actions of the municipal investigator will take place over the period of the forward estimates, can you explain why you have failed in your duties in Brimbank council and allowed Bill Scales to take three weeks leave?

The CHAIR — I am not sure this actually relates to the estimates.

Mr WELLS — Of course it does.

The CHAIR — It does not, actually.

Mr WELLS — Hang on a minute. His actions are going to take place over the forward estimates.

The CHAIR — Mr Wells!

Mr WELLS — And we want to know, if it is so important, why he is allowed then to take three weeks leave.

The CHAIR — Minister, I would like you to answer questions in relation to the forward estimates. I do not regard that particular question as relating to the forward estimates. Mr Scott?

Mr WELLS — Hang on. On a point of order.

The CHAIR — Mr Scott has the floor.

Mr WELLS — We want to call a point of order.

The CHAIR — There is no point of order.

Mr WELLS — You have not heard the point of order.

The CHAIR — We do not have points of order during hearings, supposedly.

Mr WELLS — I would call a point of order.

The CHAIR — What is your point of order?

Mr WELLS — The point of order is very clear: I referred the minister to budget paper 3, page 179 — —

Ms MUNT — Which makes no mention of Brimbank at all.

Mr WELLS — It talks about accountability. He is responsible for local government accountability.

The CHAIR — There is no point of order.

Mr WELLS — You have not heard the point of order, and I want to be able to put my point of order.

Mr DALLA-RIVA — Are you saying there is no accountability by this minister?

Mr WELLS — The minister is responsible for accountability. We want to be able to support the issue of accountability.

The CHAIR — Mr Scott has the floor.

Mr WELLS — We have raised a point of order.

Ms MUNT — Chair, can I raise a point of order?

Mr WELLS — Hang on.

The CHAIR — Just a moment, please.

Mr WELLS — I am calling for a point of order.

Ms MUNT — And so am I.

Mr WYNNE — Mr Chairman, I am happy to answer the question.

The CHAIR — Okay, Minister, you can answer. But before you answer the question let me just me make it very clear to the committee and to you that I do not regard the question, as finally phrased, as relating to the budget estimates. I do, of course, regard the issue of accountability as very important.

Mr WYNNE — Absolutely.

The CHAIR — But in terms of asking about — at the moment — individual councils or individual organisations and somebody's leave, I think is really not something regarding the budget estimates. Minister, if you are willing to answer this question, I am happy for you to answer it. I wish for you to answer it as succinctly and quickly as possible before I pass to Mr Scott.

Mr WYNNE — Thank you very much, Chair. The appointment of Mr Bill Scales was welcomed. It is welcomed, I think, more generally by every person around this table. I do not need to remind members of the committee that Mr Scales comes to this job with a very distinguished record as a public servant at the highest level of the Victorian public service. He is well known to both the previous government and this government. I do not hear anybody suggesting to me that Mr Scales is not a person of substance, a person with a track record in governance and a person with an impeccable public service record. To be able to get Mr Scales to take on responsibility as a municipal inspector, in my view, is a coup to actually get him. Can I indicate — —

The CHAIR — Very quickly, please.

Mr WYNNE — Can I say to the committee that at the time that Mr Scales indicated that he was prepared to take on this duty — and I remind the committee that Mr Scales will be taking on this duty for a period of four years — he indicated to the secretary of my department that he already had in place some overseas leave or some leave arrangements that were for a duration of about three weeks. Prior to that, in taking up the position, he met, along with senior officers from Local Government Victoria, with the mayor and the CEO last week. He also met with the full council last week to outline what his role and what his expectations of the Brimbank council were going forward. He has also indicated, as I understand, to the CEO and the council that he is certainly available to be consulted over the short period of time whilst he will be away.

Mr WELLS — What is your definition of 'short period'? He is away for three weeks.

The CHAIR — The minister to answer, please.

Mr WELLS — He is away for three weeks. What is your definition of 'short period of time'?

Ms MUNT — Does he have to call you up to check leave arrangements before he goes away?

The CHAIR — The minister, to answer.

Mr WYNNE — He has indicated that he will be available whilst he is on that period of leave. I remind the committee that Mr Scales will be in place until 2012.

Mr WELLS — If sorting out Brimbank was so important, why didn't you cancel his leave?

The CHAIR — Mr Scott has the call.

Mr WELLS — If sorting out Brimbank was so important, why didn't you cancel his leave and make it a priority, Minister?

The CHAIR — Mr Scott has the call.

Mr SCOTT — Minister, I refer to your presentation relating to the progress of Councils Reforming Business initiative. Can you tell the committee how this reform program is changing the way local government works over the estimates period?

Mr WYNNE — Thank you very much, Mr Scott. The Councils Reforming Business program, as I indicated in my introductory comments, is a $4.7 million program which really goes to try to dig down into local government and seek some systemic reform. It does provide a platform, in my view, for collaborative arrangements between state and local government to improve the efficiency and service delivery at the local level.

It is my view that the release of, in particular, the reforming business program has led to 13 projects, as I indicated, across a broad range of councils which have collaborated together to deal with three key areas. The first is procurement, and I indicated earlier that we think there is a huge body of opportunity for systemic, ongoing cost savings to local government from new and different procurement strategies.

The second is local laws. Anybody who deals with local government across the board would know about the inconsistency in terms of local laws for particularly, say, the building industry. It is a major problem for them: when can you start, when can you finish, when can you work on Saturday, can you work on Sunday? There are things like crossovers — you name it. From the very minutiae of building industry issues through to the broadest level of reform, this is what this program is about.

The third area is shared services, and I think this is one that offers tremendous opportunity, really building upon the conversations we were having earlier about the sustainability of some of our smaller councils. Where you have got the opportunity for a smaller council to have shared services with, say, a larger regional council we think there are great opportunities in that area as well, particularly where there are skill shortages. Some of the big skill shortages as, for instance, Dr Sykes knows, are in regional Victorian planners. That is a really big problem for us. How do you go about thinking about opportunities for shared service delivery in planning is one of the classic outcomes that we would be looking for through this program. It has been very successful to date,

and we think it is very strongly in place in local government and we are going to see some big reforms in this area.

Mr DALLA-RIVA — No automated toilets as part of the business plan? I know a former councillor who can fix them up.

The CHAIR — That is true; in some councils they are quite controversial.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3, page 180. It relates to the total output costs in the forward estimates and in particular the fact that the expected outcome of this financial year is $46.2 million. In the forward estimates there is a total output cost of $41.7 million, so there is a drop in the amount of money for community value and accountability in that performance indicator of $4.5 million. I draw you to the Ombudsman's report on Brimbank City Council of May 2009 and the impact that this will have on the forward estimates specifically given that there is a reduction of $4.5 million in the forward estimates.

The CHAIR — Make sure the question is in regard to the forward estimates.

Mr WELLS — It is a direct quote.

Mr DALLA-RIVA — There is a $4.5 million reduction in money available for local government. The Ombudsman in his report said:

> My investigation identified concerns about the way in which Local Government Victoria discharged its statutory responsibility to investigate potential breaches of the Local Government Act in relation to Brimbank.

At page 929 he stated:

> I note in this context that Local Government Victoria does not appear to be sufficiently resourced to discharge its statutory responsibilities.

Given that in your previous answer you indicated that you have now, all of a sudden, discovered corruption in Brimbank, despite the fact that we on this side of the table are having difficulty understanding that you are having difficulty with what has occurred given that these issues were raised over the years by the local residents group, in Parliament, in the media and by individuals who live in Brimbank, the question is: firstly, what have you been doing, why have you put your head in the sand in relation to what has been occurring in Brimbank as the local government minister?

Ms HUPPERT — How does that relate to the estimates?

Mr DALLA-RIVA — Why have you got a reduction in money for accountability if the reduction — —

The CHAIR — One at a time, please.

Mr DALLA-RIVA — Can I finish?

The CHAIR — Mr Dalla-Riva has the floor.

Mr DALLA-RIVA — There is a reduction of $4.5 million for this department.

The CHAIR — I think the question is clear.

Mr DALLA-RIVA — It is a department that has its head in the sand, with you, Minister, in relation to Brimbank. It is an issue that has been ongoing for year upon year upon year, and you have got no money available to investigate all these allegations.

The CHAIR — I think the question is clear. The minister, to answer in respect of the forward estimates and action going forward.

Mr WYNNE — In any year Local Government Victoria receives about 1500 pieces of correspondence and not surprisingly many phone calls. Most, as I am sure the committee would be aware, relate to minor concerns that do not warrant investigation, but serious allegations are carefully assessed by the department. Where there is a prima facie case, a formal investigation is undertaken. I can indicate to the committee that since early 2007 there have been 36 formal investigations, many involving multiple complaints.

Mr WELLS — This is for Brimbank?

Mr WYNNE — No, this is more generally.

Mr DALLA-RIVA — How many for Brimbank?

The CHAIR — The minister, to answer.

Mr WYNNE — I am answering the question, Chair. Seven current investigations involving 10 serious complaints are under way and there have been seven completed prosecutions since 2007. There are five current prosecutions. In Local Government Victoria we have seven inspectors of municipal administration, and as I am sure the committee is aware for particularly complex cases it has always been the department's policy to supplement resources by drawing on people with particular specialist skills. You would be well aware of the work of Chris Wren, a barrister, and the current Crown counsel, Karin Emerton, who have both undertaken inquiries.

The unit cost is about $1.29 million in 2007–08 and $1.71 million in 2008–09, so that is a substantial increase. I can also indicate to the committee that in 2008–09 an additional $300 000 was made available to Local Government Victoria to ensure that it did have sufficient investigative capacity — another $300 000. I also want to indicate that a dedicated investigation team was established before the Brimbank report was tabled in the house — this was some months ago — that includes a manager of investigations and a senior inspector.

Mr WELLS — That was to investigate Brimbank?

Mr WYNNE — No.

The CHAIR — No? It was after?

Mr WELLS — It was not? Then what were you doing in Brimbank?

Mr DALLA-RIVA — This is Labor mates.

The CHAIR — Mr Wells!

Mr DALLA-RIVA — Did the ministers come to you and tell you to shut down the investigation?

The CHAIR — You are out of order.

Mr DALLA-RIVA — Minister, somebody must have shut him down.

The CHAIR — Mr Dalla-Riva, you are out of order, and so are you, Ms Munt. The minister, to answer, and particularly also to cover the issue of adequate funding and resources going forward.

Mr WELLS — What happened in Brimbank?

Ms MUNT — Chair!

The CHAIR — Let me make it quite clear to the members of this committee that when the Chair is standing, no-one else says anything. That is the normal practice of Parliament. Mr Wells, you are a senior parliamentarian. You should be aware of the rules and the precedents in Parliament. I ask you to respect the Chair and respect the proceedings of this committee. The minister, to continue.

Mr WYNNE — Thank you very much, Chair. We have also recruited a senior investigator from the Ombudsman's office.

Mr WELLS — To investigate Brimbank?

Mr WYNNE — Can I indicate to the committee also that, as the Premier and indeed I have indicated in the house, all of the recommendations of — —

Mr WELLS — The horse has bolted.

Mr WYNNE — Of the Ombudsman's inquiry will be — —

Mr WELLS — You knew about it for years and you did nothing about it. We are waiting for you to tell us what you did.

The CHAIR — Continue, Minister. Finalise your answer.

Mr WYNNE — All of the recommendations of the Ombudsman's report will be implemented in full. I can advise the committee that today, on the recommendation of the Chief Commissioner of Police, we will be appointing Mr David Walker — —

Mr WELLS — Is he on annual leave?

The CHAIR — Thank you, Mr Wells! The minister, to answer.

Mr WYNNE — — to investigate matters relating to the recommendation of the Ombudsman's report on Brimbank. This appointment will be made today and Mr Walker will commence tomorrow. Mr Walker — —

Mr WELLS — So how long before he goes on leave?

Mr WYNNE — Chair?

The CHAIR — I agree with you, Minister. I am just sick — —

Mr WYNNE — I am trying to answer the question in an open way, Chair, and trying to respond, but this provocation really — —

The CHAIR — The minister, to conclude this so we can finish the session.

Mr NOONAN — They do not care.

Ms MUNT — They are bullies.

The CHAIR — Thank you!

Mr WELLS — We are just asking important questions.

Mr DALLA-RIVA — We are not bullies. You have got some councillors who are bullies!

The CHAIR — Thank you!

Mr WYNNE — Mr David Walker is a highly experienced investigator, having spent 23 years with Victoria Police, with the last 10 years as a detective at the fraud squad. In his time at Victoria Police he investigated many types of fraud, including financial institutional fraud, secret commissions, government corruption and most other known frauds. Can I say to the committee that Mr Walker comes with the strong recommendation of the Chief Commissioner of Police. He will commence tomorrow on implementing the recommendations of the Ombudsman.

Mr DALLA-RIVA — He is a serving police officer?

Mr WYNNE — No, he is not. Can I indicate he is a former police officer.

The CHAIR — That concludes the consideration of budget estimates for the portfolios of housing, Aboriginal affairs and local government. I thank the minister and departmental officers for their attendance today. It has been an interesting session. Where questions were taken on notice the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days. Thank you.

8.4 Senior Victorians Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 19 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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,

Dr C. Brook, Executive Director, Rural and Regional Health Aged Care Services, and

Ms J. Herington, Director, Aged Care Branch, Department of Human Services; and

Mr J. MacIsaac, Executive Director, People and Communities, Department of Planning and Community Development.

The CHAIR — I welcome Lisa Neville as Minister for Senior Victorians; Dr Chris Brook, executive director, rural and regional health aged care services, and Ms Jane Herington, director, aged care department from the Department of Human Services, and I welcome back Mr James MacIsaac, executive director, people and communities in the Department of Planning and Community Development.

I 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 portfolio of senior Victorians.

Overheads shown.

Ms NEVILLE — Thank you, Chair. I will run through quickly some of the achievements in this area, emerging challenges, and how through the estimates the budget addresses some of these challenges. The total budget for senior Victorians is $1.16 billion in 2009–10; of this, $1.15 billion is allocated through DHS to aged care services and $10 million into the Office of Senior Victorians in DPCD.

A longer life expectancy is perhaps one of our greater achievements in the past century. Victorian men now have a longer life expectancy at 79.5 years compared to men in any other country: apparently Victoria is a good place for men. Life expectancy for Victorian women at 83.8 years is exceeded only by France and Japan.

Improvements to health and wellbeing have underpinned this achievement, and four out of five older Victorians rate their health as good, very good or excellent. These outcomes reflect an increasing emphasis on promoting healthy behaviours and communities, which is translated into long and healthier lives.

To prepare us for the changes that are ahead, as we do have an ageing population, we are in the process of developing and finalising an ageing policy framework that will inform Victoria's response to population ageing particularly in relation to planning and the coordination of government policy and programs to strengthen the health, wellbeing, independence and participation of older Victorians in the community.

The framework will have a long-term strategic outlook based on ensuring that the investments that we make now and in the future continue to contribute to improved good health and wellbeing, ensuring that Victoria is livable, safe and sustainable and that the economic challenges and opportunities are realised for senior Victorians.

It is vital that we establish appropriate strategies and resources for the growing numbers of senior Victorians, to ensure we meet their mental health and physical health needs and their economic wellbeing. The framework takes a structural ageing approach and addresses the key elements of our society and economy that will shape the future.

As part of this I asked my Ministerial Advisory Council of Senior Victorians to hold public consultations. In total they held 35 public meetings across the state, and in total we received over 1400 submissions from senior Victorians. We have also spoken to stakeholders and examined policy directions in other states and overseas to ensure world best practice. The framework also involves collaborative work across government reflecting all the policy areas, and will shape future activity in many areas of government.

In terms of some of the achievements, at the moment we help around 250 000 Victorians with HACC services every year. We have continued our commitment to increase HACC resources as our community ages. In community support services, over the last seven years there has been a nearly 50 per cent funding increase to the Victorian eye care services, with 74 000 people assisted in the last year.

We have also provided $13.5 million for aged care support for the carers initiative providing respite services and support to 22 000 carers. We have also continued to invest in our positive ageing strategy which is a partnership with local government and also with COTA (Council on the Ageing). We have also continued our University of the Third Age support, and we have allocated 60 U3A growth areas which will see 70 new programs delivered across our U3A program.

We also have another very successful annual seniors festival with over 355 000 participants. We are also now in agreement with the commonwealth and rolling out the national reciprocal transport concession regime. The seniors budget initiative is $49.8 million over four years to continue our contribution to HACC funding. This will mean we will contribute $11.5 million in the 2009–10 year. This will ensure an additional

commonwealth growth rate of around $17.3 million, seeing an extra $28.8 million in this year for HACC services.

We also put in $5.8 million over four years for an additional 4000 personal alert units. This program has grown from 8200 people having a personal alert unit in 1999–2000 to over 22 000 people now, and next year will grow to 23 000 people — a 184 per cent increase. There is further funding to roll out stage four of our aged-care land bank to help secure land in the inner city to provide residential aged care. We are also extending our men's sheds program by a further $2 million. We have already funded 25. We have a new round currently under way and this will enable up to another 50 men's sheds to be built over a two-year period.

This budget continues to provide the commitment that we made back in 2006, which includes our denture program with 1500 extra sets of dentures to be provided in the 2009–10 year. An additional 3000 subsidised spectacles will be provided and over 1000 additional mobile eye care services will be provided to SRS clients. There is further funding for Carers Victoria for its training and education programs for carers, continuation of our dementia programs, and the continuation of our elder abuse prevention strategy — $5.9 million — which will see the Senior Rights Victoria advocacy service continue to operate and the other initiatives that sit under the elder abuse prevention strategy.

There is also $1 million allocated in 2008–09 for the seniors register initiative. I think all of these additional measures show our continued commitment to supporting services that make a difference to older Victorians, and I think we will continue to see the health and wellbeing of senior Victorians improve.

Mr NOONAN — I wanted to ask a question about men's sheds. I note a reference on budget paper 3, page 25, to a commitment to have people of a senior age engage in the community. It is a significant commitment to put funding up to develop up to 50 new sheds under this budget round. I am just wondering whether you can explain in greater detail why the government is committing to men's sheds in such big numbers, what the purpose of the sheds is and how they will support senior aged men?

Ms NEVILLE — Members might be aware that the Victorian government was the first government in Australia to have a specific men's sheds program. We know that as you age it is really important to continue to be engaged in communities, continue to be engaged with friends and provide spaces for people to get together to talk about health and other issues that they might face. This is particularly important for mature men over 50, and that is where the men's sheds program is targeted. It is about ensuring that we can provide lifelong opportunities for learning, that we can ensure that people have opportunities to volunteer and, importantly, for social connections. Men's sheds have been incredibly important in helping us to deliver that.

Some research that we did with ACFEB back in 2006 showed that men's sheds play a really important role in drought-affected communities as well. We have seen some of the new men's sheds invested in some of those communities. They play a role in reducing depression levels, reducing isolation and engaging men in other health, employment and education initiatives.

As you mentioned, we had a program that commenced in 2007 that committed $2 million for infrastructure for men's sheds. So far 25 men's sheds have been established as a result of that. They are across our rural, regional and urban communities — for example, in Barwon south-west region, in the eastern metropolitan region there are 5 in the Gippsland area, in the Grampians there are 3, and in the north-west metropolitan region there are 4. These men's sheds are located in a broad spread. In fact 24 per cent are located in areas with populations of less than 1000 people. They are going into very small and often isolated communities, 44 per cent with populations of between 1000 and 10 000 people. Again there is a focus on rural and regional Victoria particularly.

They have been funded right across the state — for example, Bright, Benalla, Altona and Whittlesea. There are some great examples of the work they have been doing. Some are providing connections into adult education and some are building new facilities or toys or playgrounds for their local communities. Men are gaining something from it but also making huge contributions back out into their local community.

This $2 million over two years will enable us to put in place we hope up to another 50 men's sheds. We have got the 25 already committed, 25 for the funding round that closes this week, and hopefully this $2 million will enable another 50, which I think will be extremely welcomed by communities. It is an oversubscribed program.

It is a very popular program because it is providing important social connections for particularly isolated and vulnerable men in communities.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3, page 97, in relation to aged and home care. I understand that last year the Public Accounts and Estimates Committee had a review of the fabric survey. In the questioning that I undertook on 27 March 2008 — and this is on page 9 of the report — Ms Thorn in part of her response said:

> The fabric survey itself takes quite a long time.

I then asked:

> And when do you anticipate to have it done by?

Ms Thorn said:

> We anticipate that it will be done — —

I said:

> For the aged-care sector.

Dr Brook said:

> It will be completed by early 2009.

My question is in relation to how we are going with the fabric survey in the forward estimates and the total output cost? Can we get a breakdown of what the increase in the commonwealth and third-party revenue is, as referenced in footnote (d) on page 99 of budget paper 3? How many facilities are now in category 1, 2 and 3 as a result of the 2008 fabric survey? How many of the 17 facilities identified in 2001 but not developed as of last year are now in category 1 and 2, and have they now been funded to fix their facilities?

Is there any funding for the category 1, 2 and 3 facilities in the forward estimates of this budget as a result of that review and the Auditor-General's report last year?

The CHAIR — Minister, I would like you to answer this one quite carefully because this is an Auditor-General's report which is currently before the Public Accounts and Estimates Committee, and the committee has not reported yet. Therefore any proceedings of that, apart from the public hearing, obviously have not yet been reported to Parliament. I think you need to answer very carefully, particularly only in relation to the forward estimates. You can take the rest on notice.

Ms NEVILLE — I suppose what I can talk about — and I presume this goes to the issue — is the category 1 and 2 facilities that were identified originally in the Auditor-General's report. If I talk about those category 1 and 2 facilities originally identified in the Auditor-General's report and the status of those?

The CHAIR — The plans are in the forward estimates.

Ms NEVILLE — PAEC is aware obviously that the performance audit was done and was published by the Auditor-General in 2006. There were 11 facilities at the time identified as category 1 facilities. Of these, 10 facilities have been rebuilt or redeveloped and one has closed. All the facilities have met the commonwealth accreditation requirements. There were 33 facilities identified as category 2 facilities. To date, 14 have been or are being rebuilt or redeveloped. Two have closed, 10 have had service and/or capital planning undertaken and 7 have had no further detailed planning.

All the category 2 facilities, rebuilt or not, have achieved certification and have demonstrated that they meet the requirements of the commonwealth in relation to fire and safety standards and, where required by safety, upgrade works have been undertaken.

Over the last 10 years we have had a significant investment in upgrading — I think $497 million has been spent on upgrading public sector residential aged care facilities. Of those, I think 45 out of 47 have occurred in regional and rural Victoria, and we have a number currently in the construction stage at the moment that were announced in last year's budget. So our program to upgrade residential aged care is continuing.

I spoke about it at the last PAEC last year and will continue to ensure that our residential aged care facilities meet the standards required by the commonwealth and meet community expectations.

Mr DALLA-RIVA — Chair, through you again, I know we discussed this in March last year and I guess the issue is about the delay in our reporting, but that is a separate issue that we will deal with. I am trying to work out, given that there was a fabric survey which I understand was taken in 2008, it was anticipated that something would happen in the year 2009 and in the forward estimates there would have been some provision. You have obviously undertaken the fabric survey and from that analysis you have now determined what needs to be done and there must be something in the forward estimates to say, 'Yes, we have identified these' or am I sort of — —

Ms NEVILLE — The fabric survey, as I understand it, was across health so it was not just about aged care. There was a fabric survey; it is going to be completed this year.

Mr DALLA-RIVA — So it has not been completed?

Ms NEVILLE — No. In this budget there are significant capital works for health services, so that continues. As I said, there are mental health service upgrades and redevelopment, there is the Geelong Hospital upgrade, Bendigo Health Service, so there are a number of significant investments that go to issues of redevelopment of health services more broadly, and they are in the forward estimates.

Mr DALLA-RIVA — Ms Thorn said in March last year that the fabric survey was:

taking place now.

The CHAIR — March this year.

Mr DALLA-RIVA — In March last year you, Ms Thorn, said:

… it is taking place now.

I asked:

… and it will take the year to complete by 2009?

You replied:

Yes.

Ms THORN — If I can add to that, Mr Dalla-Riva? Yes, it has not yet been completed. It is a fabric survey of the total health system, so it is a very comprehensive one. We did say it would be done in 2009 but I remind members of the committee that very large parts of the department spent up to two months of early this year very much focused on assisting with the bushfire effort, and that led to the redeployment of large numbers of staff into that relief and recovery area. But I am happy to take it on notice and give you an estimated time of completion for that fabric survey.

Mr DALLA-RIVA — Thank you.

The CHAIR — That would be good, Ms Thorn.

Ms HUPPERT — Minister, budget paper 3, page 25 refers to the government's commitment to services that enhance the capacity of senior Victorians to maintain their independence and personal safety in the home and engage in the community. In your presentation you referred to $1 million for the new seniors registers initiative. Could you outline for the committee what this initiative will do to enhance that aim during the forward estimates period?

Ms NEVILLE — The announcement in relation to the $1 million investment to roll out state-wide seniors registers really came out of the extreme heat conditions and the outcomes of those extreme heat conditions that we experienced at the end of January-early February. People may remember that we experienced in Melbourne temperatures of 43, 44, 45 degrees; on a couple of nights the temperature did not drop below 35 degrees; in some rural and regional areas — in Geelong, where I live — it was almost 49 degrees.

They were very hot days and we took a number of steps, as a government, in the lead up to that heat wave to ensure that all Victorians were aware of those conditions coming up and also what action they could take to take care and minimise the impact of those extreme heat conditions.

We encouraged people to be very mindful of people around them, ensure that they were looking out for their neighbours. We alerted health and aged care services about the heatwave and how they should manage heat-affected patients. Ambulance Victoria also had extra officers and services deployed. Personal Alert Victoria, which I mentioned before, is getting some extra money; it also provided an extra monitoring service for their clients, the 22 000 people they currently service.

But, based on the data that was collected — this is through the chief health officer — from paramedics, locums, emergency departments, the death registry and the Coroner's Court, it is estimated that around an extra 374 deaths were recorded during that period compared to previous years. Unfortunately there was a large increase, about a 64 per cent increase, in the number of deaths for those aged over 75 compared to the previous four-year period.

This has highlighted to us the need to add to the supports we have for senior Victorians, particularly those who are isolated and living alone in their communities. We currently have around 20 community and seniors registers operating in Victoria. They are run by community volunteers, often in partnership with local organisations — most with the police; about 18 are actually based at police stations.

They basically are a list of older people who are living alone and who want to be on a register and to be linked into some volunteer support. These people will receive regular contact calls. Some registers provide visits to check up and ensure people are safe and well. They hold information such as emergency contacts and any medical risks. In the event of any emergency, like floods, heatwaves or storms, the registers can be used to make sure vulnerable seniors are safe and secure.

They can be a very valuable resource for emergency services as well, if they need to contact next of kin or if they need information for evacuation purposes. We also want to target some of the seniors' registers to people who have a disability and live alone, because they often experience the same sort of isolation as older people in our communities.

They are a very important and valuable tool for social connection for people on the list. Many registers send out regular bulletins, they hold events, they make regular phone calls to check up, and they visit the homes. As I said, there is a register card in the event of emergencies, and they are coordinated in conjunction with the police, but they are really coordinated by volunteers — often seniors themselves who want to contribute back to their community and ensure isolated seniors have the support they need to feel secure continuing to live as independently as possible at home, and that is what we know seniors want to do.

This rollout will ensure that we can provide grants — provide the existing ones, but also roll out the initiative in those communities statewide who feel they may benefit from it.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the cognitive dementia and memory services (CDAMS). Alzheimer's Australia Vic in their dementia manifesto indicated that:

> CDAMS capacity meets less than 50 per cent of current demand. Waiting lists are very long.

In response to a question on notice from the shadow minister, indeed Mr Dalla-Riva, you indicated that funding had been provided — around $4.5 million for recent years — but no evaluation had been undertaken of the program. Why has that program not been evaluated, and is that the reason we are still seeing capacity far short of demand?

Ms NEVILLE — All services that we fund are required to meet outcome measures, report against KPIs — there are a whole series of ways in which we monitor the effectiveness of programs across our communities. For some of our services we have a consultant do an evaluation and ask, 'Are they working, are they effective?', particularly where they are new services. For others we require regular reporting against certain outcome measures. All the services, including that service, are required to be reporting against service measures.

Mr RICH-PHILLIPS — But you have indicated there has been no evaluation of CDAMS. The question was: has the funding been evaluated, and the answer was that it has not been evaluated.

Ms NEVILLE — Well, I suppose that is a technical issue about what you mean by 'evaluation'. Are they monitored, are they meeting KPIs, how is the service tracking? Absolutely, all of that goes on every year. And where people have funding agreements they are required to report around finances but also around outcome measures — that is, how the program is operating, what difference it is making.

All of that continues as a continuous program of monitoring our services to ensure they are delivering the best service to their client group, as well as ensuring that they are meeting the community's needs.

Mr RICH-PHILLIPS — The substantive part of the question concerned the funding, with Alzheimer's Victoria saying that there is a 50 per cent shortfall in capacity. When can we expect that to be met? They said the program is very good but it is 50 per cent short.

Ms NEVILLE — There are a number of services provided to people who have dementia. This is one of those important programs that do that, and we continue to support Alzheimer's Australia, as does the commonwealth. These are jointly shared responsibilities in aged care, and we provided additional funds in 2006 to roll out over a four-year period to this important service.

Mr RICH-PHILLIPS — How much funding was provided?

Ms NEVILLE — I would have to have a look at that.

The CHAIR — We might have to put that one on notice.

Ms NEVILLE — It is around $2 million.

The CHAIR — Around $2 million? Perhaps you can put a more exact answer on notice. Are we happy with that?

Mr RICH-PHILLIPS — We will take on notice, thank you.

The CHAIR — That concludes consideration of budget estimates for the portfolios of Community Services, Mental Health and Senior Victorians. I thank the minister and departmental officers for their attendance today. With the questions we have taken on notice, the committee will follow up with you in writing at a later date. The committee requests a written response to those to be provided in 30 days.

8.5 Community Development Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 19 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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,

Mr Y. Blacher, Secretary,

Ms G. Miles, 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 declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolios of community development. On behalf of the committee I welcome the Honourable Peter Batchelor, MP, Minister for Community Development; Yehudi Blacher, secretary; Gillian Miles, deputy secretary, community development; Damian Ferrie, executive director, community programs; and Stephen Gregory, chief financial officer, from the Department of Planning and Community Development. Departmental officers, members of the public and the media are also welcome.

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

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

Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I now call on the minister to give a brief presentation of no more than 10 minutes of the more complex financial performance information that relates to the budget estimates for the portfolio of community development.

Mr BATCHELOR — It is a pleasure to be here as the Minister for Community Development. You will have to bear with me; I am not quite 100 per cent today, but I did not want to miss PAEC. It is the highlight of my parliamentary career!

The CHAIR — I have a frog in my throat too.

Overheads shown.

Mr BATCHELOR — I just want to make a brief presentation. The context is that I will be going through some areas more quicker than others — A Fairer Victoria, where the future holds, the Community Support Fund, and emerging challenges.

The cornerstone of our social policy position to address disadvantage is A Fairer Victoria. This year we have continued the large investments in A Fairer Victoria. This year we have provided some $925.6 million. As you can see from the graph, it continues a five-year program.

The importance and the relevance of A Fairer Victoria is that provides our social framework. As the minister responsible for coordinating this, it provides myself and our department the opportunity to get some of the mainstream agencies to deliver social outcomes.

This year we have paid particular importance to that, identifying four priorities. The first of those is getting the best start in life. In the budget we have provided some $215 million. Our second priority was improving education and helping people getting into work. You would recall from earlier presentations that we understand the importance of providing economic participation, particularly in terms of helping people in employment. Those two subcategories provided some $96.6 million of initiatives in the budget.

The third priority area was improving health and wellbeing — some $288 million. The major boosts came in mental health and disability services. There is a significant increase for indigenous health with the important objective of closing the gap in life expectancy. We see great disparity between the indigenous life expectancy and the life expectancy of the rest of the community, particularly when you see that the life expectancy for males in Victoria is the highest in the world. When you contrast that with the indigenous community, it is quite a significant task that we have to do to bring about greater equality there. The fourth priority was developing livable communities — some $325 million. In this area, and in other areas of government activity, significant partnership has provided additional funds over and above these from the commonwealth government.

I will just outline some of the specific initiatives in this year's budget. For community facilities, particularly in bushfire-affected areas, we are providing some $11.6 million. A three-year funding initiative from the Community Support Fund and some reprioritisation in existing grant streams to help rebuild those communities which were affected by the bushfires. This initiative will address a portion of the demand for community facilities in local government areas.

We will work in partnership with those not only in the bushfire areas but also those areas facing rapid population growth. It is to support the construction of community facilities such as libraries, neighbourhood houses, community centres and sporting facilities. It is important not only to meet the bushfire recovery but as our population grows in both the outer-metropolitan area and country Victoria we are seeing there is a need for the expansion of community facilities. An example you might say is in the city of Wyndham which will require an additional 10 multipurpose community facilities and 38 sports fields over the next 10 years to deal with population growth. We are trying to identify how we might help councils. A lot of this is their local responsibility, but we are trying to increase the strength and resilience of local communities.

Volunteering is an area that is important to this government. We are developing a volunteering and participation strategy. There has been $9.3 million allocated in this budget. It is a whole-of-government volunteering and participation strategy. The strategy will deliver an online single-entry portal for volunteering in Victoria. This will provide some matching services on information and resources for community organisations and individuals who want to volunteer. A particular emphasis through this program is going to be on the engagement of young people, because we know that the engagement of young people goes to the issue of the longevity and helping the community organisations be sustainable, but also it will be of great assistance to young people, particularly as a tangible support tool for our Respect strategy.

We will also be providing a major awareness and recruitment campaign to promote community participation, particularly by young people and particularly to get people to volunteer post the bushfires. In earlier times we have understood that in times of natural emergencies and higher demand on volunteers and volunteer-based organisations, there is a bit of exhaustion. We want organisations to know that that is a realistic response. To try to address it by trying to retain volunteers but also trying to recruit new volunteers in the years ahead — knowing that this is a problem, trying to get ahead of it before it causes significant problems. We will also be providing resources and support to community organisations and local government to attract particularly younger volunteers. There is a bit of an emphasis this year on trying to get younger volunteers to contribute.

The other emphasis of this year's budget is place-based initiatives. We have a number of programs that have been in operation — community renewal, community building initiatives and Transport Connections. We have also got programs that are leveraging funds from the commonwealth. We are also providing, as I indicated, some money for community infrastructure. This map is an attempt to show the extent of participation of the combination of those community building programs.

The Community Support Fund is my area of responsibility. It operates, as you know, under the Gaming Regulation Act of 2003. There are a number of decisions made by government as to the allocation of funds under this annual expenditure of about $108 million. You can see from the diagram there is a stream called the Victorian community support grants. That is a scheme administered by me to provide assistance to local communities and help deliver the Fairer Victoria agenda, with gambling services with $28 million to deal with problem gambling. That is administered by the Minister for Gaming. There is a number of area activities and grant programs under the community services and grants programs, which are administered by separate ministers as a result of government decisions to allocate funds in those streams.

In 2008–09 the Community Support Fund provided $15.4 million for our community support grants program. It included things like the Churchill community hub, which opened recently with the local member Russell Northe, or the refurbishment of the old Mornington Secondary College library. What we are trying to do is revitalise shared-use facilities in communities.

The support fund for 2009–10 is set out. That is how we expect the expenditure to flow and the allocation of the $108 million. There is a range of programs: $7.8 million for building community programs, as I mentioned before; and there is also some $21.6 million for sports programs, which are administered by the minister for sport.

The continuing and emerging challenges for us are, of course, the bushfire and the emergency recovery response. Recovery, as opposed to fighting the emergency, is longer and is drawn out. The other major response is climate change and its disproportionate impact on vulnerable communities. The impact of the global financial crisis and the economic downturn will be felt hardest by those who currently experience disadvantage. It will have an impact on the community sector, including the not-for-profits, whose income stream has dropped because of the loss of the value of their corpus and the loss of dividend — income coming in. This will flow through to community organisations. The other emerging issue is population growth, putting pressures of all sorts on people living in those areas.

The CHAIR — Thank you, Minister. I asked previously for details of federal grants under your department from the previous minister. I assume there will be a total response to us on that. I thought I would begin. You mentioned the bushfire response and the involvement of your portfolio and department in that and presumably also ongoing as the recovery phase is undertaken. There were details of this in budget paper 3, page 284. Could you give us some details, Minister, about what is happening and what is going to happen?

Mr BATCHELOR — Our department, like many others, has been required for, and happily responded to, the task of helping out at the time of the bushfires, and particularly this department has an ongoing responsibility to help during the recovery phase. We have played an important role, a useful role I believe, and we are doing that in a number of ways. To date we have provided direct financial support. We have used existing grant programs and some money provided by the budget to provide financial support to those organisations and councils in the bushfire-affected areas.

For example, grants of up to $20 000 were made available to volunteer organisations. We also negotiated with some local councils and statewide organisations assistance of up to $100 000, those in particular to coordinate volunteering partnerships. We have provided grants of some $10 000 to neighbourhood houses, which played a very supportive role not only at the emergency time but also in the recovery phase, and there was some $30 000 for recovery officers for local councils. We have taken the view that local councils were very close to the communities and to individuals, and we have responded to their requests in a number of these ways to make funds available.

In addition to that, we have also helped in an administrative way. The department has had personnel deployed to help with various tasks, such as providing secretariat support for the Community Recovery Fund. We have also had our local teams assisting local councils and working on the ground. We have also been managing the overwhelming response from business and the community. We have established a website and a hotline to register more than 22 000 people who volunteered to support the bushfire response.

We coordinated the massive response coming in from businesses and corporations that wanted to donate goods and services. Just some examples of that are: a New South Wales company called Duraplas donated six 10 000-litre water tanks to Flowerdale, and BP donated the fuel to transport the tanks there; OneSteel donated 800 pairs of overalls to relief centres in Whittlesea, Wandong and Buxton; Husqvarna donated not sewing machines but equipment such as chainsaws, spare parts, gloves and helmets to Mitchell Blaze Aid and relief centres in Wandong and Buxton; and a Sydney-based company, Shoes & Sox, donated 250 pairs of assorted shoes and socks to the Whittlesea material aid centre.

Our bureaucrats, our public servants, provided the coordination and assistance to match the offer and the areas of need in not only those instances, but they are just typical of a whole host of activities. I would like to use this as an opportunity of placing on record my thanks as minister for the work our staff did during this period of time. It was outstanding and it is ongoing.

The CHAIR — Thank you, Minister. I am sure the committee is highly appreciative of the work of the staff and also the many volunteers, who I am sure through all our communities have been involved. Flowerdale Road in my electorate ended up giving a special sort of assistance to the people of Flowerdale. Simple connections like that were repeated so often and so willingly throughout our community.

Mr BATCHELOR — That is right.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the no-interest loans schemes. The year before last government committed $4.7 million over four years to that program. Can you tell the committee in view of the worsened economic environment whether any additional funds have been committed to that scheme

this year; in terms of money already committed, how it is treated either as an output or asset initiative in the sense that it is a loan; and the performance of that scheme in terms of numbers of loans on issue, any history of defaults and the total value of the loan on issue?

Mr BATCHELOR — I will ask Mr Gregory to comment in a moment on its accounting treatment, but the no-interest loan scheme I think is a terrific scheme. It is run by the Good Shepherd Youth and Family Service. They provide low-interest loans of up to about $1200 to low-income earners, and they assist these qualifying participants at times of emergency to purchase essential household items, say, maybe if the fridge breaks down or a baby might arrive and they might not have a washing machine or dryer — these sorts of things. Not only are they provided with the loan but they are provided with counselling and assistance to encourage them to manage their household budgets and to meet their various commitments.

In 2006–07 we committed $4.7 million over four years. This increased the number of providers from 41 to 77, and the number of loans over this period increased from 850 to 4000. So it is a program that when it was established was for over a four-year period, and that commitment is continuing. Accordingly the number of loans and the number of people that it is servicing is systematically increased. The program, however, is, as I said, delivered by Good Shepherd but also the National Australia Bank. From an original commitment of $3.3 million, the NAB has extended its commitment to $5 million, in response to the success, as they see it, of both delivering assistance and the participants repaying those loans. Our commitment to this program in the 2006–07 budget has enabled us to leverage the external contribution from the National Australia Bank to extend the quantum and the reach of the program. You asked about accounting treatments.

Mr GREGORY — It is treated as a grant, because the loans are not with us, they are with the Good Shepherd, so we have granted the money to the Good Shepherd. The loan will get repaid to the Good Shepherd, and it will reissue the money as new loans.

Mr RICH-PHILLIPS — Do you have any information on success in terms of default rates or any feedback from Good Shepherd?

Mr BATCHELOR — Yes, we do. The feedback is that about 95 to 97 per cent of loans are repaid without default. This is a very high level of repayment amongst what in conventional terms would be regarded as a high-risk group. A fairly rigorous assessment process is undertaken by the Good Shepherd before a loan is provided, and they are provided through organisations not just necessarily the Good Shepherd but local organisations — community health centres, refugee and settlement organisations and Odyssey House — which have an additional relationship with the applicants in addition to the loan testing. The process also provides, as I said, some additional counselling support and financial assistance, and the hosting organisation takes an ongoing interest in terms of how they are going and if there are any problems. It is intensive, but it does produce a return.

Mr RICH-PHILLIPS — Does the government grant contribute to the counselling mechanisms or does the grant purely go to the actual loan mechanism?

Mr BATCHELOR — The corpus — the amount that is loaned out — comes from the National Australia Bank, and we fund the support services to facilitate it.

The CHAIR — There is also an emergency grants program, is there not, for white goods?

Mr BATCHELOR — Yes. It is a no-interest loan scheme. Elsewhere in government?

The CHAIR — Yes.

Mr BATCHELOR — Yes, but not as part of this; that is correct. There is one in East Burwood — a NILS program. What do you think of it?

The CHAIR — Pretty good. I have not used it, but I am told it is very good.

Ms MUNT — I refer you to page 178 of budget paper 3 under 'Community development' where it mentions:

> Projects funded through the Victorian Community Support Grants program for the purpose of planning, community strengthening and infrastructure.

I noticed in your opening presentation that the estimated expenditure under the Victorian Community Support Grants program for 2008–09 was $15.4 million, dropping in 2009–10 to $11.9 million. Could you explain that revised expenditure? Are there any other streams of funding that are taking up that slack? Could you explain that to me?

Mr BATCHELOR — As I said in my presentation, the government determines the allocation of funding from the Community Support Fund. As you can see from that chart, it does that to a range of portfolio departments' initiatives that are consistent with the legislation covering the fund. One of those grant streams is the Victorian Community Support Grants program. It is a program that supports communities to become stronger, better resourced and more inclusive places. This was announced in 2004. It enabled many communities to undertake a broad range of activities, such as community planning, infrastructure initiatives and community strengthening. It was a program based on applications. They were considered and provided to those community organisations and local councils that fell within the funding guidelines.

Subsequently the government provided other streams or grants within programs within the Community Support Fund. Some of the programs that were previously incorporated under the community support grants program were picked up by other funding streams. It is not a diminution of the amount going to these, but rather an expansion of the sorts of programs and grant streams that are now available in a broader range. In addition to the community support grants program, which is of similar size, we also have other programs, such as Modernising Neighbourhood Houses. Previously you could get that under the Community Support Fund, but another stream of funds has been made available for that specifically targeted towards neighbourhood houses.

We have also had volunteer grants that previously were part of it but which now have their own grant stream. We have also got a stream fostering the participation of men through the men's sheds program. Another stream is the development of community enterprises. Whilst it may look like the level of support provided to the Victorian Community Support Grants program has decreased, actually there are these additional programs that are now available. We provide other funding streams, but they all still come under the umbrella of the Community Support Fund.

Mr RICH-PHILLIPS — Minister, can I take you to page 178 of budget paper 3, which is the community development output group. The question is in relation to the key performance measures which, with one exception, are all new for this year.

Equally you have abandoned roughly 20 key performance measures that were applicable to last year and earlier years that were in quite a degree of detail as to the performance of various programs under the community development portfolio. Given this committee's previous comments, of which you would be aware, about the need for continuity of measures in order to be able to compare years, could you explain why those 17 or 18 measures have been abandoned and these new ones put in place?

Mr BATCHELOR — I am aware of the need for continuity, but the structure of government does change and we need to have the public accounts reflect those changes. Even within government areas of ongoing activity, decisions and priorities change over time, and that is true with community development in particular, because many of our activities are based on funding of programs for limited periods of time. An objective is sought and action is taken to address that, and then at a later point in time new priorities come forward.

We do not have the funding either in this program or indeed in the Victorian budget just to always incrementally add on top of an existing base. We are very specific in community development because we want to try to grow organisations and grow their strength and resilience so they can be financially independent and sustainable themselves. Then we place a bit of an emphasis on having programs that run for a defined period of time and address a issue, and we try to make that organisation sustainable or that program address the issue and address a contemporary issue of disadvantage.

We believe the new community development measures streamline the previous ones. They better reflect initiatives for Victorian communities, and hopefully they will be more sustainable going forward. But subject to that qualification always, as we change initiatives, which is a key feature of this portfolio — that is, changing initiatives over time — we do so to meet the required circumstances. You would have heard how within, say, our community support grants program we have placed great emphasis on supporting volunteering in bushfire-affected areas this year rather than spreading them thinly across the state. That has happened in a number of areas, and I think the reason for that is quite obvious. But we did undertake a review in consultation

with the Department of Treasury and Finance, and we think it satisfactorily meets the requirements of the new community development area going forward.

Mr RICH-PHILLIPS — I guess, Minister, the old ones, which are on page 457, did relate to a lot of programs that are going forward, such as the CSF, community funding, the NILS program et cetera; so they are still contemporary programs, even though you have abandoned the measures.

Mr BATCHELOR — The footnotes there in the budget papers do provide an explanation of the linkages between the old and the new.

Mr RICH-PHILLIPS — There is a lot of consolidation.

Mr BATCHELOR — Yes.

Mr RICH-PHILLIPS — So a lot less detail.

The CHAIR — You will find in the department's response to the questionnaire in question 8.1 there is a detailed explanation of that: to allow for the assessment of the department's production and delivery of outputs. We are very interested in outcomes rather than just simply the outputs, Minister, and I am sure you are too.

Mr RICH-PHILLIPS — And some detail.

Mr NOONAN — Minister, I want to follow up on A Fairer Victoria. You spent a considerable period of time in your presentation just setting the social framework in terms of your responsibilities in this area. I note in budget paper 3 that pages 37 right through to 42 outline in some further detail all the commitments under A Fairer Victoria. I just wonder whether, for the committee's benefit, you might outline what new commitments exist as part of this budget estimates period and how those new commitments will support communities in the current difficult economic climate.

Mr BATCHELOR — Sure. I think in the presentation I outlined the four priority areas: getting the best start, improving education, improving health and wellbeing, and developing livable communities. We have achieved really quite significant improvements in these areas, and we want to continue that.

This year's *A Fairer Victoria* reflected the unprecedented cooperation with the commonwealth government, particularly around education, housing — social housing — health and indigenous Victorians. We have our $926 million A Fairer Victoria initiative, but we also have $2.8 million over five years of new commonwealth funding. That will be for important social initiatives, which will be organised through the national partnership agreements. There are an number of specific purpose payments which will also have a beneficial impact on the disadvantaged in this area in Victoria.

The areas that the national partnership will concentrate on include indigenous early childhood development and literacy and numeracy in our schools, particularly in low socioeconomic communities. In terms of health the concentration is on promotion and illness prevention. Also included are, as I mentioned before, closing the gap on life expectancy for indigenous Victorians and the area of particular importance to the Prime Minister, which is homelessness and the development of new housing units.

These are the areas that we think can lead to significant improvements because of the additional quantum provided by the commonwealth on this occasion.

Mr RICH-PHILLIPS — Minister, I take you to page 173 of the same budget paper, which refers to the indigenous community and cultural development outlook group, which I assume is under the Minister for Aboriginal Affairs rather than yourself.

Mr BATCHELOR — That is correct.

Mr RICH-PHILLIPS — There is a footnote there in relation to the output cost — relating to the decline in output cost. The footnote is (s), which says:

> The decrease in total output cost from the 2008–09 expected outcome to the 2009–10 target relates to a number of programs lapsing at the end of 2008–09. However, these programs have received additional funding as part of the 2009–10 budget from the Community Support Fund.

My question is: why is the Community Support Fund being used to replace funding that was previously provided through a general appropriation? You may be aware of the all-party committee on gaming licensing last year which made a finding that the CSF should not be used to replace general appropriation. There is another example like this. The question is why is the CSF being used in this way to fund something that was previously funded through the budget appropriation?

Mr BATCHELOR — I think on this occasion some of the decisions that were made by the government in relation to the allocation of funding streams from the Community Support Fund provided on this occasion some funding for some programs but they were not on an ongoing basis; they might have been for one or two years, from memory, but not on a recurrent basis. These are programs that were within the legislative guidelines of the Community Support Fund and really provided a mechanism for meeting the needs of that occasion but not on an ongoing or recurrent basis, which I think was the basis of the original concern expressed by the all-party committee. I am not aware that we made any ongoing. I will check the veracity of that; there might be one or two-year commitments or that type of commitment but not an ongoing commitment to fund them from the Community Support Fund.

Mr RICH-PHILLIPS — Could you please clarify how long they do run for under CSF funding? Will you take that on notice?

Mr BLACHER — That depends on the program. You asked specifically in relation to the indigenous program?

Mr RICH-PHILLIPS — Yes.

Mr BLACHER — There is three years of funding coming out of the CSF for that particular program.

Mr RICH-PHILLIPS — So up to 2011–12?

Mr BLACHER — Up to and including 2011–12. That period of funding — one, two, three, sometimes four years — is quite usual; nothing exceptional there.

Ms HUPPERT — Minister, in your presentation relating to A Fairer Victoria you talked about the renewal programs. I note that in budget paper 3 on page 285 there is an allocation of $9.3 million for community renewal programs; it is an extension. Could you please outline for the committee some of the work that has been achieved by community renewal so far and how that extension will benefit communities during the forward estimates period?

Mr BATCHELOR — This is part of our place-based initiatives. You would have seen the distribution map.

The CHAIR — Do you want to show that again?

Mr BATCHELOR — The community renewal projects, if you like, are a companion to the neighbourhood renewal which is administered out of the DHS and has been going for a longer period. This is a program that addresses location disadvantage in specific locations which are not dominated by the DHS housing estates and has been going for three years. It has been funded for three years.

The government made a decision to extend that funding for a further three years. We believe what had been achieved in terms of forming the strong local partnerships between residents and businesses and governments and community organisations had been helping people have a say and was worthy of extension. The sorts of things we would like to see developed over this three-year period are primarily to see the activities in each of these eight locations become more self-sustaining. They understand that and their primary objective is to access external sources of funds or to build up all community organisations that would enable them to continue operating without government assistance.

We would expect them to work with local businesses to see if they can stimulate employment opportunities as well as a funding stream. We also want them to see if they can reciprocate that by stimulating local business activities through the use of community and social enterprises. These are where local people get together and establish a community enterprise that provides local employment and training opportunities but does that in the context of a business setting and teaches them business skills and can help them get job-ready or, if they are

really successful, keeps them employed in viable local businesses. We also think they should look at increasing training opportunities, particularly linking with the federal employment programs.

There is a lot of money available at the federal level for employment programs and training opportunities, and we would like to see our community renewal programs leverage funding from those areas. We also want to see the community renewals — and we think that they will — link both children and importantly I suppose the decision-makers, the parents, into early childhood services and quality education in their local community, which is all designed to invest in the human capital of our young citizens.

We want them to enhance their ability, to be sustainable in the long run by developing confidence, new local leaders and networks so that people can essentially take charge of their community's own future. We are providing the support for them through the extension of this program.

To date we have seen seven community enterprises already funded, and they have created 46 jobs. That is not a large number, but it is at a very local level. It helps disadvantaged people, citizens who might not have been terribly interested in employment activity but have become job ready. We think that that will help them to be resilient during this economic downturn.

We have also seen local partnerships and collaborations right across the state, partnerships between other state departments and local community renewal activities, with federal governments, with businesses and, increasingly, with philanthropic organisations. We have also had local residents — in excess of 1500 — participate in volunteer activities. They have brought together nearly 100 community events to try to strengthen and bolster community participation, ranging from thankyou days through to ceremonies for young people and skateboarding events. They are the sorts of activities that have been successful in the past and we would like to see them continue.

Ms PENNICUIK — Minister, with regard to the Community Support Fund, I note that Victorians lost $2.6 billion on poker machines in pubs and clubs last financial year, the Community Support Fund is the same $108 million as it was the year before, and $29.6 million of that goes on problem gambling. I just make that point. I am interested in the community support grants, which are the $11.9 million. If you look at page 475 of budget paper 3, there are four of what look like large projects there. They add up, in my figures, to $4.45 million. I presume that is $4.45 million of the $11.9 million. It also states there:

> … approved funding for a number of local governments to undertake community infrastructure and planning projects.

It is not detailed, because you cannot get the information from the councils, or something, in time to detail it here. Can you confirm that? There are two questions to this. One is: would that information be available to be put up on the website, detailing those other projects funded by the community support grants? The other question is: what is the criteria for the allocation of those grants in terms of allocating the money to particular areas? The money comes out of particular areas — for example the Skyways Taverner in Airport West, which you might know about.

Mr BATCHELOR — No, I don't. What is it like?

Ms PENNICUIK — It reaped almost $60 million from poker machines in three years and it is the biggest poker machine venue outside Crown Casino. Obviously money from there goes into the Community Support Fund. My question is about allocation to areas where the money is coming from.

Mr BATCHELOR — There were two questions there, and I am happy to answer both of those. The first one was, 'Is there a detailed list of the grants under the Victorian community support grants program?'. The answer to that is, 'Yes'. I think it is in our annual report, and it is also on the Web.

Ms PENNICUIK — I could not see it on the web. I was looking.

Mr BATCHELOR — It might be easier to find in the annual report.

The CHAIR — The tables office would have a copy.

Mr BATCHELOR — Yes, that is right. They are listed in the annual report in a chapter or on a page in the appropriate section. But that is just for that grant stream. If you look at the blue table you have there, I think it is

the one on the left. They have been published in our annual report for quite some time. They are the ones that I am responsible for, and we itemise them there for three years, for transparency reasons.

The criteria for what can be funded under that grant program are also on the Web and they change over time, as I indicated earlier on. This year we will be having greater emphasis on bushfire areas. I do not know what number of poker machines there are in the bushfire-affected areas. There are probably not many but, because of the needs basis, they will receive a greater proportion of that grant stream over the last financial year and the next financial year. Once the recovery process has concluded, there will be a needs basis somewhere else. We do not link the grant streams directly to the areas where the activity takes place.

Ms PENNICUIK — So there is no correlation between the gambling losses and the amount of money that comes through the Community Support Fund?

Mr BATCHELOR — No, the fund receives money from the electronic gaming machines, and that is a fact of law. Then when we allocate our portion of the Community Support Fund to various allocations, they are based on an assessment of needs and how they match the guidelines that are current at that point in time.

Mr SCOTT — Minister, I would like to ask you a question regarding the whole-of-government volunteering strategy which you referred to in your presentation and is also referred to on page 343 of budget paper 3, which refers to development of a volunteering strategy to promote community participation in volunteering. Can you please outline what this strategy aims to do?

Mr BATCHELOR — Volunteers make a substantial contribution to our community. I have described them elsewhere as the lifeblood or the glue that holds communities together. I think at the time of the recent bushfires emergency, the role and preparedness of people from right across the state to lend a hand at a moment of need was really important, and volunteering can hold its head up high as a result of the contribution people made.

There have been estimates that in economic terms it is worth about $10 billion a year to the Victorian economy. Volunteering is an important part of the economic, as well as the social, life of Victoria. We have allocated $9.3 million to implement three key areas of this strategy. We want to have a major awareness and recruitment campaign to promote community participation.

We have learnt from, as I think I said earlier, the experience after earlier or other bushfires that there is an exhaustion factor. We want to say to community organisations, particularly ones like the CFA, 'Be aware of this phenomenon and take steps to keep those that you have got', and try to help them gain new volunteers. We are going to provide another element to this campaign for this year, which is resources and support to organisations to attract more younger people, and we are establishing an online portal which is in the language of the vernacular of young people and makes it a bit more accessible in terms of trying to get people to volunteer.

We do all of this because we know that when people are connected, they are happier and healthier, you have stronger and more active communities, and when a troubled time arrives, if you have a more connected community, you are able to deal with issues in a more constructive and meaningful way.

Again this came through in a number of areas that were severely affected by the bushfires. The local leadership that came to the fore was best in those areas where the community building initiatives were in place; they are a bit like our neighbourhood renewal programs, which you would know about from your own area, Mr Scott.

In 100 towns across country Victoria, there is the rural equivalent, the community building initiative. Up at Kinglake the outstanding community person was Anne Leadbeater, and she just happened to be the person who was the community building initiative engagement officer for that area. The skills that she learnt undertaking that task were able to be brought forward at a time of great need, and people turned to her. That is why we are wanting to maintain these place-based initiatives and to be similarly supported by an active campaign of retaining, gaining and training volunteers.

Mr RICH-PHILLIPS — Minister, I take you back to the community development output group on page 178 of budget paper 3. Given this is now a consolidation with other things including neighbourhood houses, men's sheds and so forth, I wonder if you could provide the committee with a breakdown of that output cost? I understand that some of it is the net CSF money and the difference between inflows and outflows, but

could you please break down the rest of it into its component parts as they relate to neighbourhood houses and men's sheds et cetera?

Mr GREGORY — I would have to take that on notice.

Mr BATCHELOR — Is that clear — what the request is?

The CHAIR — Yes, that is clear? Thanks for that.

Ms MUNT — Budget paper 3, page 178, refers to support for community enterprises. How will social traders build on this support, and how will that provide outcomes for disadvantaged Victorians? Could you please explain how social traders will work in a little bit more detail?

Mr BATCHELOR — I spoke earlier about our concept of community enterprises — they can also be referred to as social enterprises — where within an area, community members identify a commercial task that could be supported. They establish a business, work at it in a business-like way, gain skills in employment and bring social good to their local area.

An example of this is a fresh fruit and vegetable market that was established out in Frankston North. It is in a community renewal area. It is a social enterprise set up through the Brotherhood of St Laurence, I think, and the community has established a small fresh fruit and veggie market for the local community. It was established in the school hall, and every Friday, I think it is, people come along and buy their fresh fruit and vegetables and in increasing quantities. They buy fresh fruit and vegetables that they have not purchased previously and are given assistance on how to use and prepare meals from them. This is being set up with some assistance and guidance from the Brotherhood of St Laurence, and we have provided money to the Brotherhood of St Laurence to provide the administrative support to these organisations.

There are a number of examples of these where the Brotherhood of St Laurence and AMES have been leading the way. It is a social phenomenon that has been observed to deliver sustainable and enduring outcomes. There is a network of around 100 community enterprises that have been supported through our strategy since 2004 and they have generated up to 500 new jobs. Another example is the Sorghum Sisters, who have set up a catering business. They are refugees from the Horn of Africa. They have set it up in a refurbished kitchen in Carlton and they have now got a viable business supplying catering facilities but also training opportunities for refugee women in the high-rise flats here.

Social Traders is an extension of this. It is an arrangement we have entered into with a philanthropic organisation to provide a new source of community enterprises. Social Traders is a partnership where we have put in $4 million and the philanthropic organisation has put in $4 million. They are also providing in-kind support from businesses and community organisations and they will provide the community sector with relevant social businesses and community enterprises. It is in its embryonic and establishment phase at the moment and will start establishing enterprises later this year.

But there are a couple of significant and interesting developments here. Firstly, the government has gone into partnership with a philanthropic organisation, or a philanthropic organisation has gone into partnership with the government. They have put substantial amounts of money into a program that both they and we see as valuable in helping community organisations foster what in the jargon is called economic participation. We are helping people get a job, and often the best social help you can provide somebody is to help them get a job, an enduring long-term job.

Ms MUNT — Do you think as the program develops it might also link to other government departments? I see a link with social housing and a range of other links that could be put in place.

Mr BATCHELOR — Yes. This idea of community enterprises is already a concept that is adaptable and able to be picked up by other government departments. Sustainability Victoria, for example, has a retrofit program for homes in disadvantaged areas where they install water and energy-efficient devices. It provides jobs and training for people from the local area or from housing estates. Also, of course, in providing this training opportunity in the way that it does, it reduces the energy and water bills of those individual households, so it helps them.

The Department of Human Services uses it as part of its tools for community engagement in the neighbourhood renewal program. These are areas that get good support.

Ms MUNT — In my electorate there is a group that makes curtains for people when they move into social housing so that they have their own curtains. There is an embryonic business going on there.

The CHAIR — That is a good idea. I might add, Minister, that with this new rollout of federal money in terms of insulation, there should be enormous opportunities there in order to provide many jobs for exactly the people you are seeking to target, I would have thought.

Mr BATCHELOR — Yes. There is a bit of an issue there. We would have liked it to have been a much more structured program through community enterprises in the delivery of the federal program to install insulation. It is effectively going to be available to almost every house that does not have it in Victoria. It is a huge program. I think they have decided on a slightly different delivery model. You will be able to participate in that as a sort of provider by getting an accreditation. Then you would be able to go to work for one of those who undertakes this, so it is going to provide local opportunities and skill up people in a relatively quick and useful way.

Mr RICH-PHILLIPS — Minister, can I take you again to that community development output group?

Mr BATCHELOR — On page 178 again?

Mr RICH-PHILLIPS — Yes, 178, and the footnote on 181, which is footnote (*h*) relating to the Community Support Fund. It notes that it includes an adjustment of $6.1 million for the CSF:

> … being the difference between the estimated revenue of $101.9 million and estimated payments of $108 million in 2009–10.

It is that figure of $101.9 million for revenue. I am just wondering, holding that figure in mind, if you could go to budget paper 4, which is the statement of finances, at page 237. Down the bottom it lists the actual payment into the Community Support Fund under the Gambling Regulation Act.

It lists it for 2009–10 as $98.86 million, which is roughly a $3 million difference between what the other budget paper says and what that appropriation says. I am just wondering if you can reconcile the difference between those two amounts.

Mr BATCHELOR — Sure. I will do that by asking Mr Gregory to help.

Mr RICH-PHILLIPS — You or Mr Gregory. I thought I would put the question to you first.

Mr GREGORY — In relation to that, that is the appropriation from the gaming money, but it is also $3 million worth of interest on funds within the CSF expected to be earnt through the year. So there is $3 million worth of interest revenue that stays within the fund to fund programs.

Mr RICH-PHILLIPS — And does that figure include the money that goes off to the veterans fund?

Mr GREGORY — Yes. It is within the $108 million, yes.

Mr NOONAN — Minister, I wanted to ask about the Office for the Community Sector, which was established not so long ago and is referred to in budget paper 3. I wonder whether you could provide an update on the progress of the office and details of any performance measures that have been sent to the office over the forward estimates period.

Mr BATCHELOR — The Office for the Community Sector was established following a review that was undertaken by Professor Fels and our response to that review. It was launched in 2008, and it has got a funding commitment of $13.8 million. Our response to this review by Allan Fels is to set out our practical strategy to fulfil the government's commitment to developing the not-for-profit sector and ensuring its long-term sustainability.

I think I mentioned to you before that volunteering delivers about $10 billion to the Victorian economy, and as part of that the not-for-profit community organisations really deliver a valuable service to individuals and the community. In particular they provide opportunities for economic participation — I mentioned that before —

but also for social participation. They are really central to developing strong communities, and that is why we are keen to see that the integrity, the strength and the capability of this sector as a whole and of individual organisations are established and enhanced.

To support them, if you like, to establish a champion for the not-for-profit sector within government, we established the Office for the Community Sector to work with the not-for-profit sector and to work with other government agencies to try to identify areas where government assistance could be provided to help reduce any barriers, to reduce red tape and to try to provide for financial sustainability. A number of bills, for example, have been amended around fundraising as part of this program to reduce the regulatory burden.

We are trying to establish some community foundations in areas that are experiencing disadvantage. We have set money aside to do that through the Office for the Community Sector. I would acknowledge that that is probably a lot harder these days than when the idea was first germinated, but nevertheless we will continue to do that. We want to have foundations that are from and for local communities to help organisations on an ongoing basis.

The Office for the Community Sector is also working with NGOs to develop a model framework in relation to workforce challenges. There are a variety of challenges facing the not-for-profit sector, including issues of retaining staff, getting in new and fresh ideas and retraining. We are also working with the sector through the Office for the Community Sector to see whether it is appropriate to establish a new representative body so that the voice of the not-for-profit sector can be heard loud and clear, and unambiguously.

A new task, I suppose, that the Office for the Community Sector has had to take on board is working in a way that is proactive to the challenges that are presented to NGOs from the economic downturn. We recognise that the economic downturn is going to have an economy-wide impact, and we want to know how it impacts on our not-for-profit sector as well as in other areas, and our Office for the Community Sector will do that.

The CHAIR — The final question on this portfolio, from Mr Rich-Phillips.

Mr RICH-PHILLIPS — Minister, just a question on the CSF again about the balances. I note the government has had a policy in the last couple of years of committing more expenditure each year than revenue to bring down the balance of the fund. Can you tell the committee, please, what the estimated 30 June balance in uncommitted funds will be for this year?

Mr GREGORY — The estimated balance at the end of this financial year will be $47 million.

Mr RICH-PHILLIPS — And that is uncommitted funds, or is that a cash balance?

Mr GREGORY — No, it is committed funds.

The CHAIR — Unexpended, isn't it?

Mr GREGORY — It is committed but unexpended. We have committed that we will spend these moneys, but the timing of the payments will occur over the next two or three years.

Mr RICH-PHILLIPS — So effectively there will be a zero uncommitted balance that has not already been committed to projects?

Mr GREGORY — Yes, that is correct.

Mr BATCHELOR — Each year we get $108 million to commit.

Mr GREGORY — There are no uncommitted funds for the next two years in relation to the CSF. It has been committed on three or four-year programs and grant programs that will cover the next two or three years.

Mr RICH-PHILLIPS — So going forward you will not be able to commit more than you are receiving in revenue?

Mr GREGORY — There are programs within there, like the VCSG, that are uncommitted in themselves. Out of the program that the minister administers himself we have not committed all the funds, but in theory we have allocated them to a program. We will not be allocating any more programs. There are individual grants

you can pay out of those programs, but they are all allocated in relation to programs over the next couple of years.

Mr RICH-PHILLIPS — Thank you.

The CHAIR — I thank Ms Miles, Mr Ferrie, Mr Gregory and Mr Blacher for their attendance.

8.6 Planning Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 20 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Madden, Minister for Planning,

Mr Y. Blacher, Secretary,

Mr S. Gregory, Chief Finance Officer,

Mr J. Gilmore, Executive Director, Planning Policy and Reform, and

Mr D. Hodge, Executive Director, Planning Services and Development Facilitation, Department of Planning and Community Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of planning. On behalf of the committee I welcome Mr Justin Madden, Minister for Planning, and departmental officers. Members of Parliament 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. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming and recording proceedings in the Legislative Council committee room. I made some comments on this earlier in the week, and said that I would be looking to speak to the Speaker and the President and also to the president of the press gallery about arrangements in this regard in the future.

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

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. I note that there have been some occasions in the past week or two where members have got a little overly excited, and I think that occasionally a minister has got overly excited too. I ask members, ministers and witnesses to respect the processes of Parliament. The Chair always gives people the call, and I ask members to respect that. Questions need to relate to the budget estimates. This is not a fishing expedition; this is a committee inquiry which has limited terms of reference and we have to deal with it like that. I will make a judgement on the appropriateness of the behaviour. I do not wish to pull anybody up, but I do wish this process to proceed smoothly, so I ask for the cooperation of the minister, witnesses and members of Parliament to make this a productive hearing.

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

Overheads shown.

Mr MADDEN — Thank you very much, Chair, and I thank the committee. I might just run very quickly through a series of slides. It should take only 10 minutes. If it looks like we are pushed for time, I will try to terminate as quickly as I can.

Basically, the goal of the Department of Planning and Community Development is to lead and support the development of liveable communities in Victoria through improved planning and design for sustainable communities; ensuring better access to housing infrastructure, jobs and services; and increasing opportunities for participation. Victoria's strong population growth contributes to our prosperity but continues to require investment in maintaining and improving the liveability, particularly in growth areas. Managing sustainable population growth will continue to be the focus of the department in 2009–10.

Given the significant events of the last year, including the global financial crisis, the Victorian bushfires and ongoing climate change, the department's 2009–10 budget also has a strong focus on creating economic stimulus and jobs for Victorians by facilitating significant urban development renewal initiatives and supporting more resilient communities that are better able to respond to the impacts of change, overcome disaster and disadvantage, and recover from crisis.

In terms of the next slide, the DPCD's 2009–10 budget will deliver the goals of growing Victoria together. It contributes to a range of key government policy directions, including *Melbourne @ 5 Million*, the Victorian transport plan, *A Fairer Victoria*, the women's policy framework 2008–11, and it respond to the Victorian veterans sector study.

The Public Accounts and Estimates Committee's 80th report at recommendation 9 states:

Departments continue to review their output performance measures to ensure that they are relevant to, and that they reflect appropriately, the department's service outcomes and strategic objectives.

The department supports this recommendation and reviewed the current budget paper 3 output structure and performance measures. The review was undertaken in collaboration with DTF and PAEC, and the proposed new outputs and performance measures will assist the department to focus on existing and new service policy and priorities and assist the community in understanding the nature and services provided.

I would like to focus now on the planning portfolio. In the past 12 months there have been substantial pieces of work undertaken across the portfolio. These include, in particular, the bushfire response. The planning response to the 2009 bushfires is multifaceted and includes: supporting recovery activities by ensuring there are no impediments in the planning schemes to bushfire recovery and the provision of temporary accommodation; facilitating rebuilding by exempting the need to obtain a new planning approval for replacement homes, garages, storage sheds, dependent person's units and buildings used for farming — a further exemption has been introduced to community infrastructure affected by bushfires for development up to $1 million; building capacity for fire-affected councils including skill-supportive design, mapping and statutory planning; planning for future bushfire risk including examining existing policy, risk identification and assessment of methodologies and the effectiveness of existing planning scheme tools; and strengthened new interim building standards for homes to improve to defend and defence ability and resilience of homes at bushfire risk.

These standards that apply across Victoria include methods for assessing the bushfire risk, which in turn informs the building design and the required construction methods and materials.

In terms of central activities districts, work to date includes the likes of Broadmeadows, Footscray, Dandenong, Geelong and Ringwood. We have a range of initiatives there to support these central activities districts. In terms of creating better places as well, there is $2 million worth of urban improvement projects announced under round 4 grants for local councils.

Melbourne @ 5 million is a very significant piece of work. Melbourne is expected to reach a population of 5 million much faster than previously expected because of the attractiveness and liveability of Melbourne. *Melbourne @ 5 million*, released in December last year, identified that some 600 000 additional dwellings will need to be accommodated over the next 20 years, including 316 000 in established areas and 284 000 in growth areas. It also recognises the need to review the urban growth boundary to create an additional 134 000 dwellings, included in that previous figure of 284 000 dwellings required in growth areas.

Critical transport and employment priorities designed to reduce overall journey to work times were also identified. There is projected to be a significant need for new jobs located closer to where people live. In overall terms, it will maintain Melbourne's housing competitive advantage, lead to greater density in choice, shape the city, focus on employment closer to where people live and promote greater housing density near public transport.

I am pleased to advise that good progress has been made, with Geelong, Ballarat, Bendigo, Latrobe and Wodonga having all identified growth management projects which are to be undertaken by them with the assistance of the government. The urban development program approach has been extended to regional Victoria and will support the provision of land supply and demand information in key regional areas. Initial monitoring systems are currently being established in Ballarat, Bendigo, Latrobe and Wodonga.

The housing capacity of each municipal council will be assessed over the next financial year through my department's housing growth requirements work, identifying the opportunity for new housing throughout Melbourne. I recently announced $1.5 million in grants to enable local governments and the Municipal Association of Victoria to provide the necessary assistance for this work.

I mentioned *Melbourne @ 5 million* and the population growth, but it is worth appreciating that even if we did not have that population growth, we still have enormous demand for housing, because people are living longer, household numbers in each house are smaller and people are forming their households later. Regardless of the population growth, we need an enormous number of dwellings to complement the lifestyle choices that people make.

We are working with the Growth Areas Authority to make sure that we fast-track work in the growth areas. The urban growth zone was introduced in 2008 and that has been applied to land in the five growth areas. The

Growth Areas Authority is developing the draft precinct structure plan guidelines, or has. As well as that, the Growth Areas Authority has completed nine precinct structure plans for new communities. We have anticipated 21 under way and we are expecting work to be completed very shortly on those.

We are also undertaking a review of the Planning and Environment Act. It is an opportunity to modernise and address the system and ensure improvements in the act going forward.

On planning applications online, six councils participated in a pilot project — Banyule, Greater Dandenong, Hepburn, Hobsons Bay, Melbourne and Moreland — as well as 12 applicant firms, more than 30 referral authorities and VCAT. The early indications are that that has been relatively successful.

Metropolitan planning has basically been a priority, too. The state planning services have supported councils in the past 12 months by providing technical, policy and process support while dealing with requests for authorisation of planning scheme amendments in a timely manner.

As well as that building policy, the plumbing regulations 2008 came into effect on 24 November 2008 and replaced the plumbing regulations of 1998. The regulations include a number of variations and inclusion in key areas relating to the plumbing code. That seems to have been relatively successful and we are confident in that work being sustained as we go ahead.

In terms of Heritage Victoria, the heritage strategy grants program, which has funded $2 million of projects to Heritage Victoria for heritage places, objects and collections management, represents a very significant investment and also supports those community groups who are very active in that space.

In terms of priorities for the forthcoming year,$2.13 million in Creating Better Places grants will be provided for minor capital works projects as well as assistance to complete structure plans and the employment of place managers in metropolitan activity centres and certain regional centres and towns while $1.5m will be provided in grants under the Expert Assistance Program to directly assist local councils in the planning and development of metropolitan activity centres.

In terms of development assessment committees, funding of over $2 million over two years has been allocated to establish the development assessment committees outlined in *Planning for all of Melbourne*. In terms of development facilitation, $3.2 million over four years has been allocated to the development facilitation strategic priority projects to fund new planning reforms and fast-track key building projects.

Then, on the statewide electronic planning applications online, $10.4 million over four years to implement statewide electronic planning applications has been allocated.

The CHAIR — We might — —

Mr MADDEN — As well is that — I will finish up — there is a range that I hope to touch on as well: targeted urban renewal programs, central activities districts and basically significant investment on a number of fronts. I am happy to take questions on all those matters.

The CHAIR — The remainder of time for this hearing has been allocated for questions on the planning portfolio and the budget estimates. Minister, as I have asked other ministers, what federal grants or funding, both output and asset, will your portfolio or department or various agencies have received in the budget? Can your department provide the committee with a list and description of these grants? What accountability mechanisms, both to the federal government and your expectations from the organisations that you fund, will there be in respect of these grants?

Mr MADDEN — There is quite a body of work to explain in this area. Whilst there have been no new federal grants reflected directly in terms of the 2009–10 budget for the planning portfolio, that is not to say there is not a lot of involvement of the planning portfolio in a lot of other funding initiatives by the federal government.

Planning has been allocated $6.5 million by the federal Department of Families, Housing, Community Services and Indigenous Affairs under the housing affordability fund for further development and integration of the electronic development systems and processes, which is commonly known as e-planning. The funding for

2009–11 will enable existing systems to be modified to meet the national electronic development assessment technical standard, known as eDAIS, and also enable full integration of systems at participating councils.

The funding of $6.5 million is subject to a memorandum of understanding, which was signed and returned to the federal government last week. The MOU stipulates funding conditions including six milestone payments for commencement to the end of the project in 2011. In addition, I understand there may be further funding announcements from the commonwealth in relation to the planning portfolio in coming weeks.

As well as that I made an announcement this morning, which is particularly pertinent to the question that you asked, Chair. All governments are very conscious that in Australia in 2009 the global economic environment is one of uncertainty, and we need to provide as much certainty as we can. It is certainly a contrast to a year ago.

The world is currently caught in the worst economic crisis since the Second World War. Growth has slowed, not only in emerging economies; recessions are being experienced in a number of Western developed economies — the United States, the United Kingdom, Japan and Europe — but we are making sure that we minimise these global impacts on our local economy. That is a top priority for the government.

To that end I have announced today, and I am pleased to announce here, some key planning reforms this morning, which will help Victoria secure its share of the federal government's $42 million Nation Building economic stimulus plan. In particular I have announced a streamlined planning process for projects funded by the commonwealth's Building the Education Revolution and social housing initiative.

We have cut red tape to exempt non-government schools from the need for a planning permit where they meet certain criteria. I have made myself the responsible authority for schools and housing projects funded under the commonwealth's stimulus package. Where a permit is required I have streamlined the provisions to exempt them from the standard notice requirements and the review rights of the Planning Environment Act 1987.

That is not to say that poorly designed projects will get the automatic green light or that councils will be cut short of the process. For education proposals, with higher levels of amenity impacts and all social housing proposals, local governments will be notified and requested to provide comment. I will consider their views, and advice will be provided to me on their views when making those decisions.

These measures will take effect from this Friday. Without these measures, the projects could be languishing in approvals and at the VCAT system for up to 18 months, and this simply will not allow the projects to meet the commonwealth time frames to be eligible for the funding. For example, the funding contributions from the commonwealth require that 75 per cent of all new housing projects be completed by 31 December 2010. The time lines for the education funding are even tighter, with some projects needing to commence next month. I should point out that government schools are already exempt from planning requirements. This streamlined planning process will require that non-government schools are not disadvantaged in seeking funding under the Building the Education Revolution program.

We are taking action now to make sure we secure Victoria's fair share of the federal funding. We want to see our schoolchildren in Victoria and families in need of social housing have access to the commonwealth funds where they deserve them. My actions will ensure that $1.4 billion of federal funding can be accessed for new school facilities, such as libraries, science and language centres. The funding will help equip schools with infrastructure to meet the needs of current and future generations.

My actions will also help secure around $1.5 billion of commonwealth funding to build approximately 5000 social housing dwellings. Many members of this committee would be aware that earlier this year, the Premier announced the government would identify key projects where decisions could be fast-tracked in order to secure more jobs and help Victoria through the global financial crisis.

These streamlining measures I have announced today build on this momentum. They highlight the importance of the development facilitation unit in the planning portfolio. The Victorian budget supports these streamlining packages by providing $3.2 million over four years to further the capacity of the department, the DPCD facilitation unit. My actions mean that $3 billion of investment will flow to Victoria. These changes will pave the way for the largest number of simultaneous education and housing projects to be undertaken in Victoria's history. This will boost local infrastructure and support jobs for Victorians. It will support projects with lasting benefits to communities across Victoria.

The CHAIR — Thank you Minister. It was a little bit long, but thank you.

Mr WELLS — Minister, the Ombudsman has reported that in relation to planning issues with the Keilor Park Reserve, a member of your staff, Mr Hakki Suleyman, inappropriately influenced this planning issue for the purpose of an ALP preselection dispute. The Ombudsman said:

> Mr Suleyman was involved in the issue of a direction to the CEO which could have cost Brimbank at least $100 000. I received evidence that Cr Suleyman and Mr Suleyman agreed to return funding to the 2009 council budget for development works at Keilor Lodge Reserve if Mr Seitz supported Cr Suleyman at the impending Kororoit preselection.

So my question to you is: when did you first become aware of the intervention of a member of your staff into the Keilor Park planning issue? Did you direct Mr Suleyman to conduct the actions he did at Keilor Park; and if you did not, who did?

Ms MUNT — How does that impact on the forward estimates?

The CHAIR — Thank you, Ms Munt.

The questions need to relate to the forward estimates. My judgement is that that one does not; it is more appropriate to a question on notice. Minister, my suggestion is that you do not need to answer that one, because it does not seem to be appropriate to the forward estimates. If you wish to talk about — and it is not for me to direct you, of course — planning arrangements for councils in that regard in the forward estimates, in the budget context, then I would be satisfied.

Mr WELLS — In fairness, can I just — —

The CHAIR — Through the Chair, please.

Mr WELLS — Through the Chair: in fairness, yesterday we had an assurance by the Premier on the Neil Mitchell program that the minister would be coming before public accounts, he would be asked these sorts of questions and he would be accountable. That is the assurance the Premier gave yesterday on the Neil Mitchell program, so we are assuming that the minister will be able to answer these questions.

The CHAIR — Neither the Premier nor Neil Mitchell actually run the arrangements for the Public Accounts and Estimates Committee.

Mr WELLS (to the Chair) — Are you saying that the Premier has deliberately misled people on the Neil Mitchell program?

The CHAIR — Excuse me, Mr Wells, I did say at the beginning that we need to conduct this hearing in accordance with the normal practices of Parliament, so when I have the call and I am speaking, I really do not need to be interrupted. What I have suggested here is that this question does not actually fall within the estimates hearing. If the minister wishes to answer it, that is his prerogative, but in terms of the Chair and in terms of this hearing, it is outside the terms of reference, except in relation to planning and the council.

Mr WELLS — Just on that point, with respect.

The CHAIR — The minister has the call.

Mr WELLS — Through you, Chair. With respect — —

The CHAIR — No, the minister has the call.

Mr WELLS — The Premier said yesterday that — —

The CHAIR — The minister has the call.

Mr WELLS — 'Justin is appearing this week before the Public Accounts and Estimates Committee — I think on Wednesday'.

Mr MADDEN — Chair, I am happy to answer.

Mr WELLS — 'I am sure he will get questioned before the committee about all of those matters'.

The CHAIR — Mr Wells, you are ignoring the Chair.

Mr WELLS — I am wondering if he can then answer the question.

The CHAIR — Order! Mr Wells, you need to respect the processes of the parliamentary committee; you are clearly not doing that. As I said before, you are an experienced parliamentarian, and you need to follow the procedures of the committee. I have asked all members, and that includes you, Ms Munt, who was also making an intervention when someone else had the call. There are processes which we have to follow, and we need to follow them properly. I have already given a ruling on this particular one, and I have left it to the minister and given him the call. I ask you to have respect for the call.

Mr WELLS — With respect, Chair — —.

The CHAIR — Minister!

Mr WELLS — With respect to you, Chair — —

The CHAIR — I will take no more.

Mr WELLS — With the greatest respect, Chair, we have had the Premier say one thing, and now you are contradicting what the Premier said yesterday. He gave assurances that he would answer these questions.

The CHAIR — I have already ruled on this matter. Minister, you have the call.

Mr MADDEN — I am happy to provide answers to this committee on anything I possibly can. In relation to Mr Wells' questions about my electorate office, let me just say that if you read from cover to cover the report from the Ombudsman's office, it is no doubt an appalling indictment on the operation of the Brimbank City Council. They are of course very grave and serious matters reflected by the Ombudsman, and I acknowledge that.

Mr Suleyman has been an electorate officer in my electorate office for the time that I have been a member for the Western Metropolitan Region and a member for Doutta Galla. He was employed in my office prior to my taking up my position in Parliament, and I have stood him down on the basis of the report that has come to all of us from the Ombudsman.

Can I just say that I have lost faith in Mr Suleyman. I have asked the President to deal with these matters and to resolve these matters at the earliest possible time.

The extent of allegations made against Mr Suleyman were significant in terms of the report, and they have been acknowledged by everybody and myself. I was not aware of his undertakings in any shape or form in relation to these matters, and as such I have lost faith in Mr Suleyman and stood him down accordingly.

Mr WELLS — But you did not actually answer the question. The question to you was: when did you first become aware of the intervention of a member of your staff into the Keilor Park planning issue? When did you become aware of that, and did you direct Mr Suleyman to conduct the actions he did at Keilor Park; and if you did not, then who did? That is the part that I need an answer to.

Mr MADDEN — Can I just make this point — —

The CHAIR — Before you answer — —

Mr WELLS — He agreed to answer the question.

Members interjecting.

The CHAIR — Without assistance from members who are getting a little excited. Minister, as I said before, I do not regard this as a question dealing with the estimates. If you wish to answer that one, that is your prerogative. I would prefer that you did not because — —

Mr WELLS — Hang on, he should be given the chance

The CHAIR — I am giving the ruling, thank you very much.

Mr WELLS — He should be given the chance to answer the question, and he has agreed to answer the question.

The CHAIR — Without the interruptions. If you actually listen, Mr Wells — —

Mr WELLS — He agreed to answer it first-off, and now you are giving him a chance not to answer it.

The CHAIR — You are not listening, Mr Wells, and your behaviour is not good.

Minister, I am giving you the prerogative if you wish to answer that one. I judge, as Chair, that it has nothing to do with the estimates.

Mr MADDEN — I have answered many of these questions publicly, and I have answered many of those questions within the Parliament. Those answers still pertain to your question, too, Mr Wells, and I am happy to repeat those answers because almost the exact question has been asked of me within the Legislative Council, and that relates to when I became aware of these matters.

The extent of Mr Suleyman's involvement in any matters dealing with the council came to my attention through the Ombudsman's report.

Mr WELLS — You cannot be serious! You did not know anything was going on in your own office until you read the Ombudsman's report. Is that what you are saying?

Members interjecting.

Mr WELLS — Are you saying that you did not know anything that was going on in your office until you picked up the Ombudsman's report.

The CHAIR — Mr Wells, I warn you.

Mr WELLS — How long has he worked with you — 10 years? If he has worked with you for 10 years and you have not done one thing about it, you are either being dishonest or you are incompetent in the way you have handled it.

Members interjecting.

The CHAIR — I formally warn you, Mr Wells, that you are ignoring the Chair. While it might be good for the television — —

Mr WELLS — We just want some answers.

The CHAIR — The Chair is standing. It is a convention of Parliament that when the Chair is standing the members are quiet — that includes the witnesses as well. You are flouting the conventions of Parliament. If you wish to show such bad behaviour as a parliamentarian, or if any other members of the committee wish to do the same, then I will formally warn them. After warning them, I will not give them the call. If you wish to participate properly in this proceeding, then do so. If you do not, then do not participate.

Mr WELLS — Get him to answer the question, then.

The CHAIR — Mr Wells, I am talking. The minister was answering the question.

Mr WELLS — Right.

The CHAIR — Thank you, Mr Wells.

Mr WELLS — So you are saying — —

The CHAIR — Without assistance.

Mr MADDEN — Thank you very much, Chair — —

The CHAIR — And it is not a laughing matter, either.

Mr MADDEN — No, I have — —

Mr WELLS — But you are saying that you have been working in your office for 10 years and you did not know anything about it?

The CHAIR — Mr Wells, that is totally inappropriate behaviour.

Ms MUNT — Absolutely. It is just too much.

Mr WELLS — You started in 1999, and for 10 years you had no idea whatsoever about the intervention into the Keilor Park planning issue?

The CHAIR — All right, Mr Wells. I think we have had enough of that question.

Mr WELLS — Is that the case?

The CHAIR — I give the call to Ms Munt.

Mr WELLS — Hang on. He agreed to answer the question.

The CHAIR — You are flouting the rulings of the Chair.

Mr WELLS — He agreed to answer the question.

The CHAIR — But you are not allowing him to answer.

Mr WELLS — No, I am just asking. He agreed to answer the question — —

The CHAIR — You are flouting the rulings of the Chair. You are taking no notice of the processes of Parliament.

Mr WELLS — Now what you are doing is letting him cherry pick — —

The CHAIR — I am not letting anybody cherry pick anything. If the committee members are unable to control themselves, then I will have no alternative but to suspend the hearing while we discuss this, as the committee. This of course will detract from the hearing. We actually want to have a hearing on the estimates. Unless the minister has anything quickly to add without any assistance from other members of the committee — that includes you, Mr Wells, and it includes you Ms Munt — then we will move on to the next one. The minister, to very succinctly finish answering the question.

Mr MADDEN — I believe I have answered that question.

The CHAIR — All right, Ms Munt?

Mr WELLS — No. This is about accountability.

The CHAIR — Ms Munt has the call.

Mr WELLS — Are you saying that the first time you knew about the Keilor Park planning issue was when you picked up the Ombudsman — —

The CHAIR — Mr Wells!

Ms MUNT — Minister, in relation to page 284 of budget paper 3 under '2009 Victorian Bushfire Response and Recovery' and in particular 'Bushfire Building Standards', I note that $1 million has been allocated in 2008–09 to communicate new building standards in response to the Victorian bushfires. Can you please provide the committee with an update on this initiative?

Mr MADDEN — The profound impact of the bushfires earlier this year no doubt weighs heavily on people's hearts right across Victoria. What has been no doubt impressive for all of us is the fact that all Victorians and Australians beyond Victoria have really supported those affected by the bushfires. I would like

to place on record my thanks and my compliments to the community for the broad support and the way in which everyone has responded.

I would just like to hand out to the members of the committee some documents I want to draw your attention to. These relate very much to building matters in relation to the bushfires. There is an array of documents there. We recognise that people wanted and needed the support to move back as quickly as possible into their communities and reassemble their lives and begin the rebuilding process following the devastation of the Black Saturday bushfires.

As a government we have moved quickly to identify strategies to address emerging issues facing communities impacted by fire. What you have in front of you is a collection of material that has been published by one of my agencies, the Building Commission. The information will assist people to understand what steps they need to take to rebuild. These publications follow a decision by the government, made soon after the bushfires, to introduce tougher building standards by bringing forward the new Australian design standard, AS 3959–2009, which is for the design and construction of buildings in bushfire-prone areas. This standard will help to improve the defensibility and the resilience of homes at bushfire risk. There are three documents there: a guide to returning to your property safely, *A guide to building in Victoria after the bushfires* and a plain-English document for people to understand how they can rebuild within the new building code or the new standard in relation to domestic dwellings.

Whilst it might appear initially technical, it is not too technical. I will try to simplify it and put it in layman's terms. The new system of rebuilding means that all locations have to be assessed for bushfire risk. Then, on the basis of the bushfire risk — and I draw your attention to almost the centrespread of that document, which is 'Rebuilding after the devastation'. That basically has the varying bushfire attack levels, or the BAL levels. There are six of them. They range from low to those dwellings in the flame zone. Then, in layman's terms, down the other side of the chart it indicates the sort of works that need to be undertaken to fit into those categories. That helps people understand the practical implications and the materials they need to put into the dwelling, and also assists them to feel more confident that they are building at the highest possible regulatory standard of the time.

It will apply to all new homes across Victoria. All homes will be considered under the bushfire attack level. The bushfire attack level is determined by a number of factors, including the likes of aspect, slope and the proximity and type of vegetation at the site. One of those critical issues is the type of vegetation. If it is low-lying or if it is located in a rainforest, that has significant implications.

There will no doubt be the prospect that some homeowners may have to apply additional costs to their homes in the high-risk category. It is expected that around 80 per cent of new homes will be in the low-risk category across the state. This is new dwellings right across the state, not just in bushfire-prone areas. To ensure that communities have the information they require to make informed decisions when rebuilding and applying the new building standard we have invested $1 million in educating and training for communities, councils and professionals. This has been done in a number of ways: seminars, industry roundtables, publications, voluntary programs, a website and an information hotline where people can talk to a technical expert.

Again I want to put on record that the government has been overwhelmed by the kindness and generosity of all Victorians in their willingness to assist. I also want to put on record the volunteer services, particularly within the building industry. The building industry itself has a number of volunteer programs under way to assist in the rebuilding effort. Many of those are professional organisations. That is being coordinated with the Building Commission. I announced one volunteer program that was the bushfire attack level assessment project, where volunteers who are registered professionals are available to assess a property's bushfire attack level, which is a requirement before people start building.

That program will assist people in making a call as to how, where on the site and to what extent they might want to rebuild, and what other works they might want to undertake if they need to undertake any clearance as well. We are grateful for the number of professionals who offered to pitch in and help rebuild, and no doubt the royal commission will consider longer term issues. We are getting on with the job and helping people now when they really need it, and we also look forward to the longer term recommendations that might come from the royal commission and might assist us with planning and building matters well into the future.

Ms MUNT — Do you know how much rebuilding is currently under way?

Hon. J. M. MADDEN — I will take the specific details on notice, but it is quite comprehensive. There are those who are now reaching a critical point where the sites are cleared. Recently it was announced that more than 30 per cent of sites are cleared. We have had fine weather this week, so that could be almost 40 per cent by the end of the week, I understand. With the clearing of a lot of these properties people are now having to make the judgement call themselves as to whether they will or will not rebuild because they are at that critical point. That support from the volunteer services is critical to inform them now, if the site is cleared, what the implications are and how they might rebuild, whether it be on exactly the same location or with slightly different materials. For some it might even be a bigger property, for others it might be smaller, depending on where they are in their life.

Ms MUNT — And their family responsibilities.

Hon. J. M. MADDEN — That is right. For many of them it is a critical point. We want to support them, and we certainly are conscious of that. It is a very big decision for some people, and some people are electing not to rebuild. We can support them in any form around making that decision with counselling or support. We are happy to provide that.

Mr DALLA-RIVA — Minister, the Ombudsman has reported that in relation to the property issue at 76–78 Biggs Street, St Albans, the property was provided free of charge to your of staff Mr Hakki Suleyman, who then used it for the purpose of ALP recruitment and meetings, and in particular it became the address of the Maribyrnong North Turkish branch of the ALP.

The CHAIR — I am not sure where we are going with this.

Mr DALLA-RIVA — Did you direct Mr Suleyman to use these premises for those purposes? If so, who directed him? And when did you first become aware of this arrangement and the uses of Biggs Street by your staff member?

The CHAIR — That does not seem to relate to the estimates at all. There is not even anything remotely relating to the estimates, so I call on Mr Noonan.

Members interjecting.

Mr DALLA-RIVA — You cannot pick and choose. We have had the Premier yesterday saying, 'Justin is appearing this week, by the way, before the Public Accounts and Estimates Committee, I think on Wednesday. I'm sure he'll get questioned before the committee about all these matters'. We are questioning the minister about all these matters.

The CHAIR — I have made my ruling, Mr Dalla-Riva.

Mr DALLA-RIVA — We have been trying to uncover the stench coming out of this office for over 10 years. If he does not know what occurred, this was in May of 2006. This came out of his office.

The CHAIR — We do not need any props, thank you. Mr Noonan has the call.

Mr DALLA-RIVA — We need an answer. The stench out of his office is unbelievable, and we need to know exactly what was being used.

The CHAIR — Mr Noonan has the call.

Mr DALLA-RIVA — You cannot shut me down. I have asked a question.

Members interjecting.

Mr WELLS — We need this question answered. He answered the first one in part, and we need an answer to the second one. This is blatant corruption.

The CHAIR — Mr Wells, you should know that any imputation against another member of Parliament has to be done by way of substantive motion in the house, and that has to be given by way of a notice of motion. It is not for any member of this committee to make any imputations in the committee hearings. I think that is completely out of order.

Mr DALLA-RIVA — We are not making the imputations, Chair. This is a report.

The CHAIR — Mr Dalla-Riva, your behaviour is not good either. I have made a ruling on the question. The question had no relation to the estimates. If you wish to ask those questions in the house, you are free to do so.

Mr WELLS (to the Chair) — He needs the option of answering that question. You need to give him the option of answering that question.

The CHAIR — Mr Wells, thank you very much. I have made a ruling, and Mr Noonan has the call.

Mr WELLS — Hang on! He needs to be given the option to answer this question.

The CHAIR — Mr Noonan, go ahead, please.

Mr DALLA-RIVA — The Premier yesterday said, though, he would be held accountable — and he is not.

Members interjecting.

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

Mr RICH-PHILLIPS (to the Chair) — You are just randomly picking and choosing what is happening.

Members interjecting.

The CHAIR — Mr Wells — —

Members interjecting.

Mr NOONAN — Can you advise the committee how the planning system has is being streamlined to assist bushfire-affected residents to rebuild their communities?

Hon. J. M. MADDEN — Thank you very much, Mr Noonan.

Members interjecting.

The CHAIR — Mr Wells, you are out of order. The minister has the call.

Mr MADDEN — Thank you very much, Mr Noonan.

Mr DALLA-RIVA — Hang on! When are we going to get an answer on the first matter?

Mr WELLS — Why are you shutting down this part of the committee?

The CHAIR — I am not shutting down anyone.

Mr MADDEN — In relation to the very profound matters around the bushfires, I am conscious that Victorians have been profoundly affected by the bushfires.

Mr WELLS — He had this man in there 10 years ago.

Mr DALLA-RIVA — This is selective.

Mr WELLS — This is a joke.

Mr MADDEN — I would hope that the opposition recognise the significant impact and profound effect of the bushfires on all Victorians.

Mr DALLA-RIVA — When do we find out — —

The CHAIR — Thank you, Mr Dalla-Riva!

Mr WELLS (to the Chair) — The Premier gave us an assurance that he would answer these questions, and he is not answering the question.

Mr MADDEN — I welcome your question about streamlining the planning system.

Mr WELLS (to the Chair) — You are shutting it down. This is a disgraceful situation.

Ms MUNT (to Mr Wells) — No, you are shutting it down by your behaviour.

Mr MADDEN — The Premier made a commitment to help those rebuild after the bushfires, and all those affected by the Black Saturday bushfires.

Mr WELLS (to the Chair) — That was a straightforward question — —

The CHAIR — The minister has the call.

Mr MADDEN — As communities begin that rebuilding process, as I mentioned in my previous answer, people are at a very important point in the process. As sites are being cleared they are having to make very profound and significant decisions about whether they go back or whether they do not and what they can expect from going back. One of the big questions that people ask is: what are the planning requirements? I have mentioned the building requirements. In the vast majority of cases people will not need a planning permit, but there will be some instances where because of various overlays that exist and have existed that will have an impact on the rebuilding process.

What we have sought to do is reduce the burden, in a sense, of the planning system. My aim is to ensure that the planning process is streamlined as much as possible and is as straightforward as practically possible. One of our government's first steps in the wake of the fires was to ensure that there were no impediments to the process of bushfire recovery and to provide for temporary accommodation on sites affected by bushfires. To make sure this could happen quickly, we introduced a planning exemption to the planning schemes to provide for works associated with recovery activities and recovery uses such as depots and temporary accommodation.

You have before you an advisory note that was produced. That is not only for council officers but also the general community to assist them in understanding what the implications of rebuilding are in terms of the planning system. We took a further step last week to assist rebuilding by introducing a new provision as well, clause 52.39, to the Victorian planning provisions 2009, titled 'Replacement buildings'. The new provision enables landowners to rebuild their homes and other types of buildings that were damaged and destroyed in the 2009 Victorian bushfires without having to satisfy what might be the normal planning scheme requirements.

The new provision has been welcomed by the Municipal Association of Victoria, I understand, and by bushfire-affected councils. The provision exempts the rebuilding of dwellings and other types of building from any requirement of the planning scheme, including any requirement to obtain a planning permit to use or develop land. The provision has been designed to allow simple site plan approval by local councils to enable people to seek building approval and commence rebuilding. The new provisions include several important conditions that must be satisfied before rebuilding can commence. These conditions are mainly to ensure the safety of residents and focus on things such as flood plain areas and land subject to inundation. We believe we have cleared most of the planning permit requirements, but there might be just a tiny fraction where you have a flood plain overlay or inundation or a landslip where some technical requirements might still need to be considered.

The approval of a simple site plan will provide for a streamlined process and ongoing security for future owners of land and legal proof of the right to develop. The new provision makes it easier for people to rebuild their homes and farms and saves residents and councils time and money in processing planning permit applications, appreciating that for some smaller rural municipalities this is an enormous task to deal with given the volumes that we are seeing. In most cases the site plan replaces the need for the planning permit, but most likely a building permit will still be required to ensure the structural safety and the implementation of the new bushfire building requirements.

Another piece of work — and I know that this is very much in the consciousness of the community — that the department in conjunction with the Department of Sustainability and Environment and the CFA is currently undertaking is a review of native vegetation management in bushfire risk areas. The review will establish if changes are required to current vegetation controls and management practices to take into account the increased bushfire risk in many parts of Victoria. It will also consider whether landowners have sufficient capacity and understanding of the current regulations to manage vegetation and reduce bushfire risk around their homes. The

review will be completed in time to assist the deliberations of the royal commission. We will continue to work with affected communities with bushfire recovery to ensure there continues to be a consistent and coordinated approach to rebuilding.

Mr RICH-PHILLIPS — Minister, the Ombudsman has reported that a member of your staff, Mr Suleyman, used his position to inappropriately influence a planning decision involving leasing Cairnlea Park to the Cairnlea Soccer Club. Did you direct Mr Suleyman to act on this issue; if not, who did? When did you first become aware of this conduct by your staff member? Given that you have employed this crook for 10 years, why do you expect us to believe that you did not know about the corruption in your own office?

Ms MUNT — Does this mean, Chair, that the opposition is absolutely uninterested in planning in Victoria?

Mr WELLS — That is a straightforward question.

The CHAIR — Without assistance from members — —

Mr WELLS — We are interested in the way he conducts himself.

Ms MUNT — No, this is — —

Mr WELLS — This is about the way he conducts himself as the Minister for Planning.

The CHAIR — Mr Wells and Ms Munt!

Ms MUNT (to Mr Wells) — It is also about the way that you are conducting yourself.

Mr WELLS — But the Premier gave an assurance yesterday that he would be able to answer these questions and be held accountable — —

Ms MUNT (to Mr Wells) — You have no interest in planning in Victoria.

The CHAIR — If you wish to conduct a conversation, conduct it outside, please. Mr Rich-Phillips has asked a question. Once again, I see a limited relationship to planning. Insofar as it relates to the planning portfolio — —

Mr WELLS — What do you mean 'planning'? It is all about planning.

The CHAIR (to Mr Wells) — Excuse me, I am speaking. You are continually rudely interrupting. I am dealing with the question that Mr Rich-Phillips asked. Insofar as it relates to the planning portfolio and the budget estimates, the minister, to answer.

Mr MADDEN — In relation to these matters around Mr Suleyman, as I have previously answered in the Legislative Council, to the media and here today, Chair, I was made aware of Mr Suleyman's involvement in these matters and the extent of those matters through the Ombudsman's report. I have stood aside Mr Suleyman. The employment of Mr Suleyman is dealt with by the Parliament. He may have worked in my office — —

Mr RICH-PHILLIPS — For 10 years.

Mr MADDEN — But he is employed by the Parliament. I have asked the President to deal with those matters, and I have asked — —

Mr WELLS — See this? This was in your local paper in 2006. You cannot say that you did not know — —

The CHAIR — Thank you, Mr Wells!

Members interjecting.

The CHAIR — The minister has the call.

Members interjecting.

Mr WELLS — You cannot say that you did not know about it until you read the Ombudsman's report.

The CHAIR — Minister, do you have anything further to add?

Mr MADDEN — No. I believe I have answered that.

Ms HUPPERT — In your presentation you referred to — —

Mr WELLS — On a point of order — —

Members interjecting.

The CHAIR — Just a moment. If you call a point of order, we will need to consider any point of order in a private hearing, which means I will need to ask the witnesses and the people who are attending this hearing to withdraw.

Mr WELLS — We do not need to go down that line.

The CHAIR — I did not think we needed to.

Mr WELLS — No, we do not need to go down that line, but we need clarification on why you are not directing the witness to answer the question.

Ms MUNT — Ms Huppert has the call.

The CHAIR — Thank you! Mr Wells, I understand what you are saying. I did ask the minister had he finished answering the question.

Mr WELLS — He had not started answering it.

The CHAIR — He said yes. I actually gave him the option to answer it. I did rule it as largely not relating to the estimates, particularly the questions at the end. The statement at the beginning and the first sentence could have been vaguely related to the estimates. The minister said he had answered the question. I gave the call to Ms Huppert. Ms Huppert, to continue.

Mr WELLS — Hang on! The Premier gave an assurance yesterday that when it comes to accountability — —

Ms HUPPERT — The question is in fact, Minister, if you could outline to the committee how the development assessment committees will implement the government's metropolitan strategies?

Members interjecting.

Mr MADDEN — Thank you very much, Ms Huppert. I have passed around to the committee, two documents. One is an information document based on the development assessment committee policy announcement for clarity around the way in which the development assessment committees would operate. There is a significant amount of misinformation out there, and a lot of that has been that — —

Dr SYKES — Where is it emanating from, Minister?

Mr MADDEN — A lot of that misinformation in relation to the development assessment committees has come from the opposition.

The CHAIR — Without assistance please, Minister!

Members interjecting.

Mr MADDEN — I just want to clear the air on how they would operate and how they are intended it to operate. In 2008 the Brumby government completed its first five-yearly audit of Melbourne 2030. As part of the audit process an independent group of experts reported that the fundamental principles of Melbourne 2030 were more relevant than ever. In the face of climate change, population growth, traffic congestion, housing affordability and demographic change it reinforced that it was more important than ever.

The Brumby government's metropolitan planning policies support new housing and growth opportunities in a range of locations, including some in greenfield locations at the fringe of Melbourne and some in established areas. That is a very important component of Melbourne 2030. Some people interpret it as either one or the other; it is not one or the other — it is both. It is providing a diversity in a range of housing types and housing provision right across the Melbourne metropolitan area.

In established areas in particular, principal and major activity centres are intended to be the major focus of change. Of course people are a bit concerned about their green leafy suburbs or their green leafy streets, so they do not want to see development occur in those streets. The intention of Melbourne 2030 is to concentrate new housing, new business opportunity, new development and any intense development in those central activity districts or the principal activity centres.

The expert audit group of Melbourne 2030 recommended that a greater focus should be made on a smaller number of activity centres in order to have the greatest impact. It recommended a new entity to facilitate the rapid and focused development for decision-making. I will reinforce that: decision-making, as opposed to the controls, because, again, there is a bit of confusion out there in the community around the difference between the controls and the setting of the controls and the decision-making.

It recommended considering revised planning responsibilities in such centres. The Brumby government's response to these findings and the recommendations has been the establishment of development assessment committees.

The development assessment committees will enable state and local governments to partner in making planning permit decisions in relation to areas and matters of state, regional and metropolitan significance. The development assessment committees offer a number of benefits. They offer the ability for more balanced decisions to be made where state and local planning policies can be equally considered. This is particularly important for projects that have impacts beyond their immediate locality, because the development assessment committee as modelled in that sheet comprised two members from state and local government and an independent chair. They offer the ability for councils and the state to share the pleasure — and the pain, of course — and responsibilities for the decision-making process.

The DACs are not about streamlining; they are about making quality decisions on projects and matters of significance. Those decisions will be informed by the relevant controls, and those controls will be established and set by local councils in collaboration and consultation, in conjunction with the state government. They are about giving confidence to Victorians that the impact of a decision down the road or the next suburb are made and assessed in a balanced way. They are about ensuring that the decisions of today are also in the interests of future generations.

They might look for a dwelling in their immediate locality that is smaller, that does not provide for their children because their children have moved on, but their children might also want to live in that locality in a smaller dwelling as well until they form their own household or their own family; so it is important to be conscious that we are not talking about outsiders, we are talking about people who live in those communities needing more dwellings into the future.

The DACs will assist in making the decisions in relation to these areas nominated for potential development, and this mechanism is not only in the best interests of today's generation but also future generations.

Our children and grandchildren can benefit from the decisions in the context of their housing and employment needs. They are about partnering in decision-making with local government, and that has always been the premise to establish the DACs.

Over the past 12 months — and if we refer to the development assessment committee model on the paper in front of you — a technical working group comprising officers of the first five councils has been established to offer advice about the best model to be implemented to establish the DACs. The model suggested by the technical working group — so these are representatives or officers from the council — will see, by and large, the existing council processes for lodging a permit application remain the same; however, when it comes to the decision itself, instead of the delegated officer or a committee of council making the decision, the DACs will make that decision.

Let me stress that the model and the legislation drafted for the DACs does not impact on third–party appeal rights. Legislation for DACs was introduced in Parliament on 2 April this year and passed in the Legislative Assembly on 7 May, and I look forward to the passage of this legislation through the upper house. It will be interesting to see what the opposition's position is on this.

Mr WELLS — At least it will be honest! When it comes to planning, it will be based on honesty.

The CHAIR — The minister!

Mr MADDEN — It is very important that the DACs are a balanced approach, a partnership approach, and are understood. Currently there are only two models for dealing with planning decisions in these sorts of spaces. The council makes the decision or alternatively, the minister makes the decision.

This is a shared approach which we believe will allow for more balance rather than the black-and-white approach of the council or — —

Mr WELLS — Which council?

Mr MADDEN — Or the minister making that decision, and through development assessment committees we can do this a third way. We have also provided — and I know there is some misinformation around the way this is supported — $2 million over the next two years to help support the establishment of these models.

Ms PENNICUIK — I note that the three government members have asked questions which virtually allow the minister to make a ministerial statement on various aspects of planning, which is a bit of a segue into my question.

The minister, in answer to the question on the building standard, did not address the issue that the CSIRO had raised concerns about that building standard not being as good as the one it was replacing. In your answer about development assessment committees, you mentioned statements made by Melbourne 2030 but you forgot to say that the Melbourne 2030 expert group did say that the community had not been brought along — one of the key themes of that finding was that the community had not been brought along in terms of Melbourne 2030 and that not enough resources were being given by the government to implementing Melbourne 2030. Therefore we now have a rushed or a streamlined or fast–track planning process that is being put in place — —

The CHAIR — Your question, please.

Ms PENNICUIK — I am getting to my question thankyou, Chair. Added onto that layer that you are talking about in *Melbourne @ 5 million* and the streamlined fast–track planning process you have been describing all morning, we have the federal government's stimulus package resulting in millions of dollars for social housing, which is a good thing.

But while increased funding for social housing should be encouraged, there is a growing concern among stakeholders and the community that the state government is fast–tracking social housing and other planning through the state planning system at the cost of careful planning and good design.

The CHAIR — A question, please.

Ms PENNICUIK — I am getting to the question.

The CHAIR — You are taking a long time.

Ms PENNICUIK — The decisions that we make today will cast long shadows.

The CHAIR — Can you ask your question, Ms Pennicuik?

Ms PENNICUIK — Buildings and new dwellings are going to last a long time, and my question is: the president of the Royal Australian Institute of Architects says that we may end up, without careful planning and good design, with ghetto communities. I want to know what resources are being put in place in the department to address this serious issue, and also to ensure that particularly social housing is state of the art in terms of energy efficiency and ecologically sustainable design, because that is what we will need as we go into this century.

The CHAIR — Thank you for that question. The minister, to answer.

Mr MADDEN — There are two issues I will try to do justice to in your question. The first was in terms of the bushfire standards. I am conscious that we want to assist people and give clarity to them rebuilding as quickly as possible. The standard which we brought forward — the adoption of that standard — would have been recommended for adoption at a ministerial council on a national basis, I understand, in May next year.

So it had really gone through all the gateways to get to May next year, but it was just the last few ticks in the boxes that it needed from all ministers and their departments right across the country, for agreement, and of course there was going to be some negotiations and discussion, I anticipated, behind the scenes by the departments of various state governments to deal with these matters.

What we did not want was people being uncertain about building to the best possible standard. We wanted to ensure that in people trying to make the critical decision as to whether or not to rebuild, they could feel very confident that the standard or the methodology that they were going to adopt would do justice to their expectations and their understanding.

They needed that information. This was basically ready to go, other than national agreement on the compliance of it. We decided to bring forward that. It is, we understand, the best possible standard at this point in time. That is not to say that it is going to be the perfect standard. We will, no doubt, continue to monitor the standard, and I know that other jurisdictions will be particularly interested in the successful implementation of the standard.

The ACT has also adopted the standard. There were some comments made by one or two organisations which have been involved in developing the standard. I think one or two made comments that they thought it could have been better. I am sure that we will see a standard develop beyond this one which will be even better, but a standard does not occur overnight; it does not just appear on paper. I understand this standard has taken five years to get to this point. This is the best we can possibly offer people at this point in time.

The royal commission is highly likely to make some comments around building and planning issues. We look forward to the comments that they make, and of course we will consider those. We have already stated that we will take very seriously any recommendations made by the royal commission in relation to any planning or building matters, and any other matters for that sake. It takes five years to get one of these standards up, and we are at the end of the five years.

We do recognise that the flame temperatures in these fires were higher than the flame temperatures that have occurred previously. These standards are built to a certain flame temperature, and it is likely that it will be confirmed that an increased flame temperature has additional risks. Any new standard that will emanate from the royal commission work being developed and the work which will continue to be developed, I am sure, by ministerial councils and the relevant building authorities nationally will seek to improve this standard to a greater extent given what we now know took place on Black Saturday. I certainly understand your interest in these matters, and am happy to also keep you up to date on the progress.

The CHAIR — All right, Minister, the other part of the question, please, quickly. We have taken a lot of time.

Mr MADDEN — The other part of the question was the fast-tracking based on the major announcement made today and the federal government's announcements. I am very conscious of quality of design when it comes to the built environment. My background as an architect has been very useful in terms of this portfolio. It is very important to make sure that we do not just build for building sake, that we do not build for use alone.

The greater urban amenity of the built environment is an important component of the livability of Melbourne, the livability of our regional cities and our rural areas as well. We do not want to risk that component of our livability by having buildings that appear poorly designed from an aesthetic point of view or the way they relate to their communities. We have put in place $3.2 million over four years, allocated to the development facilitation unit for strategic projects within the state as well as assisting in providing advice as to what projects need to be facilitated at a rapid rate, as has been the case recently, but also to provide strategic facilitation advice on how to overcome difficulties around design issues, amenity issues and how to resolve many of these matters.

At the end of the day planning can only improve where we get people to try to resolve matters collaboratively rather than just denying the entitlement to build. It is very important that we encourage planners at the local government and state government level and the professions to work collaboratively and listen to one another in a way that we can resolve these matters. That is what we are seeking to do through the facilitation unit, and a major component of that is the amenity issues and the concerns of locals. The announcement we made today does not exclude locals from having input.

What it will do is if projects show signs of controversy in the sense of their design, then we will ask the council what its views are. We would hope the local councils would consult and provide some of that information to us, because they are in a place where they can listen to locals' views and respond to us rapidly as well.

Ms PENNICUIK — Minister, it seems you are stepping up the speed of planning. Are you stepping up the requirements for quality in terms of ecological sustainability?

Mr MADDEN — What we have seen recently are the five-star arrangements for domestic dwellings and a national agreement through COAG around lifting that standard to six stars. We would also anticipate that we will also have other requirements locally on a number of environmental issues. In terms of higher density, we would expect those matters to be considered thoroughly, and advise that they be considered thoroughly. A lot of the provision of these projects is done through the Office of Housing, particularly in the housing and education buildings. We are seeing investment in these environmental initiatives. I think the Office of Housing has benchmarked the quality sort of development that can be achieved in the likes of Prahran recently, where they have developed an award-winning public housing development. The government appreciates that it needs to, in a sense, lead the way in terms of what the private sector can do and also make that a major consideration in how these developments occur.

Mr SCOTT — Minister, I refer you to budget paper 3, page 338, and the funding provided for development facilitation for strategic priority projects, which you just touched upon in your previous answer. I would like to ask about a different aspect of that particular funding project. Can you please advise the committee how this initiative will support the delivery of jobs to Victoria during the global economic downturn?

Mr MADDEN — We recognise that timely planning decisions play a critical role in securing jobs in the construction and development industries. There has no doubt been a slowdown in the commercial construction industry, and that can have a significant impact on jobs. We are very conscious that in providing more construction, that has to be good for jobs. That is why in February this year the Premier and I announced that we would fast-track decisions for key building projects. From time to time some projects become roadblocked, and some of these are very complex. This is not necessarily a criticism of councils. Sometimes those complexities are difficult to resolve and they need a mechanism to bring a decision to a head.

Our decision was not about disenfranchising communities or denying councils a role in the process. Our decision was not about approving just anything that can create a job. Our announcement was basically about paving the way so that more timely decisions could be made on projects so that people can move on with their lives. Our focus is on unblocking decisions for projects of such a scale that they would have a significant impact on jobs or on projects with significant community benefits. To put it into perspective, I will give you a few examples.

The first example is 670 Chapel Street, South Yarra. In February I made myself the responsible authority for a development at 670 Chapel Street, South Yarra. This development, which was already under construction, was about to come to a standstill and the construction workers were threatened with the real possibility of being told not to come back to work because of a dispute over the stamping of plans. My decision to become the responsible authority and make a timely decision on the plans meant 146 people could return to their construction jobs.

Also in February I announced that I would facilitate a process for making a decision on the future of the Chirnside Park Country Club. The background of this one is that the council chose to exhibit a rezoning proposal for a residential subdivision of the golf course. The council abandoned the rezoning after its exhibition, which attracted over 900 submissions. Without some form of intervention, the proposal would have been unable to go any further. There would have been no chance for people to put forward their views and not even a chance

for the proponents to appeal. I have decided that the proposal is, at the very least, worthy of future consideration.

The proposal has the potential to make a significant contribution to the metropolitan housing supply. It has the potential to generate in excess of $335 million of construction work and approximately 2460 jobs. I have set up an independent advisory committee to consider the proposal. I have also called in from VCAT the development application for the new golf course at the former quarry site so that the two matters can be considered together. This will give all interested parties an opportunity to have their say and be informed so an informed decision can be made.

The various projects that I have intervened in since February have the potential to create more than 18 500 jobs, both directly and indirectly, for Victorians. Jobs are important to the government, particularly where they can be supported through timely decision making. The 2009–2010 budget supports jobs in the construction and development industries by providing $3.2 million over four years for the capabilities of the development facilitation unit, which I mentioned previously. This money will assist proponents and councils with projects on a case-by-case basis. It will enable a rolling audit of major projects to be conducted so I can be advised of projects' progress and any appropriate actions that will fast-track decisions. The money will also support my department to facilitate projects that are funded under the commonwealth stimulus package, as I have mentioned before, bearing in mind issues that I have also mentioned.

We have streamlined the planning process for the building and education revolution and social housing initiatives. My actions will mean that around $3 billion of federal investment can flow through to Victorian schools and families in need of social housing without being bundled up in bureaucratic red tape. We support jobs. We support a planning system that delivers decisions in a timely but also fair and transparent manner.

Dr SYKES — Minister, in relation to the Sunshine pool planning issue, the Ombudsman documents how a member of your staff inappropriately sought to intimidate members of the community concerned with this planning issue. When did you first become aware of this issue, and did you direct Mr Suleyman to act on this issue?

The CHAIR — Minister, once again I feel that this particular question — —

Mr WELLS — We just need one answer to one of our questions. We have asked four questions now, and we have not had one answer.

The CHAIR — Mr Wells, I am speaking.

Mr WELLS — This is a disgraceful cover-up.

The CHAIR — There is no cover-up. It is a matter of doing the estimates. Minister, as I said, I do not think this question actually relates very much to the estimates at all, but it is up to you if you wish to answer it insofar as it does seem to relate to a planning matter. I do not regard it as having anything to do with the estimates hearing, but I will leave it to your discretion.

Mr MADDEN — Thank you very much, Chair. In terms of the word 'planning', I just want to be very clear here. I think the use of the word 'planning' by the opposition is different from the strategic planning and planning authority status that I have. I think the use of the word 'planning' in their instance relates to actually somebody just doing the planning proposal for a project as opposed to an application or a regulatory authority request, which is slightly different. In terms of the information that was reported in the Ombudsman's report, the extent of that became knowledge to me in the Ombudsman's report.

Mr DALLA-RIVA — We have got copies here in November 2005 re Mr Hakki Suleyman!

Mr WELLS — You have said that for the whole four questions.

The CHAIR — The minister has the call.

Mr MADDEN — Can I also make it very clear, Chair, that there is no formal relationship between the ministerial office and the electorate office.

Mr DALLA-RIVA — No, don't go down that path!

Members interjecting.

Hon. J. M. MADDEN — There is no formal relationship.

Mr WELLS — You have no idea what your electorate officer was doing?

The CHAIR — Mr Wells! The minister, to answer.

Mr WELLS — This is a disgraceful cover-up.

Hon. J. M. MADDEN — There is no formal relationship between those two offices. It is very important to be aware of that. In relation to Mr Suleyman, Mr Suleyman, as I said before, has been stood down. The extent of his involvement in matters with the council no doubt is deplorable. The activities of the council have been deplorable, and as such he has been stood down and I have asked the Presiding Officer to deal with these matters.

Members interjecting.

Dr SYKES — Please, Chair — —

The CHAIR — On the estimates, Dr Sykes.

Mr WELLS — We have not had one answer to any of our questions.

The CHAIR — Dr Sykes has the floor.

Ms MUNT — Not one question on the estimates.

The CHAIR — Ms Munt and Mr Wells! Dr Sykes has the call — on the estimates, please.

Dr SYKES — I respond to your comment. I have a clarification, Minister. I understand you have had difficulty in ensuring relevance and consistency, Chair, but as Ms Pennicuik identified earlier, the minister has had the opportunity to make broad-ranging comments on a number of issues today. I am seeking a specific clarification.

Minister, in relation to my question about when you first became aware of the issue, you have answered to the effect that you became aware of the extent of the issue in the Ombudsman's report, but that is not the question I was asking. My question was, and is, when did you become aware of the issue, not the extent of the issue?

Ms MUNT — How does this relate to the forward estimates?

Dr SYKES — When did you become aware of the issue?

The CHAIR — Minister, once again, I regard this as — —

Mr WELLS — Chair, just one answer.

The CHAIR (to Mr Wells) — Excuse me. This does not relate to the estimates.

Mr WELLS — This is a disgraceful cover-up.

The CHAIR (to Mr Wells) — Minister, if you wish to answer, it is at your discretion. I prefer that you answer questions about the estimates, but the minister has the call.

Mr WELLS (to the Chair) — He does not need your protection in regard to — —

Ms MUNT — And he is not getting it.

The CHAIR — The minister has the call.

Mr WELLS (to the Chair) — He does not need your protection. We just need an answer.

Hon. J. M. MADDEN — I repeat my previous answer, which was, as was reported by the Ombudsman, then I was made aware of these issues.

Members interjecting.

Dr SYKES — You were first made aware of the issues when reported by the Ombudsman. This is what the minister just answered.

Ms MUNT — Minister, you touched in your presentation on central activities districts, which are also mentioned on pages 166 and 167 of budget paper 3, and my question is — —

Mr RICH-PHILLIPS — Chairman, I wish to move a procedural motion. The Premier committed that he would answer questions and this committee should direct him to answer questions.

The CHAIR — Just a moment, Ms Munt. Mr Rich-Phillips wishes to move a motion. I ask that the sitting be suspended and that the room be cleared. Thank you very much. You wish to do that?

Mr RICH-PHILLIPS — I want to move that the minister be required to answer questions.

The CHAIR — No, I do not want to hear the motion. If you wish to move a motion, you will have to do it in a private meeting.

Mr RICH-PHILLIPS — I wish to move that the committee direct the Chair to require the minister to answer the questions put to him by the committee.

The CHAIR — If you wish to move a procedural motion, we will need to have a meeting — —

Mr RICH-PHILLIPS — I do not care whether it is done in public or in private.

Dr SYKES — Point of clarification, Chair — —

Mr WELLS — It should be done in public.

The CHAIR — I suspend this hearing. Clear the room while we have — —

Dr SYKES — Point of clarification, Chair. Under what standing order do you need to clear the room to discuss this procedural motion? Under what standing order do you need to take this action to deal with a procedural motion?

Mr RICH-PHILLIPS — We have nothing to hide. You may wish to hide the proceedings, but we do not.

The CHAIR — The session is suspended, and that includes any filming.

Dr SYKES — Under what standing order, Chair, do you need to take this action to proceed with a procedural motion?

The CHAIR — We just need the secretariat here.

Proceedings suspended.

The CHAIR — I recommence the hearing and I ask Ms Munt to repeat her question.

Ms MUNT — Minister, in your presentation you touched, under '2008–09 achievements', on the central activities districts, also mentioned on pages 166 and 167 of budget paper 3. Can you please explain how work over the coming year will continue to support employment and urban improvement in the central activities districts, particularly in light of the *Melbourne @ 5 Million* planning update?

Mr MADDEN — As I have made very clear, we support jobs and we are very keen to make sure that we gear the economy for increased job numbers. We are very eager to make sure that we enthuse the private sector to invest in opportunities to provide jobs. We are taking action now to provide services and infrastructure for the growing population who are choosing to call Melbourne home, and we are doing that right across Melbourne. But we are doing it with a plan. The Melbourne 2030 planning update, *Melbourne @ 5 Million*, was delivered

hand in hand with the Victorian transport strategy. The two were developed together and they should be read together.

Central to the Brumby government's land use and transport strategies is the development of central activities districts. These centres will offer CBD-like functions and a range of housing opportunities with the view to providing more jobs closer to where people live, to minimise congestion flows in and out of the Melbourne CBD. This year's state budget delivered $19.7 million for urban development strategies and urban improvement projects in the six designated central activities districts of Melbourne. I will nominate what they are: they are Box Hill, Broadmeadows, Dandenong, Footscray, Frankston and Ringwood. These funds will be used to undertake business and project cases and streetscape improvements. The funds will also be used to increase employment opportunities along priority corridors that link the central activities districts with the likes of universities, research technology, medical precincts and other areas of high employment.

As part of this year's budget, the Brumby government has allocated $80.3 million to transform the Broadmeadows central activities district into, I suppose, the equivalent of Melbourne's northern capital. This includes $62.9 million to redevelop infrastructure and community spaces and $17.4 million to develop a new government services building. Specifically, the budget will see the delivery of the train station and bus facilities. It will provide a green-spine pedestrian cycling path to connect residential areas with the town centre, and it will help deliver new leisure and recreation facilities and provide for new housing demonstration projects.

The $17.4 million investment in a new government services building will kick-start provision for the Broadmeadows central activities district. It will co-locate key government community and support services, like the departments of human services, justice, and education and early childhood development, making essential services more readily accessible for people in Melbourne's north. We envisage that the new government services building will create in the order of 500 construction jobs.

This is great news for the people who live and work in Melbourne's north. It capitalises on the Broadmeadows rich and diverse community and its close proximity to the city and the airport. It is an important longer-term project that will see Broadmeadows transformed into Melbourne's northern capital, creating jobs and building key infrastructure. It is a very exciting project and yet another example of the Brumby government delivering on our commitment to make Victoria the best place to live, work and raise a family.

Mr WELLS — Especially if you are a branch — —

The CHAIR — Thank you very much. Mr Dalla-Riva has the call.

Mr DALLA-RIVA — Minister, I again ask: the Ombudsman has reported that in relation to a property issue at 76 –78 Biggs Street, St Albans, this property was provided free of charge to your member of staff, Mr Suleyman, who then used it for purposes of ALP recruitment and meetings. In particular, the premises became the address of the Maribyrnong North Turkish branch of the ALP. I again ask: did you direct Mr Suleyman to use these premises for these purposes? If so, who directed him? Was it you? When did you become aware of this arrangement and the uses of Biggs Street by your staff member?

The CHAIR — Mr Dalla-Riva, I have already ruled that that particular question does not relate to the estimates. It does not even relate to government business.

Mr DALLA-RIVA — The Premier yesterday said that he would have an assurance by the minister.

Members interjecting.

Mr DALLA-RIVA — We are getting shut down again. Why is there a cover-up by this committee? The Premier yesterday, Chair, said — and you knew about this in 2006.

Mr RICH-PHILLIPS — Where is the transparency?

The CHAIR — Mr Noonan has the call.

Mr WELLS — Why would you say that you only knew about it when the Ombudsman's report came out?

Mr DALLA-RIVA — Why will you not answer it?

Mr WELLS — We just need a straightforward answer — for the fifth time.

Mr DALLA-RIVA — We will keep on asking.

The CHAIR — Mr Dalla-Riva, recognise the Chair, please. I have already ruled that Mr Noonan has the call. As is well known, the Public Accounts and Estimates Committee and indeed parliamentary committees deal with matters which pertain to the terms of reference of the particular committee. I have ruled that question does not relate — —

Mr DALLA-RIVA — The Premier — —

The CHAIR — Excuse me.

Mr WELLS — He gave an assurance that we would get some answers today.

The CHAIR — This question does not really to the estimates, and Mr Noonan has the call.

Members interjecting.

Mr NOONAN — Can you please explain to the Committee the role of e-planning, and how this will increase efficiency in Victoria's planning system?

Hon. J. M. MADDEN — Thank you for your interest in the planning system, Mr Noonan. It is a very important matter in the sense that people in the construction building industry are very keen to see rapid improvements in the planning system, and we are going to make sure that we improve the planning system.

Mr WELLS — Especially in Brimbank.

Hon. J. M. MADDEN — We are committed to continual improvement of the Victorian planning system. We are conscious of the resource demands by local councils — —

Mr WELLS — Why don't you just table it? It will save us a lot of time. You are just reading it, anyway.

Mr MADDEN — We are conscious that lengthy delays in the planning system translate into costs on the development industry and this a very critical component If you are a land-holder and the planning system delays your ability to deliver what it is you are seeking to deliver on that land, those costs build up into that project, particularly housing. So any delay in the likes of housing end up being transferred into the final price of the house.

That has a very profound influence on the housing sector. It has a very profound impact on those seeking to purchase housing. So it is very important that we improve the efficiency of the planning system to reduce the holding costs in order to improve the affordability and in a sense the accessibility and diversity of housing stock. We are conscious that at any local government level resource demands are very prominent in how they deal with the planning system. Lengthy delays in the planning system translate into effects — —

Members interjecting.

The CHAIR — The minister, to answer.

Mr MADDEN — — on jobs, on businesses, home-buyers and of course the broader community, so cutting red tape from the actual mechanics of processing a planning permit application has been an important element in this government's cost-cutting program of reducing regulatory burden.

If there is one thing this government is very committed to, it is reducing regulatory burden. If we have to in any way introduce regulation, we seek to take regulations away. We balance that approach. We do not want any more regulatory impost on any industry, particularly the building and construction industry. This is an important part of the 2009 state budget.

We have allocated $10.5 million over the next four years to further develop online planning application processes, and I refer you to budget paper 3, appendix A, pages 338, 342 and 344 where that is referenced. This will make the permit assessment process quicker by reducing the referral and approval time frames between

agencies, so when a permit application is made it can be electronically referred to and received by another agency. That agency may have an interest in the matter, such as a water or power authority.

This may not seem that exciting in terms of administration, but at the end of the day it will have a very significant benefit because rather than send it off by hand or even fax it, you will be able to basically send it electronically and have a response fairly rapidly; and also catalogue and monitor all those things. It will allow for the collection of application of permit application data in ways that councils have been unable — —

Members interjecting.

Mr WELLS — He's talking till 11.30 to avoid another question. Are we going to get another question?

Mr MADDEN — In Victoria the development of electronic planning systems is guided by an e-planning roadmap which is done in conjunction with the Municipal Association of Victoria, and this means we are well placed to work with the federal government on this initiative. With 79 councils across Victoria and more than 50 000 permanent applications made across the state, it is critical that there is a consistent approach to developing — —

Members interjecting.

The CHAIR — Ignore the interjections, Minister.

Mr MADDEN — In February this year we concluded a pilot plan for applications online. Six councils participated in the project, metropolitan regional, and in addition to 12 applicants, more than 30 referral authorities in VCAT participated. The results from this pilot indicate that the average reduction in the time taken for permit processing was 30 per cent. This is very important.

If you can reduce the processing by 30 per cent, then the holding costs on these projects are potentially also reduced by 30 per cent, and that will end up having a direct and significant positive impact on the purchaser at the other end. The program of work over the next year will deliver the capacity for the councils, referral authorities and the state government to offer integrated planning application services throughout Victoria. I look forward to making sure that over the next 12 months we see this expanded, developed and offering benefits to the broader community.

Mr DALLA-RIVA — Clearly the Premier is in to protect you because what he said yesterday — —

The CHAIR — Mr Dalla-Riva, the question, please.

Members interjecting.

Mr DALLA-RIVA — It has been absolutely disgraceful behaviour. You are the planning minister. You are in fact the senior minister of the Department of Planning and Community Development.

The CHAIR — Your question?

Mr DALLA-RIVA — This is exactly what we are getting at. Minister, you are the senior minister of the Department of Planning and Community Development. Part of your department's strategies for the year ahead is to put the residents front and centre to make our suburbs and towns better places to live, as you always say. Why did you not investigate or make any investigation into the Brimbank council when it became abundantly clear that the councillors there, some of them well linked to you, were not living up to your own department's expectations of putting residents' interests front and centre?

I have given you examples about Biggs Street, Keilor Lodge Reserve, Keilor Park allocation and the list goes on. You cannot seriously, Minister, after 10 years have your head so buried in the sand you are unaware of what was going in your office. I ask you to answer the questions as was promised by the Premier yesterday.

Mr MADDEN — In relation to basically politics in the western suburbs, it is not for the fainthearted. Can I just say, Chair, that — —

Mr RICH-PHILLIPS — Or the honest, it would seem.

Mr MADDEN — There will always be muckraking in politics. The opposition is enjoying that today.

Mr WELLS — What? Hang on, are you saying it is muckraking rather than dishonesty and incompetence?

Mr RICH-PHILLIPS — You have had a crook in your office for 10 years.

The CHAIR — Minister, the question was about Brimbank and planning. I would ask you to confine your answer to that.

Mr MADDEN — As I was saying, in politics generally there will always be people making comments for all sorts of reasons on all sorts of bases — —

Mr WELLS — This is corruption. You are not making excuses for corruption, are you?

The CHAIR — Mr Wells, thank you.

Mr MADDEN — All sorts of comments in relation to many, many matters.

Mr RICH-PHILLIPS — I think he is about to say why he ignored it.

Mr MADDEN — The opposition will make comments in Parliament, they will make them in the chamber.

Mr WELLS — This is the Ombudsman's report.

Mr MADDEN — There will always be others who will make comments, Chair, and they have to be seen in context and in that light.

Mr WELLS — So you ignore them?

Mr MADDEN — In relation to the Ombudsman's report and the findings of the Ombudsman's report, as I have said in my previous answers — —

Mr RICH-PHILLIPS — You ignore anything put under your nose.

Mr MADDEN — They are very profound findings by the Ombudsman. We take them very seriously as a government.

Mr WELLS — No, you do not. You did not answer one of our questions.

Mr MADDEN — We have committed to and promised to adopt all the recommendations by the Ombudsman.

Mr RICH-PHILLIPS — What choice did you have?

Mr WELLS — Your inaction is a disgrace. You are part of a disgraceful cover-up.

The CHAIR — Without assistance!

Mr MADDEN — I am very keen that they happen as quickly as possible. In relation to Mr Suleyman, he has been stood down from my office — —

Dr SYKES — On full pay?

Mr MADDEN — — because of what the Ombudsman has reported on.

Mr RICH-PHILLIPS — After 10 years of corruption.

Mr DALLA-RIVA — When are you going to be stood down?

Ms MUNT — Chair, please; this is just abuse of the minister.

The CHAIR — The minister, to answer without assistance.

Mr DALLA-RIVA — Everyone else has been stood down.

Mr RICH-PHILLIPS — You should just resign.

Mr WELLS — He thinks it's funny. He thinks it's a joke.

Mr DALLA-RIVA — This is not funny.

Mr MADDEN — I seek for the President to resolve the matter. Mr Suleyman has been stood down and I do not want him to return to my office because I have lost trust in him.

Mr DALLA-RIVA — They are close, but they have not got the main one.

The CHAIR — Thank you, Minister. That concludes consideration of the budget estimates for the portfolio of planning.

Mr WELLS — What a disgraceful cover-up.

The CHAIR — I thank the minister and departmental officers for their attendance today. Where questions were taken on notice, the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days.

8.7 Sport, Recreation and Youth Affairs Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 20 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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 T. Healy, Deputy Secretary, People and Community Advocacy,

Dr P. Hertan, Executive Director, Sport and Recreation Victoria,

Mr S. Gregory, Chief Financial Officer, Corporate Finance, and

Ms K. Krsevan, Director, Office for Youth, Department of Planning and Community Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 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; Mr Terry Healy, deputy secretary; Dr Peter Hertan, executive director, Sport and Recreation Victoria; Mr Stephen Gregory, chief financial officer; and Ms Kati Krsevan, director, Office for Youth, all from the Department of Planning and Community Development. Departmental officers, members of the public and the media are also welcome.

According to the guidelines for public hearings I remind those present that members of the public cannot participate in the committee's hearings. For the record, I noticed in the last hearing that there seemed to be a few members of the public who were trying to participate. We discourage that. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers 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 protected from judicial review; however, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days.

In accordance with past practice the transcripts and PowerPoint presentations will be placed on the committee's website. Following a presentation by the minister committee members will ask questions relating to the budget estimates. The procedure followed will be that relating to questions in the Legislative Assembly — that is, there will be no supplementary questions.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolios of sport, recreation and youth affairs.

Overheads shown.

Mr MERLINO — Thank you, Chair, and I thank the committee for the opportunity to present this morning. I will try and run through these as quick as possible. I will present on sport and recreation first and then present on the youth affairs portfolio.

With sport and recreation, the portfolio overview is based on three goals: strengthening communities, A Fairer Victoria and social and economic development. Sport and recreation is a key part of the way of life of every Victorian, and we see through the drought and post bushfires the importance of community sport. A couple of highlights in *A Fairer Victoria* is the sporting uniforms grant, which I am happy to talk about later. In terms of social and economic development an example would be the economic drivers of construction, such as the Melbourne rectangular stadium, the state athletics centre, the state basketball centre and AFL/VFL upgrades.

In terms of key achievements in 2008–09, a key focus obviously this year has been on the post-bushfires recovery. The importance of sport as a community recovers has been demonstrated by the determination of communities to get sporting activities up and running as soon as possible. With the Premier there was an announcement of the joint $3 million fund with the commonwealth to assist sporting organisations affected by the fire to get back on their feet. Grants of $100 000 have been made available. I also want to mention, Chair, the great efforts of state sporting associations and elite sporting clubs and bodies in their support for communities affected by the bushfire.

Continuing in terms of key achievements, there is record funding for local pools facilities and drought proofing projects. We continue our record $76 million community facilities funding program, including $46 million for aquatics. It is expected that at least 150 community facility projects will be approved during 2008-09. One of the key projects will be the synthetic surfaces program. There is $4 million for state sporting associations, and also our very significant Go for Your Life campaign, with the Premier's Active Families Challenge. We have had 50 000 individuals taking part, which is a massive increase over last year.

Key achievements include major sporting events. Victoria hosted a range of sporting events in 2008–09, including the Homeless World Cup, the Australian Masters Games, the World Cup Track Cycling, Australia v. Ireland International Rules and the Rugby League State of Origin, which will be held shortly.

Events won include Australian Masters Golf — with some big announcements; I will be happy to talk about that later — four more years of Rip Curl Pro; Geelong Week and Sailing World Cup, which I announced just recently; and a new Dancesport events package.

The performance of our VIS athletes at Beijing at the Olympic and Paralympic games was outstanding, with 85 athletes. We won 15 medals across six sports — 4 gold, 6 silver and 5 bronze — bettering the total of 14 medals won at the Athens Olympics.

Further on key achievements, state facilities include the MCG concourse. You will see that over Brunton Avenue. I am very happy to talk about the Melbourne Park business case. Work has commenced — excitingly, finally! — on the national ice sports centre and the redevelopment of Skilled Stadium, the rectangular pitch stadium seating and a number of AFL training venues, a continued emphasis on the facilities funding program, drought and bushfires.

The major priorities in 2009–10 in terms of new budget initiatives include strengthening the world game. There has been a massive increase in the participation in soccer, as you, Chair, and other members of the committee well know. There is also the development of the new state basketball centre, and there is local, state and federal funding for that. There is also additional funding for country football and netball, and additional funding for sporting uniforms.

Women in sport is a key priority. Women's Sport and Recreation Initiative is supporting a wide range of projects including leadership initiatives delivered by VicSport and targeted projects aimed at increasing participation of women and girls, including disadvantaged women and girls. Access for All Abilities is a program funded at over $11 million for the next three years.

Priorities for 2009–10 in terms of facilities: obviously the iconic one is the rectangular pitch stadium at Olympic Park. It will be completed in early 2010 to kick off the Rugby League season. It will be the new home of league, union and football — soccer. Works will continue at Lakeside Oval in 2009–10 to develop the new state athletics centre and the new home of the VIS. The Melbourne Park redevelopment will ensure that the Open remains in Melbourne until at least 2036, and the redevelopment will continue of former AFL grounds and VFL grounds.

In terms of priorities for major events, the Australian Masters golf in November will have Tiger Woods in Melbourne, which was a great win for this city and this country. The Champions Trophy will have the best six men's hockey teams competing at the State Netball Hockey Centre. In the sailing events package there is the grand slam of sailing, and Melbourne is one of seven cities worldwide that will take part in that event.

The road world cycling championship will be held in 2010, as will the Presidents Cup golf tournament in 2011. So that is sport and recreation. If I can quickly move on to youth affairs.

The CHAIR — Thank you, Minister.

Overheads shown.

Mr MERLINO — In terms of a snapshot of young people in Victoria, they make up 17.7 per cent of Victoria's population, almost three-quarters of whom live in metropolitan Melbourne. Overall, Victorian young people are travelling well. In 2008, 88.7 per cent of young Victorians had completed year 12 or its vocational equivalent — an increase from 86.1 per cent in 2007. This rate is higher than all other states and territories with the exception of the ACT.

In terms of the youth affairs portfolio, the Office for Youth is young people's connection to government. It looks at the needs of young people and drives relevant policy across government. It does this in a number of ways, as you can see on the next slide, which is the program slide.

Advance is a school-based youth leadership and skills development program, mentoring — which I am happy to talk about — youth participation, and access grants. This is about focusing particularly on young people who have barriers to participation in community life.

Youthcentral is the government's online initiative for young people aged 12 to 25. It is Australia's leading youth information website and we should all be very proud of that.

Young People Direct is a multi-faceted consultation mechanism for young people to direct their views to government. Youth Foundations Victoria is a great partnership with Bendigo Bank and local communities. There are the Positive Body Image Strategy, FReeZA, and FReeZA Central, which we all know quite well.

Mr RICH-PHILLIPS — An excellent program.

Mr MERLINO — Indeed. *Future Directions* is the policy framework, and I will not spend too much time on that. In terms of key achievements for 2008-09, the establishment of the Ministerial Youth Advisory Committee and the Positive Body Image Strategy, which is quite a feather in our cap. We led the way on positive body image and the federal government has just recently announced that it wants to have a national code in regards to body image and has acknowledged the leadership role of the Victorian government in that area.

The renewal and strengthening of the government's partnership with the Helen Macpherson Smith Trust is in relation to mentoring, and the establishment of eight Youth Foundations Victoria sites, located at Laverton; Upper Yarra; Whittington, Newcomb and Thomson; Portarlington, Drysdale and Clifton Springs; West Heidelberg; Trafalgar and district; Ashwood, Ashburton and Chadstone; and Neerim district, So there are a number of great achievements in 2008–09.

In terms of priorities for 2009–10, they are: continuing to develop the Young People Direct strategy, including continued consultation with my Youth Advisory Committee; continuing to work to assist young people to have a more positive body image through programs, education and creating awareness; strengthening Victoria's mentoring program; the release of a vulnerable youth framework and implementation plan later in the year; and continuing to support the young people affected by the bushfires.

I will keep those comments brief. I am happy to answer any questions in the sport, recreation and youth affairs portfolios.

The CHAIR — Thank you very much, Minister.

Ms HUPPERT — Page 344 of budget paper 3 specifies investment of $5 million in the Melbourne and Olympic Parks redevelopment, which you also referred to briefly in your presentation. Could you please outline for the committee progress on this redevelopment?

Mr MERLINO — I am happy to answer this question. This is a quite exciting development. When you think about the Australian Open, for the month of January this is the biggest sporting event in the world. There is no doubt about it. It is that important for this state and for this city, and it holds that place on the international sporting calendar.

As sport continues to evolve at an international level, it is important that our sporting facilities are not just keeping pace but remain the best in the world. To ensure this is the case, on Australia Day this year the Premier announced a master plan for the Melbourne and Olympic Parks precinct, with $5 million funding for detailed design work on the master plan in the 2009–10 financial year This funding was confirmed in the budget and it builds on the $1 million we announced 12 months previously, which was the feasibility in terms of what needs to happen.

Melbourne's reputation as the world's sporting event capital will reach new heights as Melbourne Park is transformed into the ultimate sports and events precinct. We all know this is a great precinct — the MCG, Rod Laver Arena, Hisense, the new rectangular stadium — but there are some issues with the Australian Open. If you are a fan of tennis and you go to the Open, you know it is not that easy to get from point A to point B. There is no easy access, there are different levels, there are a couple of very significant pinch points, and there are a number of issues for the players and officials in terms of broadcasting and player facilities.

It has been 21 years since the Australian Open was moved from Kooyong to its new home at Melbourne Park and since that time the Open has grown to impressive new heights, last year attracting 605 000 patrons, compared to 250 000 patrons back in 1988.

This is two years in a row that we have broken the 600 000 barrier, which is a great achievement considering the tougher economic environment this year. Now is the time to have a look at how we can refresh and improve this terrific precinct to ensure that it remains a world-class facility. The proposed master plan is designed to

ensure that Melbourne Park remains the home of the Australian Open until at least 2036. The proposed master plan includes a new piazza-style town square, environmental features such as ecoroofs over the town square, a water recycling system, expanded media and broadcast facilities, better connections to public transport and a better connection of the precinct to the city. I have actually got a fly through. It only takes a minute, Chair, but it gives you an idea as to what we are looking at.

The CHAIR — I assume you will make copies of these overheads available to members of the committee?

Mr MERLINO — Indeed.

The CHAIR — We can put them up on our website.

Mr MERLINO — I will just mention a few of the highlights: a new city entrance, better connection to Federation Square East, an expanded concourse area at grade — so it is all at the one level. You have got a spine right through the guts of the precinct.

Ms MUNT — It is an architectural term.

Mr MERLINO — This is the town square in between Rod Laver and Hisense. It will be a great addition, not only for the Australian Open but also for a range of other major events and activities.

Ms MUNT — Outdoor rock concerts?

Mr MERLINO — Outdoor rock concerts — all that sort of thing.

Dr SYKES — Can you add rainwater tanks, Minister?

Mr MERLINO — Indeed, Bill! Here is the new headquarters for the Tennis Australia museum, and you can see here a single entry point. At the moment you have got an entry point into Rod Laver and an entry point into Hisense; there is no major entry into the facility. As it goes back, you can see on the left what will be the new AFL training venue and the iconic rectangular stadium, so it really will be quite a special — —

Ms HUPPERT — The best sporting precinct in Australia.

Mr MERLINO — It will be quite incredible.

Ms HUPPERT — In the world!

Mr MERLINO — There will be a new national tennis academy, because the one thing we must not lose sight of is the fact that we need to get Australian men and women and boys and girls back in the top 100. That is going to be a major focus; it is not just about facilities. There will be a new entry point from Olympic Boulevard, an expanded concourse area, a new broadcast centre and the upgraded Rod Laver Arena. It hosts about 14 500 patrons, but it will be about 15 000 patrons once this is constructed. The general view in the tennis world is that if you are well above 15 000 patrons, you start losing it from a visual point for the fans. At Flushing Meadows I think it is 22 000 patrons or so, and it is just hopeless at the top of that facility.

Dr SYKES — But you wouldn't have sat up there, Minister. You would have sat down near the front when you were at Flushing Meadows, wouldn't you?

Mr MERLINO — The other thing about Flushing Meadows — making that comparison — something like the last couple of rows at Rod Laver is the start of the public seating at Flushing Meadows. There is a quite a difference in philosophy.

The CHAIR — A bit like going to a rock concert!

Mr MERLINO — The $5 million funding in 2009–10 will also be used to finalise the exact components of the master plan in consultation with Tennis Australia and the Melbourne Olympic Parks Trust to prepare detailed design and costings on the first stage of the project, ensuring that it will be carried out while the Australian Open continues to operate. That is one of the other challenges — working out the timing, what are the priorities and doing that work in between Australian opens. The open makes a significant contribution to Victoria, generating around 1000 equivalent full-time jobs, injecting $164 million into the economy and raising

the tourism profile of our great city with almost 240 million viewers worldwide. This is a significant project for the next financial year.

Dr SYKES — My question follows on from that, Minister, and I would have to say it is an extremely impressive proposition that is being proposed for the central Melbourne area and, I appreciate, for Victorians in general. However, it does raise the issue of importance to me, and I refer to budget paper 3, page 340, the creating better places and expert assistance programs. The shadow minister for sport and recreation has raised the question: does that funding program only apply to growth areas? The background to the question is that in his area the Horsham Rural City Council missed out on two funding programs because apparently it was deemed not to be in a growth area. If this is the case then we have a compounding issue. Kids are leaving country Victoria at a disappointingly high rate. One of the reasons they leave is because there is 'nothing to do'.

Mr MERLINO — Yes.

Dr SYKES — If there is not a development of facilities in those areas then that compounds the 'nothing to do' issue. It is a self-fulfilling prophecy that we end up losing more and more kids from country Victoria. We do actually need kids there to grow food and fibre for everyone.

Mr MERLINO — In terms of the specific reference in budget paper 3, page 340, that reference to creating better places and expert assistance programs is not a sport and recreation reference. That is within Justin Madden's portfolio responsibility in planning and community development. But I am happy to answer the question in terms of facilities in rural and regional Victoria, if I am permitted to do so, Chair.

The CHAIR — I think that would be a good idea, particularly any support you can give to councils like Horsham. The member for Lowan would be quite interested in that.

Mr MERLINO — Indeed. This program is something I am quite proud of. We have the community facilities program and the country football and netball program, which Bill and many regional members would be well aware of. In addition to that, there is the drought assistance program. The $28 million over the last couple of summers means in effect well over $200 million for well over 200 000 community facilities right across Victoria. I know full well the importance of sport and recreation facilities for rural and regional Victoria. On one of my regular road trips yesterday we visited Gippsland and I made five local announcements, including a synthetic hockey pitch which can also cater for soccer at Monash University's campus at Churchill.

That is Gippsland's second synthetic hockey pitch. They went from having absolutely no hockey pitches in the whole of the Gippsland region to now having two in Churchill and Drouin. Later on that day we visited Buln Buln, a tiny community. The only community facilities in that town were the local recreation reserve and the primary school across the road.

I was there announcing just over $23 000 in funding from the bushfire support funding program to replace fencing and signage that was destroyed as a result of the fire. If it were not for the quick action of a couple of people who were actually at the club at the time — this was spotting from kilometres away — and who got on top of it, the school and the recreation reserve would have been under serious threat. Frankly without that sporting oval the community would have been absolutely devastated, so I absolutely understand and appreciate the importance of sporting facilities for local communities.

In regard to the community facilities funding program, since 2000 the government has invested over $186 million in over 950 community sport and recreation projects. The facility funding is distributed across all areas of the state, and this will continue to be the case over the current four-year program. We have got a map which is showing the location of funded Better Pools, aquatic access and seasonal renewal projects since 2000. That shows metropolitan Melbourne, and then we have got a regional spread.

The seasonal pool renewal program, Bill — this was targeted not specifically but predominantly at regional Victoria. We knew that all a lot of these pools that were constructed in the 1950s and 1960s needed was a little bit of work to stop them leaking or to do some improvements to their amenity and that their participation, their usage, would just go through the roof. I was talking to the mayor of Baw Baw shire yesterday. She was saying the funding we provided to the Drouin outdoor pool through the seasonal program has led to a massive increase in participation, and they are running Learn to Swim and all those sorts of programs through them.

Dr SYKES — The hot summer may have helped, Minister, given that generally it is a bit chilly down in Gippsland!

Mr MERLINO — Indeed!

The CHAIR — This is true. Have we helped Horsham in this regard under this program?

Mr MERLINO — Certainly there are a number of projects in Horsham. The most significant recent one was the $1000 of assistance to Horsham golf club as a result of the devastation from the fires. I know that we are also talking to Hugh in terms of a number of other facilities in his community, including one in regard to the country footy-netball program. You can assure Hugh, Bill, that my department will continue to work with him in that program.

In addition to the country community facilities funding program we have also got the country football-netball program, the new community soccer program, and I also want to mention the sporting uniform grant. Country footy-netball is now an $11.2 million program. This will run right through until 2010–11, with $9.2 million from the state government and an original $2 million from the Australian Football League. Since 2005 the government has announced funding of more than $8.4 million for over 230 individual projects across rural and regional Victoria. The drought relief program I have mentioned. One of the focuses for me in this budget was dealing with the massive increase in participation in basketball and in soccer. I am happy to talk later about the State Basketball Centre.

Ms MUNT — Especially girls in soccer.

Mr MERLINO — That is right. One of the things about basketball and soccer is that there are boys and girls right through to seniors, and the pathway is exactly the same. I think that is one of the reasons why basketball and soccer have been so popular. In addition to the community facilities funding program we are providing an additional $5.7 million specifically directed at grassroots soccer facilities. There are many opportunities, Bill, for rural and regional sporting clubs to access that funding, and I will be releasing the guidelines for the soccer program shortly.

The final thing I want to mention, Chair, is the sporting uniforms grant. You may recall that out of the savings from the Commonwealth Games we had $1 million set aside for sporting uniforms. This was up to $1000 for uniforms or footwear — massively oversubscribed!

The CHAIR — It would be popular!

Mr MERLINO — We have got $1.6 million in the budget, and the first round of that will probably be in June or July, very shortly, and I encourage clubs right across Victoria to apply for that funding program.

Mr SCOTT — Minister, I refer you to page 12 of budget paper 3, which lists funding to sporting clubs and community facilities as part of a $10 million community recovery fund for the bushfires. Can the minister inform the committee of the support provided in the budget to sports clubs and community facilities which are affected by the bushfires?

Mr MERLINO — Thanks, Rob. I am very pleased to answer this question. As you would appreciate, this has been a massive priority for me as sports minister visiting the devastated communities in the days and weeks after the fires. It was quite incredible that once people had looked after the affairs of their own families and their own properties, as a community what they wanted to see was their sporting clubs get on their feet as soon as possible. We wanted to provide some immediate funding to ensure that that happens.

The recent Victorian bushfires have had a considerable impact on the Victorian community, and the government recognises the importance of local sport and recreation in helping to rebuild community strength and wellbeing. As I mentioned earlier the Brumby government, together with the commonwealth and state sporting associations, has provided significant support to ensure local sport and recreation clubs can operate again in bushfire-affected areas.

Local sport is vital in building the social fabric of Victorian communities. Reflecting this, the Premier announced in partnership with the commonwealth the $3 million fund that I mentioned, providing grants of up to $100 000 for immediate rebuilding and repatriation works. To date over $1.2 million has been provided from

the fund to assist these sporting organisations. Examples would be the $200 000 to the Marysville golf and bowls club to replace essential machinery, just over $195 000 to the AFL, over $64 000 to the *Yarra Ranges Shire Council and $59 000 to the Mitchell Shire Council, totalling over $319 000. That was to restore 23 sportsgrounds for the upcoming sports seasons.

We are also aware of the significant contribution made by major professional sporting organisations such as the AFL, Cricket Australia, Football Federation Australia, the NRL, Tennis Victoria and Tennis Australia. They have been absolutely fantastic, both in terms of getting athletes into the communities — I was at Whittlesea when the Australian cricket team was there, and just the positive impact it had on particularly the young kids was quite profound — but also in terms of equipment and in supporting facility redevelopment.

I want to recognise the contribution of those state sporting associations as well and assure the committee that this is the no. 1 priority. A number of facilities were completely destroyed, and we are absolutely committed to making sure they get completely rebuilt and are even better for the local communities.

Ms PENNICUIK — Minister, on one of the slides you had up there one of the dot points referred to the Vulnerable Youth Framework, which was:

> developed to guide and strengthen action across state and local government and communities, including schools, to better respond to the needs of vulnerable young people …

It appears that little in the budget has been offered to that program. My question is: how will it be implemented and what funding will be allocated to that framework?

Mr MERLINO — If I could firstly speak to the Vulnerable Youth Framework and the work around that and then speak more broadly in terms of what has been provided for young people across government, with a particular focus — —

Ms PENNICUIK — Bearing in mind that with the financial situation this is going to be even more important.

Mr MERLINO — Indeed. Firstly, in regard to the Vulnerable Youth Framework, a discussion paper was released in late 2008 to gather advice from those working with young people on the development of a policy framework for better addressing the needs of vulnerable young people in Victoria. It is not just something across my portfolio, it also concerns Lisa Neville, Bronwyn Pike in education, and Maxine Morand. The final framework and implementation plan is currently being developed based on the responses to the discussion paper. It will provide a foundation for coordinated and effective youth services that assist vulnerable young Victorians at a time when they most need support, giving particular attention to providing support early in the onset of problems.

This is through both the discussion paper and the work we are doing on the vulnerable youth framework, but we have also got some better youth services pilot sites in Frankston, Wyndham and Bendigo. There are a couple of things that have really come out through that work, including the importance of early intervention and the importance of education of schools and making sure that there is that communication coordination. Look at the municipality of Wyndham. There are something like 86 youth services from local, state and federal government and non-government organisations, but what we need is better coordination. Early intervention and coordination is a focus of that. The framework will be launched a bit later on this year.

In regard to support for young people, this year's budget provides over $270 million in new funding. One of the challenges of a portfolio like youth affairs is that it is a relatively small bucket of money. My responsibility as youth minister is that whole-of-government coordination. When you are talking about young people, they may have issues with transport, they may have issues in the justice system or in education. My role is really a coordinating one, in addition to the programs that we run through OfY.

One of the focuses in the budget this year was supporting services for vulnerable Victorians. You are absolutely right — in this current climate we need to maximise our support for young people. The government has committed $134.7 million to reforming the out-of-home care system through securing more home-based care placement, building the capacity of residential care and recruiting living carers and new family mentors. Some $36.3 million will be invested in prevention and early intervention programs to take action before people become homeless, and $52.6 million will be directed towards improving and expanding homelessness services

through targeted programs for specific groups, such as women and children experiencing family violence, indigenous people and young people.

There has been significant investment in mental health, which you have probably already heard about through Lisa Neville — $21.3 million to the early life program to provide diagnosis, treatment and support for children and adolescents, including early intervention and outreach services, mental health services and youth justice. In addition, $8 million has been allocated for two new youth prevention and recovery care services in Bendigo and Frankston, and $4.2 million for mental health service enhancements to improve service quality, support staff training and provide greater access to mental health services, particularly for young people and adolescents experiencing autism.

In addition to that there is the Respect strategy. I am not sure if you have had Peter Batchelor here yet, but we have quite a significant focus on young people and volunteering. Across a whole range of areas we are focusing on early intervention and providing assistance to vulnerable youth. The framework will be released later this year.

Ms PENNICUIK — Can I just clarify: how is the Respect strategy related to the Vulnerable Youth Framework, if at all?

Mr MERLINO — I was expanding my comments in terms of support for young people and getting young people involved in the communities. To answer your question, look at the advanced program through my portfolio, which is about getting young people involved in the community through their school or through the Youth Participation and Access Program which is removing barriers to participation. Often the young people involved in those programs and who will be the target of the Respect community volunteering program will be young people who, if they are not engaged, will become much more vulnerable. I suggest there is a holistic approach, if you like.

Ms MUNT — Minister, I love a major event. I love going to them, I love seeing them; they are very exciting. But I am also interested in the benefit for Victoria as a whole. Budget paper 3, page 175, lists the expected outcome for 2008–09 of 15 major events for Victoria. I was wondering if you could just give some detail of those major events that I love going to and the benefit they will have.

Mr MERLINO — Thanks, Janice. I am happy to answer this question. When you think about major events — and if you have heard from Tim Holding, he has probably already said this — the major events calendar is our Sydney Opera House, it is our harbour bridge. It is what sets Melbourne and Victoria apart from the rest of the nation, and we do it better I think than anyone in the world. Whilst Tim is major events minister, my role through Sport and Recreation Victoria is to manage almost all these major events. Tim gets them and then we run them through contract management.

Ms MUNT — He handpasses them.

Mr MERLINO — That is right. The Brumby government is committed to hosting major sporting events that place Melbourne and Victoria in the national and international spotlight, boosting tourism and investment in Victoria. Victoria's strong reputation for holding premier sporting events was again recognised in 2008, when we retained our position as the ultimate sports city — ahead of Sydney, Berlin, Hong Kong, London, Los Angeles, Madrid, Paris, Tokyo and Vancouver.

In 2008–09, we hosted a range of major sporting events: obviously the annual ones like the AFL Grand Final, the Australian Motorcycle Grand Prix, and the Jayco Herald Sun Tour. We also had the international rules match, Australia–Ireland; the Rugby League World Cup match, Australia–England; the UCI Track World Cup; the Masters golf; the Homeless World Cup; the World Latin Dancesport Championship, which was an outstanding event; the Australian Dancesport Championship; Skandia Geelong Week; the Australian Open; the Women's Australian Open golf; lawn bowls Australian Open; Australian Masters Games; the World Superbike Championship; the formula one grand prix; and Rip Curl Pro. The list goes on.

In total, well over 1 million people attended these events, with the AFL Grand Final — which was a wonderful grand final — attracting over 100 000 spectators, the highest attendance since 1986. For the second consecutive year, over 600 000 spectators attended the Australian tennis Open, which was really a great achievement. We broke that record the year before, but we got 600 000 again in this current climate. What we

did find was an increase in people buying the $29 ground pass, as opposed to upgrading their tickets. You would expect that in the current climate, but to break 600 000 again was outstanding.

Ms MUNT — It is great value, though, the $29 ground pass.

Mr MERLINO — Great value, that is right. Other highlights included the Rugby League World Cup match between Australia and England, which attracted over 33 000 spectators, including 9000 interstate and international visitors, generating a benefit to Victoria of $15.5 million. The Australian Masters Games, which is the largest multisport participation event in Australia, attracted over 8000 participants, volunteers, families and spectators, with 63 sports at over 70 venues throughout the Geelong region. That was a great event, which I participated in.

The CHAIR — I think the Parliament had a team in it.

Mr MERLINO — The Parliament had a team, but I really do not want to answer questions about that particularly again!

In addition, June will be a bumper month for sport, with Melbourne to play host to the Rugby League State Of Origin Queensland–New South Wales at Docklands, the Australia–Japan football match at the Melbourne Cricket Ground, and the rugby union Australia–Italy match, again at the Docklands.

Over the next three years, an outstanding variety of sporting events will continue to build and enhance Victoria's reputation. Tiger Woods, the world's no. 1 golfer, will appear exclusively in Melbourne in November for the 2009 Australian Masters golf at Kingston Heath Golf Club — in your electorate, Janice. This will be a great thing. It will bring a worldwide spotlight to Victoria's outstanding golf courses, as well as many international and interstate visitors. We made the call to rotate the Masters through the sandbelt golf courses, and that is one of the key reasons that we secured Tiger Woods. He recognises that these are absolutely world-class venues, and that was one of the key reasons why we secured him for that event.

The tourism benefits arising from Tiger Woods's appearance at this tournament are tremendous, with between 10 000 to 20 000 visitors expected from outside Victoria. World no. 4 golfer, Australian Geoff Ogilvy, will also be a strong drawcard. The economic benefit of the tournament has been estimated by Ernst and Young to be in the vicinity of $19 million.

Finally, Chair, just a couple of other very quick highlights. As I mentioned, the Champions Trophy, the six best men's hockey teams, will be a great event. Australia, England, Germany, Korea, the Netherlands and Spain will be competing. On the water, Melbourne has secured the first leg of the prestigious seven-city Olympic-class Sailing World Cup for the next three years. This will be the major annual event for world-class Olympic-class sailing, and it is great to build on the renowned Sail Melbourne regatta.

I will probably finish there. There are many other things to talk about because it is a great major events calendar.

The CHAIR — I am sure. We may need to have some more questions.

Dr SYKES — Minister, my question relates to your role as whole-of-government coordinator for youth programs and also the point you have made that education is the no. 1 priority for the Labor government, as I understand it. You did touch on year 12 completion rates and you said how good they are in relation to the rest of Australia. Just a point of clarification, or for your information, you realise that year 12 completion rates in country Victoria are substantially lower than in metropolitan Melbourne, so there is a need to address that. Similarly, tertiary education uptake levels by country young people are far lower than in Melbourne.

That brings me to my question: with the federal government's changes to the youth allowance, which are basically going to require young people to work for longer before getting independent Austudy and therefore disadvantage young people taking up tertiary education, what are the Labor government and you in your role as youth coordinator doing to address that issue and ensure that particularly our country young people can have equitable access to tertiary education?

Mr WELLS — I think you have got him stumped.

Mr DALLA-RIVA — He does not have that one ready. Who has failed?

Dr SYKES — I should say while the minister is conferring that I have had a lot of correspondence already from a young fellow called James Morrow, who is about to go down this path of tertiary education, and another young fellow, Alex Robb, has written to me. They see it as a major impediment to country young people being able to pursue tertiary education. Obviously you then end up with kids on the streets and rising unemployment in country Victoria and a further reason for country young people to leave the country.

Mr MERLINO — Thanks, Bill, for your comments. I will make some comments in terms of retaining young people in school and providing those opportunities and then I might ask Kati to give some comments in terms of the national framework and our role and what we are doing in that space.

The Blueprint for Education and Early Childhood Development outlines the government's commitment to continuing improving school retention and assisting all Victorian young people to attain year 12 or an equivalent qualification. Bill, I understand your comments in regard to rural and regional Victoria, and often when we are out on community cabinet one of the common questions I ask — I hold a youth forum at each of these community cabinets, and it is generally with students at school — is about school retention: what are they doing? I ask them about their employment. I ask about their intentions post-school and how many are staying in the local region and how many are intending to travel to Melbourne or elsewhere to pursue their educational and employment goals. So I understand the importance of regional facilities like Churchill Monash University campus, which I visited yesterday.

The Blueprint for Education and Early Childhood Development policy statement acknowledges that factors outside schools directly affect student outcomes and identifies partnerships with families, the community and industry as a strategy to address these factors. Of the factors schools can influence, the most prominent is the provision of a broader range of subjects to match student interest and career aspirations, and this is again something that is quite common in my comments with schools. Some schools have quite a broad range of subjects and opportunities, and other schools less so.

A key strategy to drive the blueprint agenda forward is the employment of 67 regional network leaders to work with schools to improve their performance. RNLs are experienced educators who provide advice and assistance to all schools and more targeted support to underperforming schools.

In late 2008 the effective strategy is to increase the school completion record, and a guide to help schools increase school completion were provided to all schools. These documents identify successful strategies that schools are implementing to improve student engagement and increase rates of completion.

In 2009–10 additional student counselling and career advice services will also be provided in four pilot localities. These new services will work more closely with young people who are about to leave school without a year 12 qualification.

I will not go through some of the budget details, but I am happy to provide that detail. I might ask Kati to comment in terms of the youth allowance and the national framework.

Ms KRSEVAN — In relation to the youth allowance there are probably two key things that we will involved in and that we will working on with the department of education and also Regional Development Victoria. The first one with the department of education is in relation to the national partnerships that are currently being finalised between the commonwealth and the state government around three key areas. If I can remember them all, they are literacy and numeracy, extended schools and — I cannot quite remember the third one, but we can come back on that. That will be one key piece of work that we will be doing around this whole issue of young people's options in regional and rural areas.

The other key piece of work is that Regional Development Victoria is currently developing a blueprint for retaining people in rural and regional areas, and it has had a focus on young people. Access to tertiary education is a key issue for retaining young people in regional and rural areas. We have been involved in conducting some research for Melbourne University and providing advice to RDV on that. I understand the blueprint will be released later this year, and that is one of the issues that has been picked up on that.

The youth allowance is creating an issue for regional and rural Victorians. I was given an anecdote from Warrnambool on Tuesday about the impact that it is having. We are very aware of it, and we are working with other parts of government to try and look at ways we can minimise that impact as well as talking to the federal government.

Dr SYKES — It would certainly be an opportunity for cooperative federalism because, as I presume you know, the uptake of tertiary education by country Victorian students is 30 per cent and falling, whereas with Melbourne students it is 55 or so, and a major factor is cost. So you can be doing this good work, but it is tinkering around the edges unless the cost issue is addressed, and these current proposals by the federal government are going to make it extremely difficult for young people.

Mr NOONAN — Minister, I wanted to ask you about one of the more significant announcements in the budget in your area of responsibility, and that is the $7 million for the construction of the State Basketball Centre in the Knox area. It comes at a time where the sport of basketball at an elite level is going through some interesting times, but I gather from your comments that at least at a grassroots level participation levels seem to be up with that of soccer as well. I wonder if the minister could inform the committee why such a facility was considered a priority for this budget.

Mr MERLINO — Thanks, Wade. I expected Kim to ask me this question.

Mr WELLS — Which one?

Mr MERLINO — About the State Basketball Centre.

Mr WELLS — From the marginal seat of Scoresby!

Mr MERLINO — It is a great project in your electorate. Thank you for that question. I am happy to provide the committee with an outline of this particular project. As you say, basketball is quite an extraordinary sport because at the grassroots level it is absolutely booming. One of the reasons why we looked at Kim's electorate and the site of Knox is that when you think about the EastLink corridor from, say, Frankston to Dandenong, Knox, Kilsyth and Nunawading, this is quite literally the heart of basketball in the country. It has about 35 per cent of Victoria's registered basketballers. Fifty per cent of national basketballers are registered in Victoria, but the major section is along this corridor. So you have the sport booming at the grassroots level.

At the elite national level, the Opals and the Boomers are in the top echelon of teams world wide. The Opals are world champions and silver Olympic medallists, but at the men's elite level in the nation it is a bit of a basket case at the moment. Working with Basketball Australia, hopefully they will work themselves through this and the reform process, but at the moment, as we speak, we do not currently have a Victorian team scheduled to play in the NBL. I am working closely with Basketball Victoria and Basketball Australia to see if we can reverse that situation, because it is essential that this state is represented in the National Basketball League.

But back to the State Basketball Centre. The state government has committed $7 million in the 2009–10 and 2010–11 state budgets to contribute to the development of the State Basketball Centre and the Knox regional sports complex in the city of Knox. The commonwealth government has also announced a commitment of $7 million for the centre through its community infrastructure program, and I understand that commonwealth funding is provided on the condition that construction will commence later this year. This project was always going to be one that needed the three levels of government to get up, and I am just delighted that the federal government has committed along with the state government. We welcome that partnership with the City of Knox and the federal government.

Our confirmed funding partners for the project include Knox City Council, Basketball Victoria, Knox Basketball Association and Football Federation Victoria, because this will not just be the State Basketball Centre, it will also be a regional facility for Football Federation Victoria. It has a vision to have a number of regional facilities across metropolitan and regional Victoria, so it will be a major facility for the FFV. It will be the home of the Knox Basketball Association, and it will also provide sporting opportunities for netball and gymnastics. It is a large site. It will be a developing site for generations, and it is quite a rare opportunity.

The total project cost for stage 1 of the State Basketball Centre is $27.6 million. The project will provide enormous benefits to basketball in Victoria. The CEO of Basketball Victoria, Wayne Bird, stated that funding for the project is 'further recognition of our sport's importance in the Victorian community'. The new stadium will enhance participation in basketball, and Melbourne's eastern suburbs have the highest rate of basketball participation in the country. The new stadium will help to harness and develop Victoria's junior basketball talent for the future.

Lindsay Gaze was at the announcement, and he talked about basketball seeking a home for more than 50 years. He said they almost got there with the Bolte government, they almost got there under the Cain government and they almost got that under the Kennett government, but it is the Brumby government that has delivered a state basketball centre. It will include six courts, and it will include a show court. It will be — and this is one of the key reasons why we got federal support as well — a key construction job providing construction jobs immediately and in the long term it will provide employment opportunities both to the state association and to the local sporting clubs.

Dr SYKES — Minister, I would like to explore further the respect strategy, again with your hat on as a coordinator for youth programs. I am interested in ensuring that we are addressing vulnerable youth and also linking that to the coordination between various government departments in relation to social housing. I will use Benalla as an example. Benalla is a great town in north-east Victoria — a great place to live, work and raise a family — but it has a very low socioeconomic status rating. Linked with that low socioeconomic status in the case of our social housing we have a lot of clients who come to Benalla from other places. They have no connection to the town, no support services and no extended family network, and often they have complex needs. That really puts pressure on and increases the demand for youth services in the area.

It would appear from what is happening in our town now that those services have been overloaded, in that unfortunately we have an increase in drug and alcohol-fuelled violence. We have a lack of respect by young men — or youth — for females; we have a lack of respect by a small proportion of young people for teachers at the schools; and we have a lack of respect by a small proportion for the police, in that we had an assault on police recently in our town, which was appalling.

We have a serious situation in the community. I am sure it is reflected in other communities, but I am just speaking from firsthand knowledge. Some of the ways of addressing this are to do things like supporting a skate park proposal which I am going to bring to you, Minister, because I have a couple of young people who are really driving that. Leaving that specific thing aside, do you have a strategy in place that ensures coordination between the various arms of government so that we do not have an increased demand on services in a community that results in a breakdown of our social fabric and a loss of respect by our young people?

Mr MERLINO — Thanks, Bill. There is a lot in that question.

Dr SYKES — We have a big problem.

Mr MERLINO — If I can start with the respect agenda, this will be an evolving thing. As we move forward there will be additional things that will be picked up as part of the respect agenda. But in its essence it really emerged from community concern about the alcohol culture and violence in the CBD, and you see it reflected also in regional cities and in local towns. That is where it emerged from. One example of young people themselves calling for some action on this issue was the Step Back Think campaign led by concerned young people to address violence in the city, particularly as it relates to the misuse of alcohol.

When we talk about the respect agenda there are some people in the youth sector who think this is just about government whacking young people over the head saying, 'You should be more respectful'. But the respect agenda is actually a lot broader than that. It is about having some respect for yourself; it is about self-esteem. Do not put yourself in vulnerable situations. It is about having respect for your friends, for your mates. If you think your friend is getting into a vulnerable situation, do not let them get in that position. It is about respecting your community. If you vandalise and spray graffiti, or if, as you say, you have incidents with the local police, you are not respecting your community.

So it is really a three-pronged approach. We recently announced a $17.7 million strategy to promote community respect as part of the Victorian government's actions to build more resilient communities and address alcohol-related violence among young people.

It really does build on some of the existing Office for Youth programs, like our mentoring initiatives and our advance program on youth participation and access program. So the strategy will focus on strengthening the connection of young people with their communities through volunteering and programs to address juvenile offending. We are going to expand this quite innovative program.

This is about young people working in the community — young offenders — and not getting them sucked into the juvenile justice system, but getting them actually involved in their community and cleaning up some of

the mess as well. This whole program has great potential to change not only the individuals but also their communities as well. There is the $9.3 million volunteer strategy.

That is the respect agenda. As I mentioned before with Sue's question, there is a whole range of programs right across government specifically targeted at early intervention across various areas, whether it is mental health or whether it is homelessness.

Finally, in terms of the youth services on the ground, we are acutely aware of the pressure points, but we also acutely aware that it may not take a lot of money, it is just about better coordination of youth services that are actually available on the ground, feeding much better connections between school communities and support services within the education system and the support services within communities.

Dr SYKES — Speaking on behalf of Benalla, we would love to be involved in that and work with you to take advantage of the program and address the issues which are of great concern to many people — our families and our young people.

Mr MERLINO — I was at a local government forum which we have done for a few years in a row with ministers who have direct involvement with local councils — Justin Madden, the Minister for Planning; Peter Batchelor, the Minister for Community Development' and me.

I talked about the three pilot better youth services in Bendigo, Frankston and Wyndham. I mentioned what we are hoping to do as we get the resources is to start expanding this into other communities. One of the comments from the floor with regard to Bendigo, which is quite obviously a populated regional and major regional city, was that we need to make sure that we have a fourth category, if you like, because I talked about metro, interface and regional, which was a municipality or municipalities that have quite isolated rural communities. I said that when we expand those pilots, we will be expanding to include a community like yours, Dr Sykes.

Ms HUPPERT — Minister, I refer you to page 170 of budget paper 3. One of the output measures is:

Number of organisations funded through youth participation and access program and mentoring and capacity building initiative.

You have referred to mentoring program in a couple of your previous answers just in passing, but could you please provide more information about this program and what will be involved during the 2009–10 period?

Mr MERLINO — I will talk about mentoring perhaps a little bit on youth participation access as well. The mentoring program is fantastic, and it really does make a difference. It has been one of the focuses of the Office for Youth.

The Victorian government committed $3.9 million over four years from 2008–09 to 2011–12 for the mentoring and capacity building initiative for young Victorians, particularly those disengaged from education, employment and training. This investment will boost mentoring programs for young people across the state. In the future the mentoring capacity building initiative will continue to be developed through and build on the three key components which are: building mentoring — these are the programs we provide; tools for better mentoring — this is about providing the resources and education to organisations and individuals; and capacity building — which is about having sustainable mentoring programs in communities right across Victoria.

The Victorian government and the Helen Macpherson Smith Trust have a strong partnership to help build the capacity of communities and develop innovative ways of helping young people. The partnership has afforded the opportunity to support the delivery of youth mentoring and help young people reconnect with their community as well as with education, employment or training.

There are 12 targeted mentoring projects which are funded to provide quality youth mentoring with priority grouped young people in areas of disadvantage. As at December 2008, the regional coordination projects were providing support to 159 Victorian youth mentoring programs, in turn supporting over 4500 young people and 4220 volunteer adult mentors.

Three regional coordination projects are funded to provide support, training and networking opportunities for mentoring programs and additional support in Gippsland, the Grampians and Melbourne metropolitan regions. A partnership with the Helen Macpherson Smith Trust has provided funding to three more regions — Hume,

Loddon Mallee and Barwon South West — completing state wide coverage. So we have done a lot of work in this space.

We have provided tools for better mentoring, which were *A Guide to Effective Practice for Mentoring Young People* and *A Guide to Supporting Effective Programs for Mentoring Young People*. In addition last year we provided a guideline for organisations to engage with business. Mentoring is one of those programs — and I think, Wade, you know a couple of specific organisations involved in mentoring — that is something that business communities react well to. So it is just providing the tools for getting that engagement between those organisations and the business community. It was developed in partnership with the Victorian Youth Mentoring Alliance, youth mentoring organisations and business, and was launched at the business breakfast event.

Activities planned for 2009–10 importantly will have an evaluation framework and tools will be completed in 2009 to be made available along with training workshops to Victorian youth mentoring programs which are looking to review and measure the benefits of continuously improving the program outcomes for young people.

A new MOU between the Victorian government and the Helen Macpherson Smith Trust has been signed this year, taking the partnership to January 2012, and under the MOU the Victorian government and the trust are jointly funding the regional coordination projects and the Victorian Youth Mentoring Alliance.

The CHAIR — That is a pretty full answer.

Ms PENNICUIK — The budget appears to allocate $21 million for community sport, but if you look at that closely, it seems to be about $8.6 million for local sport. Given that your office manages the contract for the formula one grand prix that is reported to have lost $40 million in its last year, which is five times the amount of money that is being allocated for local sport, my question is: how much in the forward estimates is being allocated to losses for the grand prix, and how is that commensurate with money for local sport?

Mr MERLINO — Firstly, in regard to community facilities, if you look at the combination of the community facilities funding program, the country football and netball program, the $28 million of assistance for clubs as a result of the impact of the drought — well over $200 million and well over 2000 projects — that is a rate five times greater than the previous government. I do not think anyone can dispute the fact that as far as grassroots sport goes, this government is delivering in absolute spades.

If you are talking about the $21 million, there is the funding we are providing for soccer facilities — $5.7 million; there is the funding we are providing to expand the country football-netball program — $1.2 million; the sporting uniform grants — $1.6 million. There is also $7 million to the state basketball centre. The state basketball centre will be a facility that will host national and international events, but this is about providing pathways.

It will be the home of the Knox Basketball Association; it will be a key grassroots facility, providing those opportunities for tens of thousands of young and not-so-young basketball and soccer players and other sportspeople as well. I will stand quite proudly on our record of funding community sport.

Ms PENNICUIK — I support money for community sport, Minister.

Mr MERLINO — Just in relation to the grand prix, SRV's budget includes funding for the grand prix. You will notice in the budget, Chair and committee members, that there has been an increase in the major events cap. The reason for that increase in the major events funding for SRV, or primarily the reason for that, is that the funding for the grand prix was originally provided to the Department of Innovation, Industry and Regional Development and directly to SRV. Basically, a lot of that has come within SRV's budget.

These funds are placed in the SRV budget as SRV has traditionally overseen the grand prix for the Minister for Tourism and Major Events**.** The funding does not include the full amount for the grand prix, as most of the funds remain in the major events cap. Direct questions on the grand prix and funding should be directed to the Minister for Tourism and Major Events.

Ms PENNICUIK — A bit of a tennis match on that one, isn't it!

The CHAIR — We did ask him a number of questions about that — almost similar questions.

That concludes the consideration of the budget estimates for the portfolio of Sport, Recreation and Youth Affairs. I thank the minister and departmental officials for their attendance today. Where questions are taken on notice the committee will follow up with you in writing at a later date. I also ask that the overheads be made available to the committee. The committee requests that written responses on notice to the matters raised by them be provided in 30 days.

Mr MERLINO — Thank you, Chair, thank you members of the committee.

8.8 Women's Affairs Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 21 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms M. Morand, Minister for Women's Affairs; and

Mr T. Healy, Deputy Secretary, People and Community Advocacy,

Ms F. Mort, Manager, Policy Development, and

Ms R. Green, Manager, Family Violence, Department of Planning and Community Development.

The CHAIR — I welcome the Minister for Women's Affairs and departmental officers from the Department of Planning and Community Development. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial performance information relating to the budget estimates for the Women's Affairs portfolio.

Overheads shown.

Ms MORAND — I would like to give committee members a brief outline of what we have achieved in this portfolio across the past 12 months.

The CHAIR — Very quickly, Minister. We need to focus on the estimates.

Ms MORAND — Very quickly, we have launched the new policy framework and completed a very successful celebration of the centenary of women's suffrage. That was funded by a budget allocation which included $354 000 to 51 community groups across Victoria to enable them to participate in the celebration of the centenary of women's suffrage.

At the beginning of this year we had a new member of Parliament coming in, Jennifer, who is with us today. She is the 90th woman elected to the Victorian Parliament. That compares to 1550 men, so we still have a long way to go. I also want to note that two have been members of the Greens party, one of whom is with us today. Congratulations, Jennifer, on being the 90th woman elected.

We also had the Abortion Law Reform Act passed successfully through the Parliament last year. The Rural Women, Drought and Climate Change initiative has been a really successful program which culminated in the forum we had about a month ago. In the lead-up to that we had 700 women participate in developing ideas for this forum that was held in the city. Christine Nixon was one of the speakers.

Our achievements have also been our commitment to increasing the participation of women on government boards and authorities to 40 per cent and we have achieved that target. The original proportion of women participating was 31 per cent; it is now 40 per cent. As part of our new framework we have set a target of towards 50 per cent of all new appointments made by government to boards and statutory authorities being women. We have also successfully increased the number of chairs of these boards from 12 per cent in 1999 to 32 per cent in 2008.

The honour roll continues to be very successful, with another 20 women being inducted earlier this year as part of International Women's Day celebrations. We are continuing to provide a financial literacy program to women. At the end of last year, the Premier's women's summit was also a great success.

On family violence I only note as lead minister that those are the other four ministers that are very closely involved in the actual delivery of the commitments that we are making. We have invested $75 million since 2005 in an integrated response to family violence. We continue to do our work there, which includes the recent release of a 10-year plan for indigenous families and communities, which Deputy Secretary Terry Healy, who is with us today, had a very close involvement in the development of.

In family violence reforms, this year we are developing a state plan to prevent violence against women and continuing to roll out the Enough campaign. So far we have had community consultations and launches of this program in Colac, Swan Hill and Traralgon. I attended the roadshow in Swan Hill which continues to promote the message that violence is unacceptable. There are more roadshows to be held in Benalla on 12 June, in Ballarat on 18 June and in Dandenong on 26 June.

The CHAIR — I am sure the local member will attend that one.

Ms MORAND — You would be very welcome to attend that, and I hope you are able to participate on 12 June.

On the budget, two items are the women's leadership grants and also continuing the Rural Women, Drought and Community Change engagement officers' funding for another two years.

The CHAIR — I am sure the member for Benalla will have a strong interest in that one as well. He has already raised the issue, I think. Thank you, Minister.

Ms HUPPERT — Minister, I want to ask you a question about the women's leadership program, which is referred to on page 343 of budget paper 3. I have to admit I did benefit from the government's policies, having previously served on a government board. I wonder if you could outline for the committee what you will be doing in the current budget period to increase the participation of women in political and civic life?

Ms MORAND — We know that there is still a significant underrepresentation of women on boards and committees, and that is particularly in the private sector, where the latest survey of the Australian Stock Exchange top 200 companies showed that only 9 per cent of the board members were women and in fact 50 per cent of the boards on the Australian Stock Exchange have no women on the boards whatsoever. We are determined to improve representation of women on boards and committees. We have had success in increasing women's representation on government boards and committees to 40 per cent, and we are determined to move that towards 50 per cent and in doing so provide opportunities for women to get recognition for the skills and experience that they do have, which is why they have been selected to serve on government boards and committees and therefore also get opportunities to participate in private sector boards and committees.

The grant that we have been able to announce in the budget is to try to improve women's leadership opportunities. The program is under development. We want to develop it in a way that we get the most benefit from the grants for the people who have the opportunity to assist them in their leadership opportunities. One program that has been a great success is the one done through DPI, which is Rural Woman of the Year. The recipient of that award gets the opportunity to do the Australian Institute of Company Directors course as part of the prize. We are having a look at what programs have been successful, what sort of programs can offer the best opportunity to assist either individual women or organisations to support women in their organisations to have further opportunities for promotion within organisations or opportunities outside their organisations but assisted by their organisations to have more opportunities for leadership participation. This is very, very important.

The last thing I would say about that is that the Victorian Women's Register now has 1800 women on it. We are looking at that at the moment to see if there are other ways we can improve the register, the way people can access it and make sure people know that it is available so that there is no, if you like, excuse that you cannot find a woman with the necessary skills and experience for that particular board. We have 1800 women who have registered from a hugely different range of backgrounds, skills and experience, so there should be a woman that fits that category for whatever role is being desired.

The CHAIR — Minister, I assume you are dealing with VECCI and all these organisations such as AIM, as you have already mentioned — —

Ms HUPPERT — Have you contacted some of the women's networks that are run within some of the private professional services firms, because they are really good?

Ms MORAND — Yes, there are several organisations. One is called Serious Women's Business, and one of the people involved in that is Anne Summers. We have also had discussion with some private sector firms about what they do in their own organisations.

Ms HUPPERT — Yes, I know a number of them.

Ms MORAND — The ones that have been identified through the recognition of — what is it called?

Ms HUPPERT — The Employer of Choice for Women awards, yes.

Ms MORAND — Thank you, the employer of choice. We have spoken to some of those organisations about programs that they have put in place that have been successful.

Ms HUPPERT — I benefited from those programs at the private firm I was working at, which had a very active women's network. It was a really good way of progressing women through the firm. It was very good.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the evaluation of the women's safety strategy, which was something that was raised with you last year. I see that the performance measure has been discontinued as the strategy has been dealt with. You said last year that the evaluation of that strategy would be published on the website last year. My understanding is that it has not been published, so the question is: why have you not published that evaluation as you said you would, and what does it contain that led you not to publish it?

The CHAIR — I generally prefer questions to be about the estimates and in terms of women's safety as well as a wider issue for the minister to answer.

Mr RICH-PHILLIPS — Chair, it is a matter — —

The CHAIR — I am just asking you to put it in a wider context.

Mr RICH-PHILLIPS — But it is something the minister committed to do for this committee last year.

Ms MORAND — Apparently it is now on the website. I have just been informed by the Office of Women's Policy that — —

The CHAIR — Perhaps Ms Mort could give the committee the website address, so we can chase that one up.

Mr RICH-PHILLIPS — When and where would be useful. Thank you.

The CHAIR — Do you have any further comment in terms of women's safety programs in the wider context of the budget?

Ms MORAND — Family violence and women's safety remain a very high priority for me as Minister for Women's Affairs. The incidence of family violence is still absolutely unacceptably high. We have been very effective in terms of initiatives such as the police code of practice, which was introduced in 2004 and which has meant that police have responded to family violence in a new way. That has seen a really huge increase in a number of measures, such as intervention orders, which have gone up something like over 150 per cent since the code of practice came into effect.

We are also developing a violence against women policy statement, which will be a new focus on prevention. I cannot speak on behalf of the Minister for Police and Emergency Services, but I do know that in terms of responding to family violence there have been significant improvements in the way police have responded to family violence. This strategy is building on the Enough campaign. We did get some funding in last year's budget for a communication campaign to provide information on the reforms that were included in the Family Violence Protection Act that was passed by Parliament in December last year.

Now we are focusing on prevention, and that is going to be in a range of different ways and settings — from schools, through the community, through the media and through sport — those different forums to try to improve people's attitude to women and respect for women, and therefore are focusing on prevention of violence.

Dr SYKES — With drought-specific family violence, do these positions help address that, Minister? First of all, are you aware that there has been an increase in domestic violence associated with the drought?

Ms MORAND — I have not got any specific data on that, but there has been some discussion about the impact of drought on the incidence of family violence because of the increased stress and pressure on families leading to depression and perhaps a family violence increase, too. I do not have any specific data.

Dr SYKES — In terms of your response, is there anything happening that particularly picks up on that issue, given that you have recognised that the drought exists, whereas Mr Brumby and Mr Helper do not recognise that fact?

Ms MUNT — I do not think that is quite right.

Ms MORAND — Rural Women Leading Change is not specifically focused on family violence. It is to assist women coming together with other ideas around responding to climate change and issues of sustainability. For example, at the conference one thing that got a lot of discussion was a thing called nanna technology. I do not know if you have heard of that. I thought they were referring to nano — —

Dr SYKES — It is the nanny state that the Brumby government seeks to promote. Is that what you mean? It is the nanna, not the nanny. Sorry, Minister.

The CHAIR — Without assistance. Minister?

Ms MUNT — So you do not believe in — —

Dr SYKES — Keep going! I am listening, Minister.

Ms MORAND — It is two different programs.

Mr RICH-PHILLIPS — Just on the evaluation and strategy, Minister, I understand as of Tuesday it was not up, and women's groups have not actually seen the evaluation. If you could let us know where it is and when it went up, that would be helpful.

Ms MUNT — Minister, I have been increasingly concerned about reports, particularly in the press recently, about attitudes by men in sporting organisations towards women. I think there are some fairly poor attitudes being displayed across a whole range of sports with a whole range of behaviours. I recall quite a few years ago now a previous Minister for Women's Affairs, Mary Delahunty, put some programs in place with the AFL. I was wondering if you could please detail to the committee if there is anything that the government is currently doing to address these worrying attitudes in some sports.

Ms MORAND — First of all, thank you for the question. I agree with you that media reports of incidents of behaviour towards women in some sporting codes have been absolutely horrifying, but we will not go into any further discussion about that particular incident. Respect for women and the role that sport plays in developing attitudes are important for the players, the volunteers, the fans, the parents, the administrators, at both the local level and the elite level. Because of the profile of sport, it is such an important way of influencing broader community behaviour and broader community culture.

What behaviour is undertaken by people with a high profile would have to have some impact on whether people think that behaviour is acceptable or not. We believe that sport is one of many key settings in which to make a cultural change; the other ones being schools, through workplaces and through the media. The state plan, which we have provided $200 000 to develop, is going to focus on those key settings — the schools, the communities, the workplaces and the media — and it does recognise the importance of those particular settings in setting a culture of attitudes towards women and therefore towards violence and respect for women and violence against women.

There is a report that VicHealth has undertaken looking at violence prevention programs in schools. I have not seen that report yet, but that was going to assist us in evaluating what respect programs are already undertaken in schools and perhaps build on them or have a look at what best practice is with the view to having a broader approach in schools in terms of respect and in terms of information about violence against women and children.

Ms MUNT — I agree that it has to start very young.

Ms PENNICUIK — Minister, when is the plan due?

Ms MORAND — The plan will probably be ready to launch by the end of the year.

The CHAIR — Good.

Mr WELLS — Does anyone else have a follow-up question before I ask mine?

The CHAIR — I think that is the pot calling the kettle black.

Mr WELLS — Minister, I would like to ask you about the Queen Victoria Women's Centre. This is the third year in a row that I have asked about this particular centre, and for some reason there is a blockage between the government, the minister and this committee in receiving information. I asked Jacinta Allan in the first year and I asked you last year.

Budget paper 3, on page 171, has the Queen Victoria Women's Centre occupancy rate. What is the annual rental charge to each of the tenants in the Queen Victoria Women's Centre, and what square metreage does each tenant occupy? That is all we are after. This is the third year in a row I have asked for this, and for some reason we have been given assurances that we would receive that information, and we are obviously happy for it to go on notice because we understand you will not have it there, but we would also be very keen to know why we do not get this information.

Ms MORAND — I am just deferring to my deputy secretary here, who informs me that that is a matter between the trust and the tenants. It is not information that the department actually holds, because the Queen Victoria Women's Centre has a relationship and contracts with the trust.

Mr WELLS — Who owns the building?

Ms MORAND — We do.

Mr WELLS — Right. I understand deferring it to here and a committee of management, but what we want is the rent and the metreage. That is all we are after. Surely if the government owns the building, then we can have the rent that is being charged and the metreage that has been applied to these people.

Mr HEALY — The building is actually vested in the trust.

Mr WELLS — Right, but it is owned by the government.

Mr HEALY — Yes. My recollection of it is if you look at the act, it is actually vested in the trust. The trust actually — —

Ms HUPPERT — So it is vested under certain conditions. If it is Crown land, it is vested in the trust under certain conditions; it is not actually owned by the government?

Mr HEALY — Right. We can come back and advise you on the specific conditions under which it holds the building. We have taken the view always that we have a business plan, which the minister approves, for the trust; and the trust conducts its own business affairs in accordance with that plan. It is responsible for striking its arrangements with its tenants and that is a commercial matter between the trust and the tenants it brings on board, and we have taken that as the legitimate thing. They are reporting against the performance objectives that are set forward.

Mr WELLS — But there are accountability mechanisms between the government and the trust?

Mr HEALY — Yes, to the business plan.

Mr WELLS — Right. So all we need are those figures.

Ms HUPPERT — But those figures may not — —

Mr WELLS — Why is there such a problem with this particular — —

The CHAIR — Minister?

Ms MORAND — Do you have a particular concern with any of the tenants?

Mr WELLS — No. This is a committee about accountability. I am not sure why everyone is so sensitive about it. We just want to know the number of tenants that are in there, the amount of rent they are paying and the metreage that they are occupying. It is not that difficult a question.

Ms MORAND — We can have a discussion with the trust about that request and see if there are any issues of sensitivity or confidentiality.

Mr WELLS — Can you report back to this committee? As I said, this is the third year — —

The CHAIR — Thank you. Minister, we will take that one on notice. What you have suggested is a good idea.

Mr WELLS — And can you put a red star next to it so we can get some sort of response?

The CHAIR — The red star is 'questions on notice', and we ask for them to be provided to the committee within 30 days.

Ms MORAND — Yes.

Mr WELLS — Thirty days! I am still waiting on the answer from last year.

The CHAIR — That is the standard arrangement we have.

Mr WELLS — I am still waiting on the answer from last year.

Ms HUPPERT — Minister, you referred in the slide that you have up there at the moment to the Rural Women Leading Change program, and I note that the member for Benalla did ask you a couple of questions about some of the rural women's programs. Could you please outline in more detail how the budget will be supporting some of the rural women who may be more isolated by both drought and current economic conditions?

Ms MORAND — We are really happy that funding was continued for the Rural Women Leading Change initiative. This is going to ensure the continuation of five part-time women and drought community engagement officers. They have been really successful. They are employed across Victoria and partner with a lot of key agencies in their areas. They are involved in climate change-related initiatives, including farming futures, energy efficiency campaigns and drought and bushfire recovery.

I know the communities that these women are supporting were really pleased with the ongoing funding that gave them certainty about those positions continuing into the future. I do not know whether anybody here had the opportunity to participate in the forum that was held in April but it was a fantastic success and a great opportunity for a dialogue about climate change between women and rural and regional communities, and also women from leading organisations in the environment and primary industry and natural resources.

I want to share with committee members that the five experts we had at the forum included Rosie Rowe, the director of community services and allied health, Western District Health; Alex Gartmann, the CEO of Birchip Cropping Group; Professor Marg Alston, who is a gender, rural communities and climate change professor; Jennifer Cain, who is a policy analyst with the Department of Sustainability and Environment; and Dr Jane Fisher, who is a policy manager in the Department of Primary Industries.

All of them spoke about their experiences in their own specific communities. There was a huge range of different responses by different communities on how they are adjusting to climate change and how they are approaching the issue of sustainability. There was a real sense of commitment about doing what they could in their local communities to initiate change, which is essentially behavioural change, through the programs they are operating, because behavioural change can have such a tangible impact on sustainability.

It really was a great success, and Christine Nixon was one of the key speakers as well, and spoke about her work in the reconstruction recovery authority that is responding to the bushfires.

Ms PENNICUIK — Minister, it is just a general question with regard to the global financial crisis and the stress on jobs et cetera. There has been a focus, in terms of job creation, on infrastructure, construction and other areas which are not necessarily traditionally women's areas of employment. I am wondering whether your office is keeping an eye on what is happening with women's employment and the traditional areas where women are mostly employed and participating, and whether you are feeding that into government initiatives.

Ms MORAND — There are a couple of general answers I would like to provide, but we do have the Skills to Transition program, which is supporting training places for women and men, and the new workforce partnerships to help people facing systemic workforce barriers.

In general terms, obviously the economic stimulus package from the commonwealth government really impacted on the retail sector where a large proportion of women are employed. Hopefully, that assisted the employment security of women working in retail. But we will keep a close eye on the impact of the global financial crisis, specifically on women who are more likely to be employed on a casual or part-time basis, and are therefore more vulnerable — —

Ms PENNICUIK — There are already stories of people's shifts being reduced et cetera.

The CHAIR — Make sure the program is not just for men.

Ms MORAND — Thanks, Chair.

The CHAIR — That concludes consideration of the budget estimates for the portfolios of children and early childhood development, and women's affairs. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice, the committee will follow up with you in writing at a later date. The committee requests that a written response to those matters be provided within 30 days. Thank you, Minister.

CHAPTER 9: DEPARTMENT OF PREMIER AND CABINET

9.1 Premier Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 11 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Brumby, Premier,

Ms H. Silver, Secretary,

Mr P. Reed, Deputy Secretary, Government and Corporate Group, and

Mr A. Fennessy, Executive Director, Policy and Cabinet Group, Department of Premier and Cabinet.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the budget estimates for 2009–10. On behalf of the committee I welcome Mr John Brumby, Premier; and Ms Helen Silver, Secretary of the Department of Premier and Cabinet, Mr Philip Reed, Deputy Secretary, Government and Corporate Group; and Mr Adam Fennessy, Executive Director, Policy and Cabinet Group, Department of Premier and Cabinet. We also welcome departmental officers, members of the public and the media.

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. I remind them that they are meant to focus on only the person who is speaking.

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

Following a presentation by the Premier, committee members will ask questions relating to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the Premier to give a presentation of no more than 10 minutes on the more complex financial and performance information that is the responsibility of the Premier.

Overheads shown.

Mr BRUMBY — Thank you, Chair. I am certainly pleased to be here again before the committee to present the budget estimates for my portfolio for 2009–10. What I want to do in the 10 minutes available to me is just run through some broad slides about some of the key priorities of my department and of the government generally, so I will just run through those slides.

The first point to establish really is the key priorities for the government for 2009–10: jobs, obviously, in the context of the global financial crisis; families, making sure that we have people who are educated, healthy and involved; communities — planned, connected and secured; and a good environment, the best possible for our state.

In terms of the budget themes, no doubt we will talk about these further today in questions, but if I had to pick out five broad themes, I guess they would be these. Firstly, it is a jobs-building budget. I will come to that later in questions but, as you know, the modelling from Treasury just on capital works is 35 000 jobs. That does not include of course the jobs that will be generated through our changes to the first home buyers scheme or the jobs that will be generated through our expansion of the hospital system. This is very much a jobs-building budget.

Secondly, it is a AAA budget. I was obviously delighted on budget afternoon that we were able to announce the reconfirmation of AAA by Standard and Poor's. I said before the budget that this would be a AAA budget; it is very much a AAA budget.

It is also a partnership budget, and I would say in this budget we are working shoulder to shoulder with the federal government. We will find out more about that tomorrow night when it brings down its budget, but certainly you saw the announcement on Thursday on funding the comprehensive cancer centre with us — $426.1 million each — which is a great example of working together. In social housing, education and transport there are so many examples of where we are working closely with the Rudd government utilising the benefits of its stimulus package to generate jobs and opportunities in our state.

It is a family-friendly budget. I think many of the initiatives announced perhaps got overshadowed by the huge capital works program, but it is a very good health budget, for example, with the largest amount that we have ever put aside for demand funding, $45 million extra for elective surgery and 280 extra mental health

workers. This is a very good budget in terms of the way it supports and protects families. It is also a budget for recovery, and I mean that in the broader sense. It is a budget that will get us out of the blocks — when the world economy turns, I want to see our state first out of the blocks — and it is also a budget for bushfire recovery as well, which we will come to later. There is a very big commitment to assist in relation to bushfires.

I think you have seen that graph before. You are all familiar with that. I am proud of this, as I think I have mentioned every year in presentations here. This is the budget sector expenditure on capital expenditure, and you will see there just the huge increase which has occurred. If you wanted to construct this to be a perfect fit to tackle the global financial crisis, that is what the graph would look like. It is a perfect fit.

On debt — I know there is a debate about debt — that is what has happened over the last decade. You will see we came from a period at the end of the Kennett government with debt that was around 3.4 per cent of GSP. It was subsequently revised on GSP numbers down to 3.1 per cent, I think. We have been paying debt down through those good years and putting money away for a rainy day. It is a strong performance. That is exactly what we should have been doing, and debt over the last couple of years has been the lowest by far in the history of this state. That means that we are able to add to our capital works effort going forward and still deliver a very strong AAA result. I know debt will come up later, but look at the countries around the world with whom we are comparable: Ireland, where the figures are 20 to 30 times higher than the debt levels we have; and Israel, where net debt to GSP is 78 per cent. We are in a very strong position indeed, and that is borne out by the next graph, the Henry Bolte graph, which shows that under those great Liberal premiers of the past, debt was much, much higher than it is today, and it shows that even — —

Mr WELLS — You guys are experts on spin!

The CHAIR — One at a time. The Premier, please, to continue.

Mr BRUMBY — I am hoping that my friends in the opposition will ask me some questions about this later.

Mr WELLS — You can count on it!

Mr BRUMBY — Next, I just want to show that with bushfire management, which is one of the other features of this budget, we do two things in the way we deal with bushfires in Victoria. Firstly, we have an underlying base level of funding which is for the CFA, DSE and MFB, and then we provide additional funding as required through a Treasurer's advance. When we came to government, bushfire funding was about $25 million a year — that was the base funding. It is now over $100 million a year. That is written into the budget base every year. As you will see there, what the slide shows is that the amounts spent on bushfire management have increased significantly in the years that we have been in government.

In terms of bushfire recovery, I think you are all aware of the fund which the Prime Minister and I announced on 9 February, I think. Kicked off with state and federal donations, the outpouring of support for that from around our state, around Australia and around the world has been truly extraordinary. We have seen $340 million go into that fund, which is now closed off, but there are still amounts that are being donated.

In terms of our bushfire commitments going forward, you will see that with the amount spent on fire control in the 2008–09 year plus what we are committing in this budget going forward, it is about $1 billion in total. Again I hope to have the opportunity to go over some of the detail of this later, but across the appeal fund and across the budget it has been a very substantial commitment indeed.

The other thing I want to mention in my presentation is A Fairer Victoria. I launched this with Minister Neville and Minister Pike on Thursday. I think one of the things that really is the test of the government is whether in difficult times we stand by those who are in need, and I believe that we have done it in this budget with A Fairer Victoria. There is a big increase in funding for child protection; for mental health, which I mentioned, with 280 extra mental staff; for disability, with $68 million extra; and also for volunteering, and I launched with Minister Batchelor this morning our volunteering strategy.

In terms of capital works in health, that slide just shows the projects across the state, and you will see that in virtually every part of the state there are health projects there. The biggest announcement in this budget was $55 million for Bendigo hospital, Ballarat $20 million, Geelong $30 million, Alexandra and district $19 million and Warrnambool $26 million, and then a whole range of smaller grants for community health, capital works and other projects across the state.

Looking at emergency services, again, these are the improvements. These are police stations, ambulance stations and fire stations across the state. We have made an unprecedented investment in this area. We needed to do more in this budget, and we did. Again, you will see that array right across the state.

Transport: big transport projects — $342 million, I think, in this budget. There is $56.9 million to upgrade the South Gippsland Highway at Cox's Bridge; $44 million over four years for the Nagambie bypass; $27.6 million to return rail services to Maryborough; $22.9 million to improve bus services in Geelong; a whole series of other upgrades across the state in regional areas; $9.4 million for the first part of the Western Highway upgrade from Stawell to the South Australian border; and $8.8 million to start the Western Highway duplication from Ballarat to Stawell.

Finally, on schools, you will see here part of our Victorian schools plan where we are spending $1.9 billion over four years — a huge investment in schools. Of course when you then layer over that the federal government's program it means that this year in our government school sector there will be over $1 billion invested in capital works for schools. So it is, in every sense of the word, a building budget, and it is a jobs budget.

I now ask the secretary of my department, Helen Silver, to make a brief presentation on DPC and its role in proposed expenditure for 2009–10.

The CHAIR — Okay, but it will have to be very quick.

Overheads shown.

Ms SILVER — Thank you, Premier, and committee. I am pleased to be here before the committee to present the 2009–10 budget estimates for the Department of Premier and Cabinet. I am just going to take you through the major roles of DPC so you can see the structure.

In DPC our major role is to support the Premier as head of government and cabinet and provide strategic policy leadership. We do a lot of coordination across whole-of-government initiatives, and we develop and deliver whole-of-government services and programs. The major groups within the DPC core are the Policy and Cabinet Group; the Government and Corporate Group; the National Reform and Climate Change group, which deals with COAG and other matters; and Arts Victoria.

In terms of portfolio agencies — so you understand what the further structure is — we obviously have the Office of the Governor, the Office of the Ombudsman, the Office of the Chief Parliamentary Counsel and the State Services Authority, and now we have the Victorian Multicultural Commission, which joined the DPC portfolio on 1 January 2009. Our VMC promotes unity amongst Victoria's culturally and linguistically diverse communities. We obviously also have the Victorian Bushfire Reconstruction and Recovery Authority, which was set up post the bushfires.

In terms of arts agencies, which will be followed up at a later meeting of your group, we have all of these agencies shown on the overhead. I will not go through them all.

In terms of major outputs and services these are the key ones that you will see in budget paper 3: strategic policy advice and support; public sector management, governance and support; multicultural affairs, which is a new element; and arts and cultural development.

In terms of major achievements we have done a very significant amount of work in terms of the COAG negotiations and have seen three major meetings in terms of COAG which covered the new agreement on federal financial relations, as well as a meeting in February on the economic stimulus package and a recent meeting in April which continued work on a range of areas.

We have been part of the work of the implementation of the economic stimulus package, because it has a major role for each Premier's department across Australia. We have the Coordinator-General for the program within Premier and Cabinet, which links into Prime Minister and Cabinet.

We have had a major role in the coordination of the state response to the February bushfires, immediately before the bushfires and following that. As part of that we coordinated the national day of mourning, amongst a number of other activities.

We have also worked on major government programs and projects. Chief amongst those would be the Climate Change Review — BRCC — as well as the Victorian Transport Plan, which was announced late last year.

We have also in a broader sense, in terms of the development of the public sector, worked on the Victorian Leadership Development Centre, which is seeking to provide credible and sustainable professional leadership capacity to the Victorian public service and to build the new leaders of the Victorian public service. As well as supporting the Grattan Institute, which is Australia's newest think tank, which is looking at systematic research and analysis and debate in the fields of social, environmental and economic policy. We also, on the arts side, had the opening of the Melbourne Recital Centre.

Just quickly in terms of changes to output structure, there has been a consolidation of strategic policy advice and strategic policy projects, which has made sense in terms of these being the main functions and their seeming to be more appropriately drawn together. We have also obviously had the new funding for the Victorian Bushfire Reconstruction and Recovery Authority, which fits under the strategic policy advice and projects, which accounts for some of the increase in funding that you see under that output. We also now have the new multicultural affairs output, which has established a new output group for DPC.

I will just show you quickly the breakdown in terms the of total output budget. I would say the challenges for us in the medium term are that we have to be looking towards, obviously, the issue of the global financial crisis and also the effects of climate change. We are looking at further work in terms of COAG, which continues to meet on an extremely regular basis and requires a large, whole-of-government coordinated effort. We are providing a coordinated approach to major projects, particularly the Victorian Bushfire Reconstruction and Recovery Authority.

The CHAIR — Thank you very much for that presentation. Premier, you have mentioned in your presentation that it is very much a partnership budget. I wondered if you could tell the committee about the federal grants, and I ask the department on notice to give us a list of those, particularly for the department, but of course very significant parts of the budget are its cooperation with the federal government and the agreements that it provides.

Mr BRUMBY — Thank you, Chair. In terms of the grants provided directly to my department, these are relatively limited, so in 2009–10 the Victorian Multicultural Commission is scheduled to receive $100 000 from the commonwealth projects related to the National Action Plan, and the VMC is required to complete these funds annually, that outline key outcomes of each project as they align with the objectives of the original submission. There are no other grants which are scheduled to be received by DPC in the 2009–10 federal budget.

In the last year, in 2008–09 DPC received one-off funding from the commonwealth, $382 000 for the commonwealth's contribution to the Garnaut review and $1 million for the commonwealth's contribution for the productivity working group skills subgroup. They are the specific amounts to my department.

More generally, across government there is a federal budget tomorrow night and, as you would be aware, across the whole of government in areas such as transport, through the Building Australia Fund, we are hopeful of receiving some announcements there. In terms of transport, some commitments have already been announced there. In terms of health, we had the $426.1 million announced on Thursday towards the CCC; and in terms of education, the stimulus funds have already been announced there. We will have a clearer picture, obviously, of the whole-of-government grants provided by the federal government after the budget tomorrow night.

The CHAIR — The committee would welcome getting a clearer picture. We will probably ask the Treasurer about that when he comes up tomorrow.

Mr BRUMBY — When have you got the Treasurer — tomorrow?

The CHAIR — Yes. It is tomorrow morning, though.

Mr BRUMBY — Perhaps I will speak to the Treasurer, but if it would be of use to the committee, we could probably put together a consolidated list on the capital on the operating side if that would be of use to the committee.

The CHAIR — I know there is a part of budget paper 4.

Mr BRUMBY — But we will need a few days to do that; to update it after the budget.

The CHAIR — That will be terrific, okay.

Mr WELLS — Before I ask my question: Chair, why did you not ask the Premier about the late response of the answers to the questionnaires? You gave a commitment that you were going to crack down on late attendances for responses and we received it at 12.35 today and I want to know why you did not ask him where it was, and what the explanation was?

The CHAIR — The question should be directed to the Premier rather than to me, but I am always happy to answer any questions. I was going to mention at the end that I — —

Mr WELLS — You should have asked it at the start so that we could get an explanation of why it was.

The CHAIR — Excuse me, could you let me answer, rather than rudely interrupting me. I was going to mention to the Premier at the end, as I did to his office on Friday, that I would be writing to him, and would be asking for more prompt provision of the responses to questionnaires, and I did suggest to the Premier's office on Friday that we would like the one from Department of Premier and Cabinet by the end of Friday, but in the end it did not eventuate. I will be writing to you, Premier, asking for a speedier response in future.

Mr BRUMBY — I am happy to answer that question. My department was keen to provide this information as early as possible. The reality is, though, Mr Wells, as you would know, most of the questions in this budget questionnaire relate to material that was in our budget. It is not possible for us to give you that information before our budget, for obvious reasons. The budget was Tuesday afternoon, so there have been three working days to finalise all the material in your questionnaire.

I must say I was told that this was an issue with the committee. I am surprised that it is an issue. I do not know what the expectations of the committee are. It is hard to imagine a time in government at the moment when there are more issues demanding our attention and whether it is an international global flu pandemic, or whether it is the global financial crisis, or whether it is CPRS, or whether it is recovering after the bushfires; it is hard to imagine a more demanding time.

We have put every effort into doing this, and I signed off the response at the weekend, amongst literally hundreds of other briefs that I had at the weekend, after what was a week of parliamentary sittings and then a full week of budget sell on the Thursday and Friday.

I do not know what you expect, really. We cannot give you the budget before the budget. It is silly to think that we can.

Mr WELLS — Then maybe the hearings need to be pushed back to make sure that we do get the answers.

Mr BRUMBY — That is a judgement for you. I try to appear at the earliest opportunity, and bearing in mind, as you recall, the former Premier and the former Treasurer — —

Mr WELLS — Here we go!

Mr BRUMBY — Under the former Kennett government he never ever appeared.

Mr WELLS — Here we go, 10 years ago!

Mr BRUMBY — Never appeared, and so — —

Mr WELLS — Let us move along or we are going to keep going round in circles. I refer you to budget paper 3, page 179, headed, 'Developing the local government sector' which reads:

Work in partnership with the local government sector to develop sustainable service delivery and asset management polices and practices that maximise community value and accountability.

Given that last Thursday the Ombudsman released his report *Investigation into the Alleged Improper Conduct of Councillors at Brimbank City Council*, which details involvement of Labor MPs, Labor electorate officers, ministerial staffers, Labor-endorsed councillors and Labor factional warlords, and given the fact that you were pre-warned about this in Parliament on 30 July 2008 by the shadow minister for police, by the member for Western Metropolitan — —

The CHAIR — I am not sure of this?

Mr WELLS — Hang on, I am getting to my question, so if you just all calm down, I will get to it.

The CHAIR — No, I would like you to focus on the estimates.

Mr WELLS — My question is relating to the estimates — by the member for the Western Metropolitan Region in Parliament on 30 July 2008 — —

The CHAIR — I ask you to come to your question on the estimates straight away please.

Ms MUNT — What is the question?

Mr WELLS — And there are reports in the *Age* — —

The CHAIR — Come to your question, otherwise I will move to the next one.

Ms MUNT — I have an important question to ask, too.

Mr WELLS — So there has been a history since 2005 about this particular incident of where you have taken no action whatsoever.

The CHAIR — Mr Wells, the question, please?

Mr WELLS — So I ask — —

The CHAIR — Good, it's about time!

Mr WELLS — Has the Department of Premier and Cabinet performed a risk analysis on the state budget's forward estimates as a result of the corrupt practices that have been raised in that report?

Mr BRUMBY — No.

Mr WELLS — So what further action will be taken in regard to that report?

The CHAIR — I think that has answered your question in terms of the risk management.

Mr WELLS — So that is it.

Mr BRUMBY — Your question was — —

Mr WELLS — So there will be no impact on the budget of any corrupt practices moving forward over the forward estimates?

Mr BRUMBY — How many questions have you got?

The CHAIR — You asked would the department be conducting a risk management analysis.

Mr WELLS — A risk analysis — yes, on the state budget forward estimates — and the Premier has answered no, there will be no risk assessment or analysis over the forward estimates as a result of the corrupt practices that have been taking place as in that report by the Ombudsman on Brimbank council.

The CHAIR — You have got your answer?

Mr WELLS — 'No'; the answer is a clear-cut no.

The CHAIR — I think we have got the answer in respect of the question you asked.

Mr BRUMBY — I am keen to answer the question if I get a second. Mr Wells is the shadow Treasurer. He would know, or should know, that all of the budget estimates — all of them — are subject to risk analysis by Treasury, so there is no specific assessment that is done of this one or this one or this one or this one, but all of them are subject to an overriding risk assessment by Treasury, as is done every year. My understanding in the questionnaire that I signed off to you at the weekend is that you asked — —

Mr WELLS — Which we have not seen, so it puts us at a distinct disadvantage.

The CHAIR — You have had an hour and a half to read it.

Mr WELLS — Hang on, we only saw it when it got here on the desk. At 12.35 they arrived, but we had not seen them until they just arrived here.

Mr BRUMBY — I will show you where it is. It is question 1.4: 'What are the key risks relating to the budget estimates and the economic forecast? Please quantify where possible'. The answer is that Treasury will provide a whole-of-government response, and that is usual.

Mr RICH-PHILLIPS — And you could not sign off on that earlier?

The CHAIR — I think we have had the answer on that one.

Mr BRUMBY — We have signed off on all of the questionnaire, yes.

Mr RICH-PHILLIPS — And your department could not be ready for — —

The CHAIR — Ms Munt?

Mr WELLS — Hang on, just clarify in regard to my question.

The CHAIR — No, we have had the clarifying. Ms Munt?

Mr WELLS — So, was it — —

The CHAIR — No, Ms Munt is to ask a question.

Mr WELLS — That there would be no specific risk analysis of the report that was handed down on Thursday?

Ms MUNT — Thank you, Chair. Can I have my question now?

Mr WELLS — So there is a no?

Ms MUNT — Premier, you mentioned in your presentation the Victorian bushfire recovery and measures that have been put in place for that. I joined you on a tour of Strathewen shortly after the bushfires, and the assistance that would be required was very evident from the scale of the devastation. I noticed in your presentation that there is $46 million to help clean up bushfire-affected areas. I am wondering how that is proceeding, if you could go through that. Also, there is $36 million for compassionate assistance for temporary housing, I was wondering if you could expand on how that is being put in place for those who have been left temporarily homeless.

Mr BRUMBY — Thank you for the question. I joined the honourable member at Strathewen for the best part of half a day — I think about two to three weeks after the fire — and Janice was out there with some of the families and assisting some of the volunteers and providing support and help out there.

The bushfire clean-up program is progressing very, very well. Some people were critical that the start may have been slow, but the reality is I believe that all of the steps have been taken to expedite this in the best way possible. I can advise the committee that around 3000 property-owners have registered for the government-funded property clean-up. Grocon, as you know, is managing the clean-up operation. They are doing that at cost. They have 128 clean-up crews currently working across 11 regions. A key objective has been to maximise the use of local contractors. Wherever I have gone to the fire-affected areas, they have said the clean-up is fantastic, funded, of course, 50 per cent by us and 50 per cent by the federal government. They have

said, 'It would be even better if you can make sure there is a high level of local contractors used'. Grocon has done that; currently there are something like 40 subcontractors who have been engaged, and 60 per cent of them are local to the fire-affected areas. More than half of all of the contractors being used are from the fire-affected areas.

I am also pleased to report that almost 700 — or 24 per cent — of the registered properties have been cleaned up, and all registered properties are expected to be cleaned up by the end of September this year. I think if you consider the progress of that, particularly as we are going into winter, and compare that performance to some previous occasions in other places in the world, this is a remarkably successful program.

I was in Marysville about 10 days ago inspecting some of the properties there that have been cleaned up, and I met with Grocon and their principal subcontractors there and they took me through the forward work program. You are going to see over the next few weeks literally hundreds of properties being cleaned up under this program. I think it is one of the very positive decisions that our government took — again, as I said, in partnership with the federal government. It just means that the burden families have had is removed from them. Your average clean-up cost is probably $15 000 to $30 000, depending on the block, and the state and federal governments are meeting the cost of that, so it is just such a positive thing. In an emotional sense it still remains quite difficult for some families to make that decision to have the block cleared, but for those who do make that decision, for many of them it is a step forward because it is about looking to the future rather than looking at the past — but it is for many of them quite an emotional decision to make.

On temporary housing, as you are aware, there have been temporary villages established at Flowerdale, Kinglake and Marysville, and each of those villages has a range of accommodation. Some of the accommodation is single-person units, some is fully self-contained two-bedroom homes. There is a mix of philanthropic support there — a lot of them have been provided free. There is government provision as well. DHS is managing the allocation of homes and any tenancy issues that arise.

In terms of long-term planning, these are matters obviously for the Victorian Bushfire Reconstruction and Recovery Authority — for Christine and her team — and they are addressing some of those longer term issues. I think we are making progress in this area, but obviously with winter coming up it is going to be a very difficult time for some of those families.

Mr DALLA-RIVA — Premier, your slide 5, if I could have it backed up — —

Mr BRUMBY — Yes.

Mr DALLA-RIVA — Whilst we are looking at that, I refer to budget paper 3, page 218. I note on your slide the first dot point — when you get to it. It puts you under pressure.

Mr BRUMBY — No, that is all right. Yes.

The CHAIR — I thought you were referring back to Henry Bolte there for a minute.

Mr DALLA-RIVA — Your first dot point is about increased planned burning. I note on the land and fire management output that part of the output is to ensure 'fuel reduction burning which aims to reduce the severity and incidence of bushfires'.

Mr BRUMBY — Yes.

Mr DALLA-RIVA — I note also that the target set for 2008–09 was 130 000 hectares against the line 'Fuel reduction burning completed to protect key assets'. Also you are aware that the Environment and Natural Resources Committee in 2008 reported on its inquiry into the impact of public land management practices on bushfires in Victoria. It is a Labor-dominated committee, and it recommended an annual prescribed burn-off target of 385 000 hectares per annum. I note that the government's response was to accept this recommendation in principle. If you are making a statement up there about increased planned burning and you have a Labor-dominated committee saying there should be a massive increase in fire reduction, why is it that in the budget paper it is the status quo? Who is right?

Mr BRUMBY — I do not think it is a question of who is right. I was going to show you another slide on fuel reduction burning going back over the last 20 years, but I took it out of my presentation today because I

heard that you had had quite a discussion with the Minister for Environment and Climate Change about it. But in hindsight I should have perhaps put it in. What it shows is that the fuel reduction burning in the last year, at around 156 000 hectares, was the highest in the best part of two decades in our state.

Mr WELLS — But that is not the point.

Mr BRUMBY — Right or wrong?

Mr WELLS — Pardon?

Mr BRUMBY — Right or wrong?

Mr WELLS — That is a fact.

Mr BRUMBY — I am right; okay.

Mr WELLS — But your government responded by saying that it accepted in principle 385 000 hectares each year.

The CHAIR — We have had the question. Can we let the Premier answer?

Mr BRUMBY — The target has been established, and where it can be exceeded, it will be exceeded. You saw that in 2007–08, where 155 000 hectares was burnt, which, as I said, is the highest amount for 20 years. The key to this really is that it is not a resource issue. The key to this is the number of days which have been available each year for the burning to occur. The reality is that we have gone through now 11 years of extremely dry climatic conditions. I know because I have had advice on this; I have sought advice and I have had advice on this. If you look across the state at the number of days on which it has been safe to conduct fuel burning on the one hand, or secondly, it was able to be conducted on the other — and bear in mind some of the forested areas in spring, particularly around our catchments, you could not burn even if you wanted to. If you had a blowtorch, you just could not get them to burn — is too damp from the mist at night. That is the maximum that could be burnt, so it is not a resource issue. We can see — —

Mr DALLA-RIVA — You have increased planned burning?

Mr WELLS — Increase planned burning is what you are saying there.

Mr BRUMBY — Hang on. If you look there on the slide, you will see that in the last three years the amount of funding that has been provided has been at record high levels. The base funding has been increased from $25 million a year to more than $100 million a year, so the constraint here is a climatic constraint.

Mr DALLA-RIVA — But where has the money gone?

Mr BRUMBY — But hang on, the constraint is — — Sorry?

Mr DALLA-RIVA — But where has the money gone? If you are saying that you have — —

Mr BRUMBY — Where has the money gone?

Mr DALLA-RIVA — Well, you said you have had an increase, yet your target remains the status quo, so where has — —

Mr BRUMBY — Hang on. The money has gone on a huge increase in the CFA presence across the state. I am surprised you say that. You know there are new fire stations being built right across the state.

Mr DALLA-RIVA — This is funding on bushfire management, Premier. This is not about — —

Mr WELLS — The fire services levy.

Mr BRUMBY — What do you think fire stations do?

The CHAIR — Let the Premier answer.

Mr BRUMBY — This is money we pay, Kim.

Ms MUNT — And trucks and equipment.

Mr BRUMBY — This is not the fire services levy, this is money we pay. It is a valid point, but this is money we pay, not the fire services levy. This is taxpayers money. Some might argue that this should be paid for by the fire services levy, but it is not. This is what is paid for by the state. So there has been a huge increase. The biggest constraint is the days that are available, which is a climatic issue.

You have to be careful with this. You know, if you go back, I would encourage you to read the report of the royal commission in 1939; it is not a big report. It is a very well-written report, but what it shows is that the cause of those fires was fuel reduction burning — that is, they tried to undertake that burning when it was not safe to do so. I am all in favour of fuel reduction burning; so is the government. But you cannot have fuel reduction burning if there is a significant risk that it is going to lead to a wildfire getting out of control. That was the cause of the 1939 fires. So the biggest constraint here is not a money constraint.

Indeed, I must say, at the weekend on Saturday I was at our place at Harcourt. They are doing masses of back burning there at Mount Alexander. They are doing it wherever they can, but even this weekend it was hard for some of those fires to get going. You know, some of the areas are still quite damp. We do as much as we can. Where we can exceed the target, we exceed the target, as we did with the 156 000, which was well above the 130 000. But it is a matter of climatic conditions; it is not a matter of resources.

The final thing I will say on this is that we obviously have a royal commission. I, amongst others, will wait and see what the royal commission says on this issue. I think it will be best placed to make recommendations about it. It will get all of the information, all of the science and all of the evidence from the people who know best, and it will make recommendations to us.

Can I make one other point — that is that we have also announced, as a government, subsequent to the tragic fires of 7 February that we are reviewing the native vegetation controls. The Minister for Environment and Climate Change and the Minister for Planning are undertaking that review.

I hope to have the results of that review back by July this year so that if we change any policies there, they can be in place for spring and summer 2009–10. I mention that because I think the two things run together. One is fuel reduction, reducing the fuel load; the other is what people do, if you like, in their own backyard in terms of clearance, making safe, should there be barriers and whether there should be buffer zones. These are the things which are the subject of a review being undertaken as well. Those two things, I think, will come together through our own review and through the commission, and I think we will be in a better position to talk further about this issue after their interim report.

The CHAIR — Thank you.

Mr NOONAN — Can I just go to the next slide, the second slide on the Victorian bushfire recovery? I want to ask a question in relation to this program — so much money, so many volunteers, so many programs all working simultaneously. Can you, Premier, expand on how the government is coordinating this process?

Mr BRUMBY — Yes, I can. I think the biggest single step there was really the establishment of the Victorian Bushfire Reconstruction and Recovery Authority. That has been a big commitment by the government. It is chaired by Christine Nixon and they have been doing a great job out there in the community.

It is coordinating all of those activities. We have had a very large number of volunteers who have registered to support. But just on the authority, trying to bring together everybody, we had something like 26 community meetings involving more than 4100 people. I mentioned the clean-up program — again that is being run by the authority. There has been a pro bono logistics support provided in areas, again through the authority, and there has been support for volunteers, too — I am just trying to see whether I have any figures here on fencing but there have been a lot of volunteers involved in fencing as well. We gave the VFF some money for fencing coordinators.

I think of the boundary fencing of about 5000 kilometres, if my memory is correct, that was lost, already well over half of that has been replaced. That is generally through the grants that we have provided — the $5000, $20 000 or $25 000 grants — and of course the volunteer support. The volunteers make a huge difference. If

you are building a new fence nowadays, it is a pretty expensive business. A kilometre of fence, if you buy the materials, is about $4000 but if you get contractors in it is about $10 000 or $11 000, so it makes a huge difference. A lot of people do not have insurance, so the combination of those grants plus volunteers has meant that we are starting to get on top of what is always a notoriously difficult area, which is the fencing area. But we are starting to get on top of it.

The CHAIR — Thank you, Premier.

Dr SYKES — Premier, I have a very specific question relating to ongoing funding for three specific drought assistance measures, and I preface it by saying: given that the financial and social impact of the drought will persist for at least two years after the physical end of the drought, why have you failed to commit to ongoing funding for local government drought coordinators, drought outreach workers and local government rate relief, all of which current funding ceases on 30 June?

I do not think you will find it in your budget papers.

The CHAIR — Perhaps we should be asking about the estimates but anyway, Premier.

Mr BRUMBY — I am pretty sure you asked me about the same issues last year. I will check the transcript.

Mr WELLS — It has not been fixed.

Mr BRUMBY — And probably as Treasurer the year before — —

Dr SYKES — That is right.

Mr BRUMBY — I do not think we have ever let drought communities down. It is a fair question but the point is — and I think you understand very well, Dr Sykes — we will not know until winter and spring this year whether the current drought continues. There may be a break, we all pray for it. There may be a fantastic autumn, winter and spring — —

Dr SYKES — Pigs might fly — but, anyway.

Mr BRUMBY — The drought could be over and you would argue as I would argue that even if we had a fantastic autumn, winter and spring there will still need to be some ongoing assistance, and I would agree with that. But it will not be at the level as if we have another year where there is failed rainfall. So I think if you look back over the last three years, we have never made decisions about these matters until September or October — I think in one year it was as late as November. We do that on the basis of all the best information and the latest information coming in from the Department of Primary Industries and the federal government.

If these programs need to be refunded and restored, and I have said this publicly, they will be. There is not a question about that. But it is too early to make those judgements.

It would be wrong to say right now that all of those programs, every single program that we have in every single element of its entirety, will continue through the new financial year. I think you would be the first to acknowledge that if we got a wet winter and we got 100 per cent of water entitlements through the Murray-Goulburn system — —

Dr SYKES — And pigs flew, yes.

Mr BRUMBY — You would not need the $56 million that we are paying in grants to people who are only getting 35 per cent of their entitlement this year. So some things may well continue irrespective of whether there is a great break. But others may not. We have not ever made a decision about those things until September or October and, as I say, in one year I think it was as late as November. And we will do the same again this year. I think, to be fair, we have never let the farmers down. We have provided something like $400 million-plus in the last three years, all of that by the way above and beyond what is required of us in terms of the commonwealth-state drought agreement.

Dr SYKES — Sorry, Chair, I really have not got my question answered.

The CHAIR — Clarification, quickly.

Dr SYKES — This is extremely important to people in northern Victoria in particular who have suffered, as the Premier has indicated, 11 tough years. Premier, we have a person called Ivan Lister who is nudging Mary MacKillop for the next person to be made a saint. That is how highly he is regarded up there as a drought outreach worker. For two years I have sought to get him off drip-feed funding and get him onto an ongoing annual commitment or a two-year commitment of funding because the people out there are desperate. If you had the opportunity to read the *Age* two weeks ago, you would have noticed an article that spoke extremely highly of that man's work.

The need for his work will continue for at least two years after the drought. The funding for his work, the state component and probably the federal component, ceases on 30 June. When I go home this week what do I tell Ivan Lister about what you think of his work and tell all of the people that he is helping what you think of his work?

Mr BRUMBY — I think I have made it very clear that, in each year where there has been a challenge with drought, we have provided government support to help those communities. I do not recall meeting Mr Lister — I may have; I do not recall that. I have certainly heard reports about his excellent work. If there is a need for that work to continue in the future, as I have said to you, the funds will be there to enable that work to continue in the future. But I do not know of any government that has ever made these judgements ahead of the autumn and winter rainfall period. If my recollection is correct, last year — —

Dr SYKES — That is because the 11 dry years have been during your government's time, Premier.

Mr BRUMBY — If my memory is correct, last year, with the counsellors who have been provided — I do not recall; I will find out for you in relation to the drought outreach workers — my understanding is that, as the drought continued last year, they were rolled on past 30 June, 1 July. It was not an issue for the government.

Dr SYKES — The funding for the local government drought coordinator at Benalla finishes on 30 June this year. What do we tell her? Come back in October and she might have some funding for the job?

The CHAIR — I think you have made your point. The Premier has agreed to follow these up.

Ms HUPPERT — I want to return to the issue of the bushfires and to the previous slide that you had on the screen. I wonder if you could expand on what the government is doing to prepare for future fire seasons to ensure we avoid such devastating fires occurring again.

Mr BRUMBY — Thank you for the question. I know there were just some broad dot points there in my presentation, but in the budget there was a very substantial commitment. I know when you have the Minister for Emergency Services here he will probably go into detail on this as well. But there was $56.2 million to the Emergency Services Telecommunications Authority to improve its capacity to manage calls and dispatch units within the CFA, Ambulance Victoria and the State Emergency Service. Again we will wait, obviously, and see what the royal commission itself produces in relation to this. But clearly on 7 February — an unprecedented day, an unprecedented demand on our emergency services communications system — the reality is it did not work to the levels that it should have on that day, and so we have made some budget commitments in this budget to address that. We are doing that before the commission hears evidence, but I am sure that one of its recommendations will be in relation to telecommunications.

There is $57.1 million for new radios and to provide upgrades to radio and pager networks used by emergency services in the field. Again that is all about improving communications. In some areas they worked very well; in other areas they were simply overloaded and did not cope. There is $33.2 million to upgrade DSE pagers and radios — again a similar story. There is also in the budget a significant boost for equipment and infrastructure for the CFA and the Victorian SES, including $23.1 million to replace 87 CFA appliances over the next year; $10.3 million to replace 15 heavy rescue vehicles, 7 four-wheel-drive vehicles, 9 rescue boats and 11 road crash rescue units of the Victorian SES; and $10.3 million for 42 ultralight tankers. There is also $20.7 million being made available to improve communication black spots across the state, plus enhancements to the bushfire information line. I think there are a lot of positive measures there, but I am sure in the future there will be even more that we need to do.

Ms PENNICUIK — Premier, the budget overview and one of the slides that you showed us earlier — one of the first ones — claim that up to 35 000 jobs will be secured in 2009–10. Can you tell me what 'secured'

means? Does that mean new or existing jobs? Are these full-time or part-time jobs? Is it guaranteed they will be secured in that time frame? And can you detail which sectors of the economy they will be secured in?

Mr BRUMBY — On the jobs side, what I said in *Hansard* in Parliament on 6 May was:

Through our capital programs and through the escalation of those capital programs in this budget we will generate something like 35 000 direct new jobs.

Treasury did the modelling here. The 35 000 is a very conservative number, and I will tell you why I say that. What they looked at is the $7 billion to $8 billion of budget sector capital works, plus they added the desal to that. On the basis of that, they calculated that there would be 35 000 direct jobs generated as a result of that. If you figure that, you have got to round it out to $8 billion of budget sector works — that includes some of the commonwealth flow-through — plus add another billion or so on the desal, you have got about $9 billion for 35 000 jobs. What they are calculating really is about 3 to 4 jobs per million dollars, if you think of it that way. That is why I say it is a very conservative number. I think when I first started as Treasurer in this government the rule of thumb was $50 000 to $100 000 per job on a building project. So if you had $1 million to spend, it would be about 10 to 15 jobs.

What the Treasury numbers are worked on is a much, much more conservative number. It is more like $250 000 to $350 000 per job, so it is very conservative. That is the first part of their analysis. That gets you the 35 000. By the way, it does not include some of the other off-budget capital works projects: some of the other water projects — the northern sewerage project, for example; Melbourne Markets. Sorry, Melbourne Markets is included, but it does not include the other off-budget ones. If you add those, you will get more than 35 000. In addition, it does not include the first home bonus, because we did not announce the first home bonus until the day after the budget. The HIA modelled that. As you know, we have re-funded that for a year, and we have pushed a considerable bonus into a subsidy for newly constructed homes.

So the HIA estimates that that will create nearly 4000 direct new jobs. On top of that, in the health budget, through our increased health funding and mental health initiatives, there are over 1000 new jobs in the health budget. They will be nurses, doctors, cleaners, ancillary staff, and mental health nurses in the health system. I think in the preschool area as well there will be some additional jobs, and of course there are some additional jobs in child protection.

If you add all that up, you have the 35 000 first home owners boost and the increased demand on health, so you have over 40 000. If you want to have a look at the multiplier effect of that — and I did before the budget because I just wanted to have a good idea of what this might mean in our economy — have a look on the website. There are a dozen different sites on multiplier effects from experts all around world. Generally they would say with construction it is somewhere between 2.1 and 2.8. If you accept that, then that 35 000 plus another 5000 is 40 000. Multiply that by 2.1 or 2.8 and you are seeing a very significant number of direct and indirect jobs generated through the economy as a result of this vastly expanded capital works program. That is how we arrived at the number, and I say to you that I know there has been some debate about the number, but we asked Treasury for a very conservative number so it would not be subject to criticism or debate. If you think it through, you have somewhere between $8 billion and $10 billion of capital spend, generating 35 000 jobs. It is only three or four jobs for every $1 million. It is a very conservative number indeed. I think the HIA would tell you that if you were building houses or new schools or something like that, it would be closer to $100 000 a job, rather than $250 000 or $300 000 a job.

Ms PENNICUIK — Chair, just a clarification. Premier, you are saying mainly construction and education rather than health, by the sound of your answer?

Mr BRUMBY — What Treasury estimated is that in general government, roads and buildings, more than 8000 jobs and in education and housing, 10 000. In transport they were very conservative because we are still waiting on a couple of things there from the federal government and their budget, around 1500 jobs in that area, and I repeat that is very conservative indeed. For national building projects, more than 2000 jobs. Some of the Partnership Victoria projects — that would be the Melbourne Market Authority and so on, 900; desal, 1500; and food bowl, 800. Then the direct supply chain supplies linked to that construction, which gives you more than 35 000. As I said, it does not include the multiplier effect across the economy. It also, by the way, does not affect the number of new training places that will be made available as a result of our skills reforms. This year alone — this financial year, 2009–10, there will be 33 200 additional skills places. So I think the strategy is right

in terms of getting all of these things together, focusing on jobs, focusing on retraining at a time when our community needs it most.

Ms PENNICUIK — Premier, part of my question was: are they going to be full-time jobs?

Mr BRUMBY — Yes.

Ms PENNICUIK — As in ongoing jobs?

Mr BRUMBY — They are full-time jobs.

Ms PENNICUIK — Thirty-five thousand ongoing jobs?

Mr BRUMBY — Some of them will be; some of them will not. Some of them will carry on into the next financial year. There is about 8 billion, I think, of work in this financial year on budget sector, and I think in the next year it was about 7, so the vast majority would carry through.

Mr RICH-PHILLIPS — So we will see them in the ABS stats?

Mr BRUMBY — They will not have an asterisk against them, but I think you could safely say — —

Mr RICH-PHILLIPS — So if we take a base line of now and look in 12 months time, we should have 35 000 more jobs than the ABS stats?

Mr BRUMBY — Than what?

Mr RICH-PHILLIPS — Than now.

Mr BRUMBY — Than we otherwise would have.

Mr RICH-PHILLIPS — Than pre-budget?

Mr BRUMBY — No, than we otherwise would have.

The CHAIR — We will leave the ABS — —

Mr BRUMBY — Hang on. I am not going to be misrepresented like that. The budget papers are very clear that unemployment in Victoria and across Australia is going to go up, but were it not for these initiatives, that number of jobless would be 35 000 higher than what is in the budget papers.

Mr RICH-PHILLIPS — How will you measure whether you have delivered them or not?

Mr BRUMBY — You will be able to see the projects, need I say, right across the state. I will take you on a tour.

Mr RICH-PHILLIPS — What about the jobs?

Mr BRUMBY — I will take you on a tour of all the schools and all the hospitals and all the transport and all the road projects across the state — —

Mr RICH-PHILLIPS — What stats can this committee and the Victorian people look at to see whether you have delivered the 35 000 jobs?

Mr BRUMBY — Because there has never been in our history such an investment in rebuilding the infrastructure of this place. So I will take you on a tour of that and then I will take Mr Wells as well.

Mr WELLS — Show us the stats.

Mr BRUMBY — And he can tell me which one of them a Liberal government would close down because they do not pay a rate of return.

Mr WELLS — I have not said that in any part of my response.

Mr BRUMBY — Yes, you have — because they do not pay a rate of return. So all the schools will be closed down because they do not pay a rate of return — a comprehensive cancer centre because it does not pay a rate of return.

The CHAIR — Thank you.

Mr WELLS — You are spending a lot of time on your spin and rhetoric. Not once have I said that in my budget response.

Mr BRUMBY — It is in your statement; it is in your press release.

Mr WELLS — Not at all — absolutely not at all. You were saying about 35 000 new jobs and the question was: are you going to be able to — —

Mr BRUMBY — It is in your press release.

Mr WELLS — No, you just have a look at it.

The CHAIR — We will move on, thank you.

Mr BRUMBY — I will send someone out to get your press release. I will get it at afternoon tea for you.

The CHAIR — I think the answers are clear enough. If you want to ask the Premier this, ask him in the house or ask him privately.

Mr SCOTT — Chair, I would like to return to the bushfire situation. The generosity of Victorians and others around world in response to the public appeal for donations has been staggering. How is the government managing this process during the estimates period?

Mr BRUMBY — The key thing, I think, here was the establishment of the appeal fund panel, which is headed by John Landy, and they do a magnificent job. As you know, John chairs that and there is a number of other outstanding community representatives. As I said before, $340 million has been donated to that. The advisory panel has already made decisions to allocate over $240 million from the fund, including $158 million to assist people rebuild destroyed or damaged homes. The panel has also announced disbursements to assist those bereaved, seriously injured or displaced. I understand that at the moment about 150 applications on average per day are being dealt with. I know that some people have said that the money is not getting out the door fast enough. Every effort is being made by the fund and those who administer it to deal with these applications. The turnaround on the applications is just over a week, so if you put in an application for a major grant, they are turning them around within two weeks. I think there is something like $30 million to $40 million — —

Dr SYKES — But on the starting point of putting in an application, when the announcement was made about the availability of money, it was after a two-month delay that the actual criteria for replying was made public.

Mr BRUMBY — I am happy to talk to you off air but I do not think there is any two-month delay on anything. I think you might be getting that confused with another grant.

I believe the appeal fund panel has done everything they can to provide those funds as rapidly as possible. I have certainly urged them to do that. I am told that in the case of 580 applications, they were returned for further information. This is a complex process, but I think you could not ask for a better set of trustees for the fund, with John Landy, Glyn Davis, Pat McNamara, Robert Tickner and Lyn Gunter. They do a fantastic job, and they are trying to get money out as quickly as they can and I am certainly urging them to do that.

On the specific rehousing grant, I am told that 994 applications have been received, and that 600 grants have been approved. As I said before, the fund panel is trying to move this through as rapidly as possible.

Mr SCOTT — Thank you, Premier.

Mr WELLS — Premier, I refer again to the Ombudsman's report that was tabled last week into Brimbank council. I refer to page 180 of budget paper 3 — —

The CHAIR — Just before you get any further, we actually would like questions on the estimates. It is not an inquiry into the Ombudsman's report. I am sure there may well be other ways of dealing with that. You need to ask questions on the estimates, so you may wish to rephrase your question.

Mr WELLS — Chair, I am looking for direction. If I am asking a question about page 180 of budget paper 3, how am I not referring to the budget estimates?

The CHAIR — You did not mention that.

Mr WELLS — You cut me off before I got to it.

The CHAIR — You started talking about — —

Mr WELLS — I know you are very keen to shut down this part of the inquiry into anything to do with corruption, but — —

The CHAIR — I have made it perfectly clear that we are asking questions about the estimates.

Mr WELLS — I just wanted to ask a straightforward question to the Premier about this particular question. I was not even halfway through my question when you started to shut me down.

The CHAIR — I asked you to ask questions about the estimates, not about other matters.

Mr BRUMBY — I have got it. I have page 180.

The CHAIR — Ask a question about the estimates please, Mr Wells.

Mr WELLS — Does that mean I can start again?

The CHAIR — Ask a question about the estimates, yes, of course you can.

Mr WELLS — I refer to page 180 of budget paper 3, and the expenditure of the $41 million in the forward estimates. There are a couple of components to this question. What component of the $41 million will be used for ensuring that corrupt activities at Brimbank will cease? Secondly, when were you aware of the corrupt activities at Brimbank, and why did you not take action earlier to protect taxpayer funds from corrupt misappropriation by the staff in the minister's office, please?

The CHAIR — Insofar as it relates to the estimates, please, Premier.

Mr BRUMBY — Can I just say that in relation to the $41.7 million which is provided, I will get advice for the honourable member on the break-up of that $41.7 million and how it is to be allocated.

In relation to other elements of the Ombudsman's report, obviously I am not able to speak to the detail of that, just the broad recommendations, but I can advise the Public Accounts and Estimates Committee today that I have approved the appointment of Mr Bill Scales as the municipal inspector at Brimbank council. His task will be to oversee the governance at Brimbank and the implementation of all the Ombudsman's recommendations that relate to actions required by the Brimbank council. He will report to the Minister for Local Government monthly and, as I made very clear in the Parliament last week, if the Brimbank council fails in its obligations to govern then the state government will take further action including, as I said, the appointment of administrators.

Mr Scales will be appointed as an inspector of municipal administration under section 223A of the Local Government Act 1989. His role will include ensuring that the council adopts and implements the recommendations of the Ombudsman's report relating to the council; secondly, monitoring the ongoing activities and the performance of the council; and thirdly, providing advice to the council on good governance and administration. Mr Scales will be meeting with the Brimbank council mayor and the chief executive officer at the earliest opportunity.

Can I also say today that the Secretary of the Department of Planning and Community Development is consulting as I speak with the Chief Commissioner of Police regarding the appointment of a former senior police officer to undertake the investigations of possible offences — I stress they are possible offences — identified in the Ombudsman's report, and an announcement on that appointment will be made shortly.

Finally, may I just say in relation to Mr Scales that I cannot think of anyone better, really, for that appointment. He is a person with an extraordinarily wide range of experience at senior levels in government and the public sector. As I think many honourable members would recall, he was the Secretary of the Department of Premier and Cabinet here in Victoria. He served under Premier Kennett and Premier Bracks. He served with distinction. He has been a chairman of the Industry Commission. He has been a group managing director at Telstra, and he is of course the chair of the Port of Melbourne Corporation. He is also the chancellor of Swinburne University of Technology. I was delighted that he agreed to accept this appointment because I think in terms of his public administration skills, his reputation, his integrity and his knowledge of governance matters it would be hard to find a more suitable applicant.

The CHAIR — Thank you.

Mr WELLS — Just to clarify two points. The employment of ministerial advisers, does that come under the Department of Premier and Cabinet?

Ms HUPPERT — Can I have two questions, too, please, Chair?

The CHAIR — No. I think that is not a — —

Mr WELLS — Hang on. It is a straightforward question.

The CHAIR — You can come back and ask that question later on.

Mr WELLS — Is that the responsibility of DPC — the employment of advisers? Does that come under DPC?

The CHAIR — You can ask that question in a minute. I will move on to the next question.

Mr WELLS — The second part of the question that was not answered was: when was the Premier aware of the corruption that took place — —

The CHAIR — No, I will rule that question out.

Mr WELLS — You are ruling a question out of order?

Ms HUPPERT — It has nothing to do with the forward estimates.

The CHAIR — It has nothing to do with the forward estimates. We will move on to the next — —

Mr WELLS — That was part of the question. It relates to budget paper 3 at page 180 in relation to the forward estimates. I want to know when the Premier was aware of the corruption at Brimbank council.

The CHAIR — That question is something for another forum. We will move on to the next question.

Mr WELLS — Which forum do you suggest?

The CHAIR — It is up to you to determine that, and other people to determine it.

Can you just turn over the page, Premier, to page 182.

Mr WELLS — Chair, you cannot just shut this part of it down. You are very keen to shut this part of it down — anything to do with corruption.

The CHAIR (to Mr Wells) — I think that is an imputation, which I totally reject. I would seek an apology at some stage for that. I am deeply offended by that statement.

Premier, in regard to page 182, the global financial crisis, you said that one of the significant challenges — indeed the first one that the department talks about there — facing us is responding to the global economy and the global financial crisis. Can you elaborate for the committee on what key initiatives the government is seeking to undertake in the budget to deal with the global financial crisis?

Mr BRUMBY — I think it is such an important issue. Obviously how we tackle the global financial crisis is really crucial to our state. We have put in place a whole range of measures across government to tackle the global financial crisis. If I could just quickly run through the broad areas — firstly, investment in infrastructure. I think we have heard from my answers before to Ms Pennicuik and to other members of the committee that we have a huge investment in capital works. That will generate jobs. As you know, Chair, that is exactly what governments should be doing at this stage of the cycle. That is what the IMF says we should be doing; we should be investing heavily in capital works and infrastructure.

The second thing we are doing is investing in people. There is a big focus always on capital works and so on, but our greatest strength as a state is our people, and we are investing in people. If you think of the investment in people — skills reform; the changes that we announced late last year with the minister for skills; 172 000 extra training places across Australia, really the benchmark for training system reform across Australia and which was described as such by many of the commentators; freeing up the system; providing more choice; providing more flexibility; providing a training guarantee; 172 000 extra places.

The industry transition fund — $50 million there available to enable industry to develop new capabilities and skills. There are so many companies out there at the moment that might be struggling in producing a traditional product. We can help them shift into producing some of the new products, particularly in some of the greener technologies that will be required in the future. Often it is investing in those companies and investing in the people in them that helps that.

We have also worked hard at removing barriers to investment. I know it has been controversial in some quarters, but the planning reforms — we have called in a number of projects and streamlined planning. I am happy to comment further on that, if required. In the middle of what is the biggest global recession since the Great Depression we just need to be maximising every dollar of investment we can get. Exercising the Minister for Planning's powers to call in those projects is really important.

Of course, then there is reducing the regulatory burden for business. We have a target of 25 per cent reduction over five years. We are on track to achieve that, and I am sure that the Treasurer will talk about those things tomorrow in his presentation.

The CHAIR — Thank you, Premier.

Mr RICH-PHILLIPS — I would like to ask the Premier about contingencies. I wonder whether you could clarify Mr Wells's point about where ministerial advisers are employed. Is it through the DPC?

Ms SILVER — The Public Administration Act.

Mr BRUMBY — The Public Administration Act, yes.

Ms SILVER — The Public Administration Act — section (98):

The Premier may employ a person as a Ministerial officer for a term, not exceeding 4 years, and on terms and conditions specified in the person's contract of employment.

Mr RICH-PHILLIPS — So effectively they are employed by the Premier?

Ms SILVER — That is how they are employed, yes.

Mr RICH-PHILLIPS — Thank you.

Mr BRUMBY — That is ministerial staff, not electorate officers.

Mr RICH-PHILLIPS — Yes, ministerial staff. The question related to the announcements that you have made since the budget. You referred to the cancer centre — I think you said $426 million.

Mr BRUMBY — 426.1.

Mr RICH-PHILLIPS — And the first home bonus that was announced Wednesday or Thursday of last week. What is the impact of those two announcements on the contingencies in the budget? How are they funded given they were not explicitly — —

Mr BRUMBY — There are two parts to the question. Firstly, in relation to the first home bonus, there is no impact on the contingencies. We announced in the budget that the first home bonus was continuing and that there would be $125 million; what we had not announced is the composition of it. What we announced on Wednesday was the composition, but the budget cost of that is, if my memory is correct, 125.1, so there is zero impact from that.

On the CCC, again there is no impact on the budget outcomes; those funds are contained within the unallocated capital provision. All that means is that the unallocated capital — I do not have the numbers in front of me, but they are $426.1 million less over the period of construction than would otherwise have been the case.

Mr RICH-PHILLIPS — There is no operating expense; that is entirely capital?

Mr BRUMBY — There is no operating impact, and indeed there is no cash impact. Bear in mind, what the budget does is set the amounts which are available for expenditure in each department — if you stay in the capital works, in each department or for each project — and then what is not allocated is in the unallocated capital provision. It used to be the case that in fact for a lot of capital projects you would not know what the detail of them was until budget paper 1 was released, which I think under the former government often was not released until September or October.

The budget would come down, and you would say there is $300 million for health capital works, but you would not know what was in it until later in the year when budget paper 1 was released with all the details of the capital projects. There is nothing unusual about this.

I did indicate to the local media and I think in a media statement on budget day as well in relation to Box Hill Hospital that there may be that there are further announcements about Box Hill Hospital in the future. I am not in a position to make announcements now because we do not yet have details of what funding will come through from the federal government in its budget in either health or related capital areas, and given the size, scale and dimension of the works at Box Hill we are not in a position on budget day to make a commitment. But that is not to say there may not be some announcement about some elements of redevelopment at Box Hill at some stage in the future when we have further clarity on the funds that will flow to the state from the federal budget.

Mr RICH-PHILLIPS — Can you tell the committee, Premier, putting aside Box Hill Hospital, are there other projects in the pipeline for which you can quantify the expected call on either unallocated capital or the expense contingency that is in the budget — i.e., that you expect but have not announced yet — just in aggregate?

Mr BRUMBY — I might let the secretary answer on the expense contingencies. On the capital side, again all of the projects which have been identified are fully funded. So they are either specified or they are in the unallocated capital. You might say, 'You had some projects there in the Victorian transport plan; what about those? What if you decide to start work on regional rail express or something like that; where is the money?'. The money for that is in the unallocated capital going forward. There is no impact on the forward estimates going forward as a result of any of the capital projects which we announced. If there was to be, we would say that at the time of the announcement.

Sometimes we have done things in the past in addition to the budget. That is particularly the case in drought funding, where as a result of that we have said, 'We brought the budget down six months ago, but circumstances are such that we need to do more, so here is another $90 million this year for drought, and this will require additional appropriation or this will require additional savings across government to pay for it'. But we have said that clearly at the time, and so it would be going forward.

Mr RICH-PHILLIPS — Can I turn the question around perhaps and ask about uncommitted unallocated capital — i.e., there is no expected call on it at this stage. You have got some projects you have not announced, which take up some of that unallocated capital.

Mr BRUMBY — Yes, sure.

Mr RICH-PHILLIPS — Is there any left over for projects in the future that you have not yet contemplated?

Mr BRUMBY — Yes, there is.

Mr RICH-PHILLIPS — Can you tell us how much that is?

Mr BRUMBY — I cannot, but you are welcome to ask the Treasurer about that tomorrow. We obviously budget to ensure that next year there is unallocated capital to commit to projects and the year after there is unallocated capital and the year after there is unallocated capital.

Mr RICH-PHILLIPS — Is there any in 2009–10 that is not committed?

Mr BRUMBY — It is 2009–10 that we have just brought down.

Mr RICH-PHILLIPS — Yes, but any of that figure, one hundred and — —

Ms MUNT — Can I have five questions too?

Mr BRUMBY — You have done pretty well. You should ask those of the Treasurer tomorrow.

Mr RICH-PHILLIPS — Ms Silver was going to answer on expenses, you said.

Ms SILVER — I think it is similar to what the Premier said. I think you are going to have to check with the Treasurer, but I think it is the same, in the sense that what is allocated is there. I do not think we have an unallocated — —

Mr RICH-PHILLIPS — So none of those expense contingencies are allocated or expected to be — —

Ms SILVER — I think I need to get clarification from the Treasurer.

Ms MUNT — In budget paper 3 at page 182 you mention as a significant challenge facing the department the changing global economy, and you just answered a question from the Chair on the global financial crisis in which you mentioned planning reforms as a key measure of the planning for the future, in particular streamlining for investment and the reduction of regulation for business. Could you please detail for me how you think that would support jobs and development in this budget?

Mr BRUMBY — The Minister for Planning, as you know, has announced two groups of projects that he is fast-tracking, and on the calculations that his department has developed, the fast-tracking of those decisions will result in something like $1.6 billion of investment being brought forward and something like 13 700 jobs. These include the Amcor paper mill site, which you will probably recall. You have probably driven past that on Heidelberg Road. It involves becoming the responsible authority for the Pentridge Prison redevelopment. That is a billion-dollar redevelopment that is already under way.

In terms of the second wave of projects, he announced some on 1 May. Again that will bring forward nearly $1 billion of investment. These include the call-in of a project on St Kilda Road, the call-in of Avalon Airport, which is potentially worth $40 million and 400 jobs. That is to streamline the planning approvals for the application which Linfox will make to the federal government to be an international airport. The federal government will make that final decision about whether they meet all the criteria, but it is us helping them by fast-tracking.

In terms of streamlining, there was $10.4 million for a new, online planning application process which will slash the red tape associated with planning applications, make the permit process cheaper, reduce the cost of developments and assist councils and planning authorities process permit applications more quickly, and that will bring jobs into local communities faster.

Can I just say finally on this that I am acutely of the importance of giving communities their say and involving local communities in that, but on the other hand we have got to balance that with what will be a tsunami which breaks over Australia and pushes up the unemployment rate as we move through the year, and we need to be doing everything we can to generate jobs. I know the Minister for Planning is conscious of these things, and I know he will take into account all of the relevant views to make sure that he achieves the right outcome in a way which is fair to the whole community.

Mr DALLA-RIVA — Premier, I refer you to budget paper 3, pages 284 and 285, which reference to 291 as well. These relate to a number of initiatives announced in response to the devastating fires last summer. I also refer you to the review of the April windstorm event provided by the government in August last year. In that,

the Victorian emergency services commissioner, Bruce Esplin, highlights deficiencies in triple zero and states on page 57 under the heading 'Opportunities for improvement':

There is a need to supplement the traditional call-taking functions with technical solutions that can assist in both reducing demand and meeting call demand through expanded use of technologies.

He also made a recommendation that:

Victoria progress, as a matter of priority, a telephony-based public emergency notification system to reduce demand on triple zero …

The horse has bolted in respect of the forward estimates in terms of project 000 response. Given that there was a sense of urgency in the report, why did the government fail to enact immediately the recommendations in Esplin's report?

The CHAIR — I think we really need questions on the budget in so far as — —

Mr DALLA-RIVA — It is in the forward estimates, Chair. It is on page 285.

The CHAIR — Okay. I ask the Premier to respond.

Mr BRUMBY — If it is in the forward estimates, I think the answer to the question is that in the first budget following that report we provided additional funding. I do not think you can be clearer than that. It is the first budget — —

Mr DALLA-RIVA — But you have contingency money that you could have used.

Mr BRUMBY — The first budget opportunity we had to do that, we did that.

Mr DALLA-RIVA — August last year?

Mr BRUMBY — No, the first budget. We have done that. That is what is in the budget. That is what you are looking at.

Mr DALLA-RIVA — You just answered Mr Rich-Phillips's question before, that you had money available before then for certain events and projects.

Mr BRUMBY — Mr Rich-Phillips was asking about capital works. It was a completely different question.

Mr DALLA-RIVA — So there is no capital works expenditure in relation to project 000 response?

Mr BRUMBY — I am sure there is some, yes.

Mr DALLA-RIVA — So exactly what Mr Rich-Phillips said: you had money available but you did not — —

The CHAIR — I think the Premier is answering the question.

Mr BRUMBY — I need to check when the government dealt with the windstorm report, but my understanding is that at the first opportunity, those funds were made available, and there is a whole range of funding there which is available. My understanding, too, is that Mr Esplin was looking at a range of other factors in communications which was one of the consequences of the disaggregation of the electricity industry following its privatisation with the different retailers and wholesalers, and who you ring when the power goes out.

It is not a simple matter, and it is not a simple matter to remedy either, so there was a range of recommendations that were made, the bulk of which have been accepted by the government, I believe.

On the emergency warning system, I think the record is very clear on that — our government has always championed the concept of a national telephone-based emergency warning system. The record is very clear on that. We have done that through negotiations with other Australian governments. It has always been our view, and the view of other governments, that this needed to be a national system. You can point the finger at people

if you like, but this went to COAG when John Howard was Prime Minister, and it never progressed. It did not progress.

Mr DALLA-RIVA — But you did not put it as a — —

Mr BRUMBY — I am just telling you the facts. You have raised it in a partisan way. It is not a partisan issue. I am just saying this went to COAG under a former government and it never went anywhere. It got stalled. To his credit, Prime Minister Rudd has seen this as a priority; as a consequence, the governments agreed in April this year during the recent COAG agreement to the emergency warning system. That system will be established with up to $15 million of commonwealth funding, and it is expected to be operational by October 2009. States and territories will be responsible for the cost of the ongoing maintenance and the operation of the system. I think that is a good outcome.

But like a lot of these things, some of these things you can do on your own; some you have to have a national approach. The reality with bushfires is that they cross state borders. It would be ludicrous to have a single system if you have a fire that is running through the high country, running through the Snowy Mountains, and people on one side of the border get a message but people on the other side do not.

We have always needed a national system. We pushed and pushed on this. My position is on the public record. There is certainly correspondence that I wrote at the time during the time that I have been Premier about how we wanted a national approach to this issue. We have achieved it and that is a positive. That is a positive thing and it can now be in place before the bushfire season of 2009–10.

From your point of view, I am not sure if it is a constructive thing to go around pointing fingers. Everybody is trying to do their best. It is not a matter of blame. It is a matter of trying to do your best and make sure we have the best system in place going forward so that some of the events we have seen this year never occur again.

Mr NOONAN — Premier, I wanted to ask you a question regarding skills, which you have touched on, in terms of the extra 172 000 places, and clearly this budget invests heavily in jobs through infrastructure spending, but I note that there is an investment of $141 million in the skills and employment package, which includes a $25 million investment to extend the successful apprenticeship and traineeship completion bonus. I just wonder whether you can give the committee some further detail regarding the value of that commitment?

Mr BRUMBY — Yes, I will. Thank you for the question. The budget gives effect to Securing Jobs for Your Future. As you know, this was the major reform that we announced last year which delivers $316 million in extra funding over the next four years, which is the largest investment in the state's training system in history. As I said before in the presentation, it will deliver something like 172 000 extra training places over four years. It frees up the system, it provides more flexibility and it will give us the impetus, I think, that we want and need during a time of great challenge.

But in addition to that in the budget you mentioned the apprenticeship and traineeship completion bonus. We have re-funded that with $25 million. Under this program employers are paid $3500 for each eligible apprentice and $1300 for each eligible trainee that they take on. That program had been scheduled to conclude. Last year, I guess with a very different set of economic fundamentals, a very different global economy and labour shortages in some areas, that had been scheduled to expire. We have re-funded that. I think it is so important in the current environment that we support apprentices and support trainees. I know it is very strongly supported by the industry groups and by the trade unions — and so it should be. I think it is a very good program and it will certainly help this year.

As I said, there were also investments in Securing Jobs for Your Future. There was also the flow-through of some commonwealth money. I think there is $50 million in this budget for an additional 15 000 purchased places under the commonwealth's Productivity Places Program and a range of other initiatives, including a new student management IT system. So overall it is a really strong budget in terms of skills, training and support for apprentices and trainees.

I should say, Mr Noonan, we will try to do more of this, too, as we work through the year, certainly with the big capital projects. We will be talking to the construction companies and the builders to try to ensure that they maximise their uptake of apprentices and trainees. You go to some of these big projects — the Treasurer and I went to the children's hospital on budget morning just to promote that, and that is a great example of a building

project and a capital works generator. There are 500 people on site at the moment on that, and there are 230 direct supply-chain jobs. There are 90 architects who are working on that one single project. It is worth $1 billion. And at the peak of this project this year there will be 1500 people working on site.

There are nine cranes on that site. It just shows the power of building and construction, as I said before, to generate jobs and then to multiply through the economy. One of the things was that they were taking on many apprentices there on that site — the builders — and I thank them for that, but we will certainly be working very closely with industry to ensure that as we go forward for those big projects, whether they are in health or transport, we can maximise the uptake of apprentices and trainees.

Mr NOONAN — Just by way of clarification on the link between additional job opportunities and the training skill opportunities, what links exist between those to ensure that there is a matching effect, if you like, in terms of the growth that will be created out of the infrastructure spend?

Mr BRUMBY — The most important matching of that is, on the one hand, making sure that we have got the capital projects in place, and secondly, making sure that we have got the throughput coming through our training system. I think they are the most important things to link. The completion bonus is an important part of that. As you would recall from your former life, what often used to happen with apprentices and trainees was that they would start and something else or other distractions might come along and they would drop out after a year or two years, so that the bonus is very important to that and to provide linkages.

We are going to put in place a whole range of information forums across the state — in Melbourne and in the major provincial cities — to make sure that the skills providers and the major construction companies have a positive dialogue and that there is plenty of information which is out there. We will also look at, perhaps, how we can improve some of the internet sites in terms of the jobs available on those sites and again the linkages back. So there are a range of initiatives we have got in place there, but I agree with your contention, which is that the closer we can build these links the better, and the better outcomes we will get.

Dr SYKES — Premier, another very specific question, this time relating to water and in particular the food bowl modernisation project. Given the substantial financial commitment to the modernisation of the northern Victorian irrigation system, can you please advise of the projected annual savings in years when the losses from the systems are less than 400 000 megalitres per year, and therefore advise of the cost per megalitre of water saved in such years?

Mr BRUMBY — Off the top of my head?

The CHAIR — It is a very hypothetical one, but please attempt it, Premier.

Dr SYKES — You have dealt with the subject a number of times in the Parliament and out there with the media pack, but I am happy to give it to you on notice.

Mr BRUMBY — I do not have that data.

Dr SYKES — I am happy to have it taken on notice and leave it at that.

The CHAIR — Sure. But, Premier, have you got anything further to add on that? I thought it was a very hypothetical question.

Dr SYKES — It is not hypothetical.

The CHAIR — In terms of looking at a whole range of possible modelling. Premier?

Mr BRUMBY — It is certainly a hypothetical question.

Dr SYKES — It is not hypothetical. We have had three years of water losses below 400 000 megalitres a year; that is not hypothetical, that is real.

The CHAIR — No. What you asked was if it fell below, and it is not clear exactly what points it fell below to.

Dr SYKES — I will repeat my question: can the Premier advise of projected annual savings in years when the losses from the system are less than 400 000 megalitres per year and therefore the cost per megalitre of water saved in such years? That is quite clear cut. We have had three years of losses below 400 000.

The CHAIR — I understand, and I have not changed my view of the question, because it is predictive rather than an exact one.

Dr SYKES — Sorry, it is not predictive. The losses have occurred.

Mr BRUMBY — The losses have certainly occurred. Even with the drought over the last 15 years, system losses have exceeded an annual average of 700 000 billion litres. That is correct, is it not?

Dr SYKES — I accept that, and as you would know, Premier, seeing as we want to go down that track, over 15 years the average is in the order of 700 000 megalitres per year, but as you know it is a trend line going down.

Ms MUNT — And counting.

Dr SYKES — The average is made of aboves and belows, and in the last three years at least the losses have been less than 400 000 megalitres per year. So my question is relevant because it is about value for money, and the question is: what are the losses or the savings and therefore the cost per megalitre of saving? It is a very legitimate question.

Mr BRUMBY — I will just make a general comment. In terms of value for money, there is no better way to deliver water for the environment, water for farmers and water for Melbourne than food bowl. That is beyond doubt — absolutely beyond doubt. You can buy up water. You will say to me, Dr Sykes, you can buy up water. I do not want to buy up water. I said that when we announced food bowl.

Dr SYKES — So you are saying that modernisation project and the associated costs of piping it to Melbourne are the best value for money when it comes down to megalitre of water saved and delivered to Melbourne or delivered to the environment? Is that what you are saying, unequivocally and under every circumstance?

Mr BRUMBY — The question you have got to ask is: in the current environment, in recent years, how else would you find 75 gigalitres of new water for farmers?

Dr SYKES — Premier, my question is very specific.

Mr BRUMBY — No, you answer mine. How else would you find 75 gigalitres of new water for farmers? And the answer is, you cannot. The only way you can do it is by eliminating the terrible wastage which occurs out of this system, and that is what we are doing. So we are actually providing more water for farmers and ditto for the environment; it is the same thing. I want to see more water for the environment, and I want to see more money for the icon sites. I think five of the six icon sites across Australia — environmental sites — are in Victoria, so the more water we can get for the environment, the better, but I do not like this business where you just take off farmers.

The best way to get it is to make sure that there is investment in infrastructure. I have always argued that, so that it is savings and so that it is a win-win, and that is exactly what we are doing with food bowl. I know your views on it.

Dr SYKES — I have not got to expressing my views on it, Premier. I am just asking you a specific question.

The CHAIR — It is a matter of you asking questions and the Premier responding to them.

Dr SYKES — And, with your indulgence, can it be taken on notice?

The CHAIR — I was about to say that. Are there any other aspects? I was about to say that any other aspects can be taken on notice.

Ms HUPPERT — I want to return to your presentation, and in both your key projects and your state budget themes you refer to the importance of family and the budget being a family-friendly budget. Are you able to

provide some more details on the specific initiatives that are focusing on young families getting into the home market?

Mr BRUMBY — I think the most important thing there was the first home buyers, and, as the committee would be aware, the state provides the $7000 grant. I mention that, because I think there is sometimes a bit of confusion publicly about who pays for that — the state pays for that, and has done so under the GST agreement. That $7000 is paid for by the state, but since 2003–04 we have done a bit extra as the state government; that is, we have provided a bonus on top.

That bonus was scheduled to terminate on 30 June this year but we decided to re-fund. In re-funding we also changed the dimensions of the scheme, so if you are buying a new home now as a first home buyer and it is an existing home, there is a grant of $9000 from the Victorian government; that is post 1 July. For a newly-constructed home in Melbourne it would be $18 000; and if you are in regional Victoria, it would be $22 500. This will be the largest bonus anywhere in Australia.

I do not know, no-one will know until the federal budget tomorrow night whether the federal government continues with their first home bonus, their additional funding: whether they terminate it, continue with it, modify it — we will not find out — but I do know that from 1 July, irrespective, what our government will be doing. This will provide substantial assistance.

I was just looking at one of the new homes being constructed in Melbourne on Wednesday. We still have house-and-land packages that are being put on the market in Victoria for $250 000; the most affordable anywhere in Australia. The land component of that is usually under $100 000, so the stamp duty component is less than $5000. So $18 000 versus under $5000 in stamp duty — it is no wonder that with the planning reforms we have put in place and the affordability reforms we have put in place, if you look at the last month, across Australia 33.7 per cent of all new housing approvals were in Victoria. They are scattered across Melbourne, and they are scattered across country Victoria. That is because we are the most affordable and because we are a great state to live, to work, to invest and to raise a family.

Dr SYKES — An original line!

Mr BRUMBY — If you look at the population figures as well, people are moving here in record numbers. Our population growth was 1.81 per cent in the last year. These indicate that Victoria is a great place to live.

Dr SYKES — Work and raise a family!

Mr WELLS — We can go around with all of these jobs — —

Mr BRUMBY — You can have a look at the projects and tell us which ones you are going to close down under your capital works funding.

Mr WELLS — No, I am looking at the 35 000 jobs that you have committed to — —

Mr BRUMBY — Schools, pre-schools.

The CHAIR — Thank you, we will get back to the questions.

Mr WELLS — Have a look at those projects.

Mr BRUMBY — Which ones are you going to close down, Mr Wells.

Mr WELLS — I am looking at the 35 000 jobs.

Mr BRUMBY — They want to know which projects the Liberal Party is going to close down.

The CHAIR — Can we have more questions please, and less personality?

Mr WELLS — Where was the personality?

Ms PENNICUIK — Premier, are we anticipating the announcement of the green jobs plan.

Mr BRUMBY — Yes.

Ms PENNICUIK — Soon? My question is: does this year's budget make any allocation for this plan, and if so, can you detail where it is?

Mr BRUMBY — There is no specified allocation for obvious reasons, because we would not be signalling ahead of the plan what it is we are going to put in the plan or the quantum of that, but there is some provision for some measures, and I mention that in the broader context of the green paper.

As I said, there will be a green paper, as you know, on climate change. Then, later this year, there will be a white paper. I made those commitments in the statement of government intentions; I think you are across all of those. We had been looking to release the green paper in the last month but of course some of the changes that have occurred at a national level with CPRS have meant that we have had to look again at some of the issues in relation to our Green paper, but the launch of the green paper is not too far away.

I held, as you know, a green jobs round table. I am trying to find in my notes the date of that; I think it was about a month or six weeks ago. It was a very good round table; there were a lot of good suggestions. If you look at what we have got in train with the climate change green paper, the green jobs action plan, plus what is in the budget — as you know, there was up to $100 million in the budget to encourage large-scale solar power generation in Victoria; that is the net present value which is allocated for 2013 and beyond.

We have also applied to the federal government for funding under its program for $100 million as well. If we are successful with that, it will mean that we have two major solar facilities in Victoria, which would make us the major solar state by a long way in Australia, and that would be a great outcome.

The TRUenergy development is still progressing, as you know, at Bridgewater, and thereafter elsewhere north in the state, in Mildura. Generally on the green jobs, there were a lot of things announced in the budget paper itself. I mention this, because I know some people were critical of what was in the budget on the environment, but there is $38.5 million to establish the four new national parks on the Murray. They themselves will generate green jobs.

I know these issues are sometimes controversial, but have a look at Fraser Island in Queensland — first it was mined, then it was logged, and now it is a tourism haven; there are far more jobs being generated by tourism than there ever were from any other activity on that island. We have put aside $10 million to upgrade infrastructure at Point Nepean, and we hope we can shortly reach agreement with the commonwealth on that.

There was $4 million for Parks Victoria to further improve facilities around Port Philip Bay and Western Port; $2 million extra to maintain and improve Yarra Bend Park's existing assets and conservation area and extra money for the six outer urban parks at Tarneit, Melton, Yan Yean and Narre Warren.

There was quite a bit for green transport initiatives — $13.2 million, as you know, to increase and improve cycling infrastructure; $5.4 million to promote and encourage car pooling; $5 million to set up the public bicycle hire system in inner Melbourne; and $4.2 million to increase the use of low emission vehicles. They are all positives.

On top of that of course we have our VRET, our energy, technology and innovation strategy, but we will push ahead with a green jobs statement because there will be significant new jobs generated in this part of the economy. As I said when I was in Bali, we really have to turn around the climate change debate and do a debate about a climate of opportunity. I think we can do that through green jobs.

Ms PENNICUIK — Just in a follow-up to that — —

The CHAIR — It will have to be very quick.

Ms PENNICUIK — A quick one: you were talking about the forests. What about looking at East Gippsland and making that a tourism area rather than the very short-term gain in terms of logging of our growth forests in East Gippsland, and also in terms of climate change?

Mr BRUMBY — I think on all of the forest issues in East Gippsland, I obviously get quite a few emails about these issues, but if my memory is correct, in all cases, in relation to the forests in East Gippsland, we are honouring our election commitments which we made in 2006.

Ms PENNICUIK — I beg to differ with you on that.

Mr BRUMBY — Write me a letter if you think that is not right, but all the advice I have got is that what we promised to do and what we are doing is fully consistent with that. When we come around to the 2010 election, we will make judgements then about whether we do or do not make further commitments in relation to forests in other parts of the state.

Mr SCOTT — Transport is a very important area of policy involving many areas of government. With reference to budget paper 3, page 185, 'Strategic policy advice and projects', can you elaborate on the delivery of the Victorian Transport Plan in this year's budget?

Mr BRUMBY — I can. There were a large number of transport initiatives in this year's budget.

Ms MUNT — The Dingley arterial will be one.

The CHAIR — Let the Premier answer, please.

Mr WELLS (to the Chair) — Are you going to bring them back to order?

Ms MUNT — You hate good news, Kim.

Mr BRUMBY — Some will; some will not. In terms of the transport commitments, the biggest in terms of extending the grid was the $562 million to extend the Epping line to the growth suburb of South Morang. That will secure up to 460 jobs in the construction phase. There is $204 million to electrify the Sydenham line to Sunbury — I think there is about 240 jobs in that; $61 million to the grade separation at Springvale Road in partnership with the commonwealth — I think it is putting 80 in; $152 million to build new stations in some of Melbourne's biggest growth areas; $112 million to begin the implementation of the Doncaster area rapid transit, DART; $85.9 million to extend the yellow SmartBus route 901 service to Melbourne Airport through Blackburn, Greensborough, South Morang, Epping and Roxburgh Park.

Then there were projects for roads in the budget as well — Peninsula Link in particular and AusLink. Then the budget also commits over the forward estimates period $650 million for 20 X'trapolis trains as part of the rolling stock investment program.

I know some people asked questions about South Morang, the $560 million — why does it cost so much? It is an expensive project, because there are a number of track duplications on the existing line at Epping; and secondly, you have got to extend the line without creating new Springvale roads. In other words, there has to be grade separation. So they are expensive programs.

The transport plan we released last year will add more kilometres of rail line to our system in Victoria than at any time since federation. We are proud of that, but it is going to cost a lot of money, and it is going to take some years to do, but we have started, as we said we would, in this year's budget.

Mr RICH-PHILLIPS — Premier, I would like to ask you about general efficiencies. The budget calls for $86.5 million of general efficiencies to be achieved in 2009–10, which is a substantial part of your operating surplus — without those, the surplus would be dramatically reduced. I would like to ask you how those efficiencies are allocated across departments given, I think, all departmental agencies are required to achieve some efficiencies and, in particular with reference to your own department, how will they be achieved?

Mr BRUMBY — In relation to my own department, the 2009–10 general efficiency saving applied to DPC is $3.6 million per annum. That is $3 million ongoing productivity savings which begin in 2009–10 — —

Mr WELLS — We will not — —

Mr BRUMBY — Sorry?

Mr WELLS — The Chair has just shown us some of the answers from the document you gave us at 12.35 today.

The CHAIR — Just continue, Premier.

Mr BRUMBY — And there is $638 000 efficient government savings incremental increase from 2008–09. The disaggregation of these savings across the department has been completed giving consideration to fixed and variable costs, past trends, budget capacity and expenditure which is required to achieve the department's required outcomes.

In terms of the more general questions you have asked across all departments, I am sorry but I do not have all of that information with me. I think you will need to ask the Treasurer about that tomorrow. I think it is an ideal question for the Treasurer. But I will make the point — —

Mr RICH-PHILLIPS — Is the expectation that it needs to be productivity driven across other departments?

Mr BRUMBY — There is some elimination of waste, but I have given public commitments in relation to the employment of public sector employees, that we will hold our public sector staff through the global financial crisis.

Some of this is, as you put it, productivity savings is in the category of good housekeeping — the normal things that you do across government. Obviously we have also reduced ongoing EBA wage costs. I do not know if you picked that up in the media, but we announced about six weeks ago that post the first week in May we would be moving to a new wages model based on 2.5 per cent rather than 3.25 per cent. There were a number of EBAs that were concluded before last week, consistent with the public announcement we made under the existing arrangements of 3.25 per cent strictly enforced. You will see over time there will be a reduction in wage outcomes as the new EBAs come up and they are signed off.

In addition the indexation of non-wage costs going forward has been reduced and again that reflects the fact that across the economy the rate of inflation is coming down. If you are aware, this time last year we were talking about inflation getting away from us. The Reserve Bank was putting up interest rates. It is a completely different environment. In that context, I think the combination of good housekeeping, productivity savings, lower non-wage costs in the forward estimates period plus lower EBA costs as they come up — all those things translate to a lower growth in expenditure going forward.

If I could just very briefly put it in the context of the budget: you will see in the budget out years that we have constrained budget spending. That is important, that is what you should do at a period in the economic cycle like this. We have had quite a boost this year in the 2009–10 budget; that in part reflects some of the flow-through of additional funds from the commonwealth through COAG for emergency departments and elsewhere. But going forward the rate of expenditure growth, if my memory is correct, has slowed to about 1.3 per cent, 1.4 per cent per annum.

That is important in terms of budget management and in terms of building up those surpluses over time. It is important obviously in terms of the AAA rating that Standard and Poor's have given us. So all of those things come together in what is a sensible arrangement to make savings but to do them in a way that will not require the termination of public sector employment.

Mr RICH-PHILLIPS — I think it was $3 million from productivity within DPC. How are you going to actually drive that productivity? Are you going to get all these good people in the gallery to work an hour longer? Exactly how will you achieve that productivity gain?

Mr BRUMBY — In the gallery?

Mr RICH-PHILLIPS — Yes, half of DPC.

Mr BRUMBY — I thought you were referring to the press gallery actually. I think there are a few in the press gallery but they work very hard and they will have to work even harder in the future.

Mr RICH-PHILLIPS — DPC or the press?

Mr BRUMBY — Both. That is the reality of the environment we are in. As I said earlier, in all seriousness if you think of the position that Victoria and Australia is in today, if you think of all of the demands and pressures, whether it is global financial crisis, whether it is climate change, whether it is drought, whether it is COAG requirements, whether it is bushfires — there are enormous demands on our government at the moment.

I dare say everyone is working harder. I know that that is so in my office and I am sure that they are in your office. I know they are in DPC. It is a time of great demand on government.

The CHAIR — Thank you, Premier. Can I just pick up something you mentioned there before about climate change? As someone who has been involved in this and interested in it for over 20 years, I notice the office of climate change is mentioned on page 347 of budget paper 3. What initiatives do we have in the budget?

Mr BRUMBY — What page was that, Chair?

The CHAIR — Page 347 in budget paper 3.

Ms PENNICUIK — Thank you for that question, Chair.

The CHAIR — It mentions there the Office of Climate Change, which is continuing the provision of strategic policy advice and projects in relation to climate change.

Mr BRUMBY — Yes.

The CHAIR — I would just like to know what is happening.

Mr BRUMBY — The Office of Climate Change does a great job in my department. All departments have been collaborating. As I mentioned before in the answer to Ms Pennicuik, they have been collaborating to prepare a Victorian climate change green paper, which is due for release in the middle of the year. Then obviously later there will be a white paper. There has been a comprehensive audit of climate change policy which has been undertaken in preparation for an emission trading scheme being introduced, and the government's response to that review will be incorporated in the white paper.

We have the Victorian renewable energy target that I mentioned before. The government added a further $182 million to the energy, technology and innovation strategy which builds on the existing $187 million fund to support the low emissions energy technology. We also have got the energy saver incentives scheme which began operation on 1 January 2009 and requires electricity generators and retailers to help households make more energy efficient choices.

I might say that program is under way. I have met a number of groups in the NGO sector that are rolling out that program, and they are doing so with fantastic results. They are going into houses, auditing them, retrofitting them; so whether it is energy, whether it is heating, whether it is cooling, whether it is insulation, whether it is light globes — with all of those things they are getting significant savings, and significant savings are indeed possible.

In addition to that, obviously with the federal government's recent announcement of the changes to the CPRS, again we have had to rework some of that green paper to fit in some of those changes, and we will release that green paper as soon as possible.

The CHAIR — Thank you very much for that.

Mr WELLS — Premier, I just wonder if you could bring up the slide on debt?

Overhead 'Maintaining sustainable and low levels of debt' shown.

Mr WELLS — Yes, this one here.

Mr BRUMBY — Do you want that one or the next one?

Mr WELLS — No, this one here. Let me look at the next one because it might be more accurate.

The CHAIR — That is the Henry Bolte one, is it?

Mr WELLS — No, we will have to go back to the other one. I was trying to find one that is actually accurate but these two are — —

The CHAIR — Can we just have the question without commentary?

Mr WELLS — Can I get back to the bar graph maybe? I was trying to find one that was actually slightly accurate but I am struggling with it.

The CHAIR — As I said, questions without commentary.

Mr BRUMBY — Tell me what you are struggling with.

Mr WELLS — On page 90 of budget paper 4, your net debt fiscal aggregates, you have got your 2012–13 estimates at $31 263.9 million. I am always interested — —

Mr BRUMBY — Hang on a minute.

Mr WELLS — Down the bottom.

The CHAIR — Table 2.4.

Mr BRUMBY — Table 2.4 — non-financial public sector?

The CHAIR — Yes.

Mr WELLS — I am always fascinated why you always try to con the Victorian people by only showing the general government debt and not the non-financial public sector net debt. There is a significant difference. This is only up to about $16 billion. You do not have your $31 billion, as in the budget papers.

Moving forward, I am wondering: can you give an assurance to Victorians that the actual net debt will not exceed the estimates shown on page 90? That is the first question; that is a straightforward question.

The CHAIR — You only get one question.

Mr WELLS — Hang on; it is the first one.

Mr BRUMBY — Yes, keep going.

Mr WELLS — Page 90.

Mr BRUMBY — Yes, I have got it.

Mr WELLS — We want a commitment that the debt levels are not going to increase, because we did ask the same question last year, and we did not have a satisfactory answer. The second part of the question is: when will this debt be repaid? Is there a comprehensive debt repayment schedule or plan in place for the increased debt that is being referred to in this budget paper?

The CHAIR — In respect of table 2.4?

Mr WELLS — Yes — straightforward.

The CHAIR — It is about the non-financial public sector balance — I just wanted to clarify that.

Mr BRUMBY — Let me go to the first part of your question. You said that there was a 'con', I think was the word you used.

Mr WELLS — Yes.

Mr BRUMBY — If we just go to the next graph, that is the whole lot.

Mr WELLS — But where is the $31.3 billion?

Mr BRUMBY — It is in the 10 per cent.

Mr WELLS — No, take it back to the bar graph overhead. See the figure there that shows $16 billion — see the left-hand side, it goes across; $16 billion. You never show the total non-financial public sector net debt figure of $31 billion. You only show part of the component. You do not ever show the other part of it. Why is that? There must be a reason why you do not want to show the full amount.

Mr BRUMBY — This is the presentation that we have been using every year we have been in government.

Mr WELLS — Yes, I know. It has been misleading every year as well.

Mr BRUMBY — I do not accept that. That is the general government net debt.

Mr WELLS — Yes, I know — general government debt. But it is not the non-financial public sector net debt.

Mr BRUMBY — They are all included in the tables. None of that material is hidden. Many people have focused on this. The ratings agencies over the years have been very focused on this number. More recently they have focused more generally on net financial liabilities, but they were very focused on this number because it is the net government debt which the government, the taxpayers, have to pay back. You see, the NFPS debt — if you take the desal plant, for example, call it $3 billion, it is paid for by water bills.

Mr WELLS — But who is ultimately responsible for the carrying of that debt?

Mr BRUMBY — It is paid for by water users. If a ratings agency was looking at the $3 billion for the desal plant, it will say, 'It cost $3 billion. What is the debt-to-asset balance sheet?' — which by the way is still very strong for our water agencies — and, 'What is the income stream to pay for it?'. The income stream is in the water prices, and it can be paid for like that for the next 10, 20, 30, 40 or 50 years. It is not an issue in that sense; it is paid for. It is no different to a regulated business.

A water business is a regulated business. You spend $3 billion and you have a regulated price. The regulator sets the price. That price is there forever. That income stream is there forever, so the ratings agencies have not been too fussed about it. Ditto with the Port of Melbourne. It spends $1 billion deepening the channel. What it wants to know is: are the funds coming in from the people who use the port of Melbourne, the charge per TEU and per ship coming in. Does it pay for that investment?' The answer is: it does.

While it looks at that, it has been far less focused on that than what this figure is. That is because for a government to repay this figure, you need to do that out of your revenue, out of your taxes. It has been focused on that. That is the one we always put up, but I am happy to prepare you with another graph, but if I prepared you with another graph — if we go to the next slide — that is what it looks like. That figure at the end, the 10 per cent, that includes the NFPS. Our budget sector net debt gets up to about 5.3 per cent. The rest of it includes the NFPS. That is the NFPS there — they are there. As I said, that goes back to Henry Bolte.

There was just one other point I want to make.

Mr WELLS — What about answering part of the question.

Mr BRUMBY — I am answering your question.

Mr WELLS — Okay, let us get on to the first part.

Mr BRUMBY — What I would like, if you go elsewhere, page 274 of budget paper 4, this is something Treasury has put in.

Mr WELLS — Please!

Mr BRUMBY — I thought it might be instructive.

Mr WELLS — This is about when I was born!

Mr BRUMBY — I know you will not like the look of this — 1961–62, Henry Bolte. Have a look what he spent and move down to the bottom, Mr Wells, to where says 'public debt transactions' — four lines from the bottom.

Mr WELLS — Grasping at straws, but anyway, we might move on to try and get some of the answers to questions.

Mr BRUMBY — $60 million — that is public debt interest; that is not the capital value. If you move back up the column, you will see that Mr Bolte was spending— —

Mr WELLS — This is 1961–62.

Mr BRUMBY — Yes. He was spending $51 million on health and $60 million on public debt interest.

Mr WELLS — How long was Treasury tied up doing that?

The CHAIR — Can you just let the Premier answer and not interfere?

Mr BRUMBY — Turn forward to the current year. If we were borrowing at the level Henry Bolte borrowed, when you were born — —

Mr WELLS — That is a ridiculous, illogical argument.

Mr BRUMBY — Is it?

Mr WELLS — Of course it is.

Mr BRUMBY — Our interest payments would be $11 billion a year. You need to get this debt perspective in perspective. Our debt was much, much higher — —

Mr WELLS — I would not be using 50-year-old arguments.

Mr BRUMBY — Why not?

Mr WELLS — Hang on. Answer part of the question — —

The CHAIR (to Mr Wells) — If you stopped saying something, he might be able to answer the question.

Mr WELLS — It is quite straightforward. Can you give an assurance to Victorians that actual net debt will not exceed the estimates on page 90? That was the first part of my question. Can you give that guarantee, that there will not be an increase in debt that has already been outlined on page 90?

Mr BRUMBY — We prepare these estimates on the basis of the conditions that we understand at the time of the budget.

Mr WELLS — So there is no guarantee that the debts will be held at these levels?

Mr BRUMBY — I would think that our forecasts going forward are very conservative, but I cannot tell you what is going to happen with the international economy. I cannot say what is going to happen with the Australian economy.

The CHAIR — I think the Premier has answered — —

Mr WELLS — The second part of the question — —

Mr BRUMBY — What I can tell you — I am still answering the question — is that in relation to our commitment to a AAA credit rating, that commitment will not change, so that if the international environment declined or deteriorated even further, we would adjust our spending, our balance sheet, to ensure that we retained the AAA rating.

Mr WELLS — The second part of the question, with respect, is: do you have a comprehensive debt repayment schedule or plan and when do you envisage the debt being repaid?

Mr BRUMBY — I am just trying to find where it is in the budget papers, but you will see there that the graph of debt as a share of GSP starts coming — —

Mr WELLS — We are wanting to know when it is going to be repaid. Where is the debt repayment plan?

Mr BRUMBY — That is what I just said.

Mr WELLS — I know. We are looking at graphs as a percentage of GSP.

The CHAIR — Could you be patient, Mr Wells, and let the Premier answer rather than interfere or talk over the top of the Premier.

Mr BRUMBY — If you look at the statistics on pages 68 and 69 of budget paper 2, you will see that after peaking in 2012–13, these amounts start to reduce. I am not the Treasurer any more, and you can ask the Treasurer about these things tomorrow — —

Mr WELLS — I suspect we will.

Mr BRUMBY — I want you to understand the point I tried to make to you last year: whenever interest rates change, our net financial liabilities change, so if in the next year, for example, interest rates go up — just let us say they did — every 1 per cent increase in interest rates will take $3 billion to $4 billion off our net financial liabilities.

Mr WELLS — The sensitivity report — —

Mr BRUMBY — It is a complete nonsense to the number. We have said that to the accounting standards people, that when the interest rate comes down, it does not change the cost of running the organisation, but what it does do is show up an increased liability of $3 billion or $4 billion for the state. It is a complete nonsense. We do not have to service it; it does not change what superannuates get.

Mr WELLS — You do not have to service the debt?

Mr BRUMBY — It is not real debt. Don't you understand that?

Mr WELLS — I just want you to clarify that point.

The CHAIR — Let the Premier answer.

Mr WELLS — So you do not have to service the debt?

Mr BRUMBY — It is not borrowed money.

Mr WELLS — So you are not servicing the debt?

The CHAIR — He just explained it was a — —

Mr WELLS — No, that is fine. But that is what you are saying — you do not need to service that net debt that we are talking about on page 90?

The CHAIR — The Premier is trying to explain liabilities, if you allow — —

Mr BRUMBY — We are talking about net financial liabilities.

Mr WELLS — That is not what I was talking about. I was talking about net debt.

Mr BRUMBY — Which is what the ratings agencies examine. I am just saying to you, you asked me will I guarantee these numbers. If interest rates went up next year — and I hope they do not — but if they went up next year by 1 per cent, our net financial liabilities would reduce by almost $4 billion a year; and these numbers would be much, much better, but none of the fundamentals will have changed; it is the way they measure the discount rate and its impact on our liabilities. Again can I refer you to page 55 of budget paper 2. It says:

While the state's reported superannuation liability is projected to increase by $11.5 billion in 2008-09, $7.4 billion of this increase is attributable to a reduction in the discount rate —

that is, the interest rate —

that is required to be used to value the superannuation liability …

And it goes on to explain:

It is important to note that the increase in the reported superannuation liability arising from the reduction in discount rate has no impact on the amount of cash required to fund the state's superannuation liability over time …

I do not know what is going to happen with interest rates in the future. That is a matter for the Reserve Bank, but I am making the point to you that these numbers can move around, and in the last year we have seen a movement in the bond rates of 3 to 4 percentage points, which has added $10 billion to $12 billion to liabilities but does not increase our servicing requirement, does not change what we pay superannuants, but it appears here in the budget books because of accounting standards — right?

The CHAIR — Okay.

Ms MUNT — Premier, in my last question I asked you about the global financial crisis, particularly streamlining to enable business to prosper and create jobs, but I was wondering if you can tell me, in light of the global financial crisis, if there are any programs under A Fairer Victoria that could assist those other Victorians who may be suffering as a result of the global financial crisis?

Mr BRUMBY — Thank you, and thank you too, Ms Munt, for your very strong commitment to A Fairer Victoria. As you know, we launched this on Thursday, and I think there have now been five A Fairer Victorias as a result of that. Kindergarten is now effectively free for all children from low income families. We are now the state closest to achieving a 90 per cent year 12 completion rate or its equivalent. The incidence of confirmed cases of child abuse and neglect is falling in Victoria against what has been a very big increase nationally. We have the lowest rate of people sleeping rough in a time of increased homelessness, and more than 3200 Victorians have been assisted in jobs through the workforce participation partnership program. These are all good things that we have achieved to date.

In this year's budget we added to that in what is the most difficult environment that we have had, as you know, for a long time. There was $160 million in child protection services. We recruited, as I said before, up to 280 additional mental health workers; $87 million to improve disability services; $26 million for neighbourhood renewal, which has been a fantastic program in our state, and community renewal programs; and also $47.4 million to help close the gap in life expectancy between Aboriginal Victorians and non-indigenous Victorians.

On top of all of that, this year, in partnership with the federal government, we will roll out what is the largest increase in social housing in our state in 50 years, again since the days of Henry Bolte in the 1950s and 1960s — the post-war migration boom.

So I think if you put all of those things together it is a great package, and as I said at the launch of A Fairer Victoria, I do not think you can be the best state in Australia, and that is our aspiration — whether we are or not is for other people to judge, but that is our aspiration — unless you are also the fairest state.

The CHAIR — Thank you, Premier. I think we will move to the portfolios of multicultural affairs and veterans affairs. I thank the witnesses who are leaving us for their attendance.

9.2 Multicultural Affairs Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 11 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Brumby, Minister for Multicultural Affairs,

Mr G. Lekakis, Chair, Victorian Multicultural Commission,

Ms H. Silver, Secretary, and

Mr P. Reed, Deputy Secretary, Government and Corporate Group, Department of Premier and Cabinet.

The CHAIR — We welcome the Premier as the Minister for Multicultural Affairs; Mr George Lekakis, the chair of the Victorian Multicultural Commission; and again Ms Silver and Mr Reed from the Department of Premier and Cabinet. I call on the Premier to give a brief presentation of no more than 5 minutes on the more complex information relating to multicultural affairs.

Overheads shown.

Mr BRUMBY — On multicultural affairs I welcome to the table the head of the Victorian Multicultural Commission, George Lekakis. I will quickly run through some slides on the multicultural commission.

As you know, it is an independent statutory authority which provides advice to the government regarding our culturally, linguistically and religiously diverse society. In 2008 we amended the act to enhance the whole-of-government approach to require government departments to report on their responses and to formalise the merger. Following on from those amendments to the act, the Victorian Multicultural Commission, which was then a division of the Department of Planning and Community Development, was established as an administrative office related to the Department of Premier and Cabinet, and that occurred effective from 1 January 2009. I think that transition has been very smooth, and for me as Minister for Multicultural Affairs — although of course I always got very good service from the Department of Planning and Community Development — it is fantastic to have the Victorian Multicultural Commission located as a unit within the Department of Premier and Cabinet.

In terms of achievements. Turning to diversity, I think we saw that played out. We have seen so many examples of that across the state. In the bushfires so many different groups of different faiths across our community — the Buddhist faith, the Hindu faith. The Greek community, at the Antipodes Festival on 21 March the Greek community presented me with a very large cheque that it had raised through the Greek radio station and elsewhere towards the bushfires. Again diversity is a great strength.

We have also released the new multicultural policy — All of Us. We have made some amendments to the Multicultural Victoria Act. We also have the Cultural Precincts Enhancement Fund, which is something we promised at the last election. This is $8 million over three years. I should say in relation to this that the demand on this fund has been huge, as you might expect. We have actually supplemented the fund, and you will see that in the budget papers. We have added an extra $2 million to the fund, and that means it is now a $10 million fund. I announced the first substantial funding from that to the Greek community on the Saturday night at the Antipodes Festival, and we will be doing the Italian community and the Chinese community very shortly.

Other achievements over the last year include the harmony initiative, with an additional $2 million over two years. The latest budget has committed a further $2 million over two years to continue this initiative. The Parliament of the World's Religions: this is going to be a very big event for Melbourne; it is coming in December with 5000 delegates. It will showcase our diversity internationally. Of course it will be held at the new convention centre, the biggest and greenest anywhere in Australia. We have committed $2 million, the federal government $2 million and the Melbourne City Council $500 000. This is going to be a big event and a very important branding exercise for us.

On VMC community grants, the grants program for 2008–09 was something like $4.6 million. I think that is a five or sixfold increase over the last decade. One of the programs I am very proud of as well is the refugee brokerage program. We are getting a number of refugees in our state, and this assists them. I think in 2008–09 we funded 11 partnership projects, and we are currently assisting something like 9000 individual refugees.

The next slide covers community harmony — boosting our multicultural advantage. This year's budget committed $2 million over two years to further strengthen Victoria's community harmony. This is a very well-regarded program amongst the multicultural community. As I said,

on the refugee action program — $2 million over two years to continue with the refugee action program. There is an additional $200 000 allocated for a continued contribution towards refugee nursing. I might say it was great this morning when I launched the 2009–10 Victorian volunteer plan with Minister Batchelor.

We did that at the Adult Multicultural Education Services centre. One of the young volunteers, Jane, who spoke there this morning is a second or third-year uni student. She is an expert on English. She has been doing English tutoring as a volunteer for a Sudanese woman, a refugee, for the last year and making great progress. It is a lovely story about volunteering but also about assisting with refugees.

Finally can I say, Chair, in terms of the budget overview, if you take into consideration both the appropriations and CSF funding, you see that overall funding for multicultural affairs in 2009–10 is $14.9 million. That is a very substantial amount indeed and a very big increase I think on where we have been in the last decade.

9.3 Arts Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 13 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms L. Kosky, Minister for the Arts,

Ms P. Hutchinson, Director,

Mr G. Andrews, Deputy Director, Policy and Programs,

Mr D. Carmody, Deputy Director, Agencies and Infrastructure, and

Ms J. Rowland, Senior Manager, Corporate Development, Agencies and Infrastructure, Arts Victoria, Department of Premier and Cabinet.

The CHAIR — I welcome Ms Kosky, Minister for the Arts; Ms Penny Hutchinson; Mr Greg Andrews; Mr Dennis Carmody; and Ms Joan Rowland — all from the Department of Premier and Cabinet.

I call on the minister to give a brief presentation of no more than 5 minutes on the more complex matters relating to the arts portfolio.

Overheads shown.

Ms KOSKY — I just want to give a snapshot of what is happening in the arts, both in terms of attendance and participation and also some of the highlights of what is happening in the arts portfolio. Just a bit of a snapshot of the contribution of the arts — 82 per cent of all Victorians attend a cultural venue or an arts event at least once a year; 31 per cent of children in Victoria aged 5 to 14 play an instrument, sing, dance or act; 45 per cent of children are involved in art and craft activities.

In relation to employment, 21 per cent of Victorians have some involvement, paid or unpaid, in culture and leisure activities, and 3.4 per cent of all employed people have a cultural occupation as their main job. With cultural tourism, cultural visits represent 62 per cent of all international visitors to Victoria, and in 2007 there were 2.6 million domestic overnight cultural visitors, and around 2.7 million day visitors have attended cultural venues and events in Victoria.

Some of the highlights for this last financial year: we saw the completion of the MRC and the MTC theatre projects — that is, the Melbourne Recital Centre and the MTC — and 21 000 people went to the public open days in February in that awful heat. It is a demonstration that when you open these venues, Victorians will travel to them.

The 2008 Melbourne Winter Masterpieces blockbuster Art Deco was the third most popular exhibition in the NGV's history and attracted 240 000 people, so it was incredibly successful.

The Dinosaur Walk opened at Melbourne Museum in April 2009. Yes, I did open it — you can make whatever jokes you want to about that! What is really interesting is that over the Easter school holidays they had 78 000 people visit it. It was just extraordinary. Game On at ACMI drew a record crowd of 130 000, plus 20 000 for related public and school programs. I went to that three times — only because of my children, not because of my interest. There is work under way on the Australian centre for books, writing and ideas. And Melbourne's La Mama Theatre secured ownership of its Carlton home, and we provided assistance for that.

Some regional highlights: Bendigo Art Gallery's Golden Age of Couture, which I mentioned in my public transport presentation and was an exclusive exhibition from London's Victoria and Albert; it attracted 75 000 people during that period. That was an estimated economic impact of $9 million, so that was quite extraordinary for a regional centre. Construction of Wangaratta's new performing arts centre is on track to open in September this year, and there are upgrades at performing arts facilities in Shepparton, Bendigo, Hamilton, Portland, Casterton and Heywood.

Some of the international highlights: I think it was very close to PAEC hearings last year when we were actually given the designation 'The second UNESCO City of Literature'.

The CHAIR — What is the first?

Ms KOSKY — Edinburgh is the first, so we are the second in the world. Geelong's Back To Back theatre won a prestigious New York dance and performance award. Melbourne author Nam Le won the Dylan Thomas prize, which is one of the world's richest literary awards. Malthouse Theatre's *Exit the King* is wowing audiences on Broadway in New York; and who is one of the lead actors in that?

The CHAIR — John Howard?

Ms KOSKY — Geoffrey Rush.

In terms of this budget we have got $4.2 million for the State Library of Victoria, the SLV21 initiative, which is providing a lot of materials on line. There is also $1 million for the state library for the initial business case for Queens Hall.

The Melbourne Museum exhibition renewal, so that we can keep renewing exhibitions at the Museum, gets $9.2 million. The Dinosaur Walk is a really good example of that. You need to keep renewing exhibitions, Scienceworks and of course the Immigration Museum.

There is money there for the Arts Centre programming: $4 million — that is for its programming at the Arts Centre; and there is also money: $19 million for the operational maintenance of the Arts Centre. It is an older facility. Yes, we are doing the works as part of the cultural precinct, but we need to do the maintenance works as well for the entire Arts Centre.

There is $2 million there for the Melbourne Winter Masterpieces exhibition indemnity. That is the insurance for the masterpieces. There is $6.2 million which is securing a future for Victorian Opera. There is money there: $0.5 million for arts audience expansion, which is really about encouraging further, people who are not the regular arts goers, to attend different performances.

We have got $0.5 million there for physical theatre development, which is really focused on Circus Oz, which is a fantastic national and international facility and Melbourne is its home, so it is actually looking at some work to secure a long-term home for it.

There is money there for Public Records Office Victoria for its asset management support plan — $3.3 million. In terms of the assets, there is money there for the cultural asset maintenance fund, again maintenance across the arts institutions, of $21.5 million.

The Geelong Performance Arts Centre refurbishment has $3 million, and there is also funding there, $7.1 million, to support Public Records Office Victoria in terms of its asset management support plan.

It is a budget of $81.5 million over that four-year period. The arts have been incredibly successful right around Victoria. It is not just about metro Melbourne, it is about the suburbs and the regions, and it is making sure that we can get the best in all of those locations, but we continue to encourage home-grown artists so that they not only live here, but they work here as well.

Ms HUPPERT — Minister, I refer you to page 194 of budget paper 3, and it talks about 'Arts development and access' output. Could you please provide some further details of expenditure and outcomes of the grant programs that come out of this output?

Ms KOSKY — We have got a whole range of different arts programs, most of which are about encouraging artists to develop new works, providing opportunities for artists to do cross-collaborations, obviously supporting the regions and the suburbs. There is a range of different programs, and we provide $37 million per year to fund a whole range of programs; that is ongoing in terms of the budget. Most are competitive grants programs, so organisations, individuals, institutions have to apply for those grants, but some are negotiated as well. That is managed by Arts Victoria.

I will run through a range of them; it is always worth knowing, because I know that a number of you would get artists and organisations that are seeking funding for different projects. We have annual operations funding which is for organisations to deliver a one-year arts or cultural program. That is the operations, just to provide it.

We have got the Arts Development Program, which are small project grants to Victorian artists and arts organisations for the creation and presentation of new work in all forms. We have got the Community Partnerships Program for artists and art companies to work alongside Victorian communities. The Education Partnerships program and probably many of you are familiar with these, where funding is provided for primary and secondary schools in Victoria to engage artists, so that they have artists in residence; they can also provide funding for arts organisations to work with the schools as well.

There is the Indigenous Travel and Professional Development Fund. That is really about securing professional development opportunities for indigenous arts practitioners and arts workers. Then there is the international program which supports artists and art organisations to build their international profile, to travel overseas to develop networks, employment opportunities and also, obviously, exporting a lot of the different projects that have been developed here.

I mentioned Back To Back Theatre and obviously *Exit the King* as well which are touring internationally. We have also got the Touring Victoria Program. That is ensuring that artists and arts institutions can actually

travel around Victoria to present works; and Victoria Rocks, which is the contemporary musicians and groups targeted really at strengthening local contemporary music industry.

In addition to that are the negotiated ones, the local partnerships programs which are with local government. We develop a memorandum of understanding over a three-year period. They then have a definite three-year period of funding, so they can really plan for that funding and their projects, and there is an organisation program which is multiyear funding again for key Victorian arts organisation.

There are a lot of different programs. One of the benefits that quite a number of artists say to me is we do not identify disciplines in the different arts funding programs, which means that you can get a lot of cross-disciplinary works that develop, which does set us apart from what happens in other jurisdictions, which is also why we end up having, say, the MSO working with, it might be, small theatre companies; or the Victorian Opera will work with other organisations, and you also get work with, say, visual artists as well, so you get the cross-disciplinary focus which is really important for the development of new works.

Mr RICH-PHILLIPS — Minister, you mentioned visitation to certain events and institutions, but I want to ask you about the trend in visitation. I take you to pages 194–96 of the budget paper. Attendance at major performing arts organisations is halfway down page 194 and shows the actual in 2007–08 was 1.19 million declining to an expected outcome of 980 000. Also on the following page with respect to attendance at agencies, the 2007–08 actual was 8.875 million, and you are expecting it to decline to 8 million this year.

Can you explain why there is the decline and also with respect to the attendance at agencies can you give us a breakdown between the agencies for the last couple of years so we can see the trend by institution?

Ms KOSKY — I will need to come back to you on the last item. But if you actually look at the actual versus the target, the target was obviously lower so some of the actuals are to do with major exhibitions that might be on or major performances which have an increased attendance, so there are variations there, but we have taken a cautious approach in terms of the target for 2009–10, which is still above the target for 2008–09, certainly in relation to attendances at major performing arts organisations, really because at the moment we are not sure what the economic impact will be on subscriptions and on box office sales.

To date, for the Arts Centre, they are seeing some slight decline, not significant but it has dropped off a little bit because often it is discretionary income, and so that has dropped off a little bit. So we have set the target still at high levels, still matching previous targets, but not at the actual for 2007–08. It may be that it does not flow through in terms of the subscriptions and paying customers, but the arts agencies are conservative when they set their attendance figures. They do that so they ensure that they are financially viable in setting conservative targets rather than trying to be too optimistic and then not meeting them, and that obviously impacts on their bottom line.

Mr RICH-PHILLIPS — Has the recital centre met expectations since it opened?

Ms KOSKY — The recital centre is very new, so it is still getting work done on its program. They are still trying to get the programming to settle down. There are two elements to the Melbourne Recital Centre. There is both the programming that they do and they also have a strong focus — as part of their mandate in fact — to encourage multicultural organisations and other organisations to hire out the facilities. So there are two different elements: their own programming; and that hiring out.

In some areas the audiences have been greater than expected, for some of the events, and then in others it has been slightly down. So they are still getting that right. They have employed Sue Nattrass who was originally involved in helping develop the program at the recital centre. Now that it has been established for a few months, she is doing a lot of research and surveying of people who have subscribed and also have attended to really find out what is working and changes that they might need to make.

It is fair to say that the Melbourne Recital Centre, being been brand-new, has got to build up its own subscription base. Places like the Arts Centre, MTC, the Victorian Opera, the MSO, Music Viva, all have a subscription base and they have built those up over a really long period of time, and it takes a long time to build that subscription base. The MRC still has to do that, and it would be fair to say that given the economic circumstances, they are probably doing that at a difficult time, but I have absolutely no doubt they will do it.

Clearly groups like Music Viva that have moved into the Melbourne Recital Centre — in fact their subscription base has increased as a result of the change. So we will see some settling down of that, but I think having Sue Nattrass involved to do the research, the surveying and make recommendations will really help focus on that, as well as the work that needs to occur with a whole lot of the multicultural organisations in terms of the space that is available, the salon that is available for them to actually use.

That is a first for them; that is a real shift for them. They need to be made aware of the facility and often they will be planning 12 months out for some of those works. So it is still settling down but from all the feedback we have had from the artists and people who have attended, it is just an amazing facility. It is one of the best. We would say it is the best in the world, but it is certainly very high standard. Artists are wanting to perform in it, and it is really just building up that subscription base.

Mr RICH-PHILLIPS — Are you happy to take the breakdown on notice?

Ms KOSKY — We will provide that information separately.

The CHAIR — Minister, I would like to ask you something which is not on your summary of initiatives because it was announced in the budget update. It is a huge project; it is the upgrade of Hamer Hall in the Southbank cultural precinct. I was wondering whether you could tell us about that, because I can see from page 348 of budget paper 3 that it is $128.5 million, which is just wonderful in terms of the arts.

Ms KOSKY — It is a big project. The Hamer Hall redevelopment is part of the Southbank cultural precinct redevelopment. The government's view was that it was really important to do the works first at Hamer Hall. A lot of the works will be done internally, and there are issues. It has been there for some time. It is much loved, but it needs a facelift, both back of house and front of house, so a lot of the works focus on that.

Accessibility is a real issue. We need to make sure that disability access is built in obviously through the works that are being done, and also the connection with the external space and the river frontage is really important. When Hamer Hall was originally developed, like lots of arts institutions, they looked inside and they had a shell almost around them. What we want to do is open that up much more so it is much more accessible to the river frontage, which of course is really important. At the moment you cannot get down from Hamer Hall; it is a very awkward, circuitous route to get down onto the river frontage. So all of that will be sorted, which means that it will connect with a lot of the eating places and that whole experience.

That work is under way. Ashton Raggatt MacDougall have just been appointed, with Peter Elliot, as the successful architects for the project. It was very close; there were some really good proposals. They are going to be doing the work. It means that for a period of time Hamer Hall will have to close, obviously, so at the moment Arts Victoria is working with the Arts Centre to look at alternative arrangements for the major companies so that they can continue to operate, but they will not have that facility whilst major works are under way. It is a really exciting project, and it is the first part of that arts precinct development.

I did notice in one of the papers recently that there is a suggestion that the whole project is off. That is not the case at all, and we always made it quite clear that this was the first stage of that whole precinct development. It will eventually connect right into that spine.

The CHAIR — The money is put in there — $65 million in 2010–11 and $40 million in 2011–12. It is a lot of money.

Dr SYKES — I refer you to page 194 of budget paper 3, the line item 'regional Touring Victoria destinations'. Back in 2007–08 you had 43; your target for 2008–09 went up to 53; the expected outcome for 2008–09 is 45; and the target for 2009–10 is 45. What is the explanation for the drop-off from that 2008 higher target down to a lower target in 2009–10?

Ms KOSKY — One of the issues there is really the increasing costs of the regional touring, so a lot of projects that have gone in are actually at a higher level than previously. We actually have an independent panel, which is made up of artists; I should make that clear. They make recommendations to me. It is made up of a range of different artists from different areas of the arts. What has happened is that the costs have gone up, so there are slightly fewer projects that are being funded as a result. That is anticipated to be so, and that is why those figures are as they are in the budget papers. It is actually not a reduction in funding, but some projects are more costly.

Dr SYKES — I guess I would make a plea on behalf of regional Victorians that if the costs are going up, rather than cutting the services to fit the cloth if we could keep in mind that, particularly in the tough times we are experiencing, a little bit of relief by going off to a cultural event does a hell of a lot for the mental wellbeing of people.

Ms KOSKY — Absolutely, and one of the things we have been doing is working, particularly with the Murrindindi shire, following the bushfires. I was very conscious that there are a lot of artists in that community but also that the arts are a really important part of their reconstruction and how they develop as communities as well as also being part of that grieving, so we put aside funding. We have changed some of the time lines for them to apply for grants; we extended them. We have also put aside — $25 000 I think it is.

Ms HUTCHINSON — Yes, I think it is.

Ms KOSKY — We have put aside $25 000 particularly for artists in bushfire-affected regions. We have provided an arts officer for the Murrindindi shire to work with artists. I met with them recently — I have met with them twice — and they are struggling to even get their heads in order to really focus on projects, so we are providing that support for them to do that. There are some really exciting projects that will come out as a result of that. It will help with the healing but also be part of where they want to move to next. There are quite a few projects there.

Dr SYKES — I think that is fine, particularly for the Murrindindi people, who have been absolutely devastated. But there are also, as you know, the Mudgegonga people, which impacts on the surrounding communities of Myrtleford, Bright and Mount Beauty.

Ms KOSKY — Sorry, the additional funding, the $25 000, is available for all artists in bushfire-affected regions. You might want to let people know if they do not already know — —

Ms HUTCHINSON — It is $50 000.

Ms KOSKY — It is $50 000, sorry; I underquoted. So there is a turnaround of about — —

Mr ANDREWS — It is monthly.

Ms KOSKY — Every month it is put in, so there is no time line. So please do let anyone know that, and I am happy to provide the information to you. That is for all bushfire-affected areas. It was only the arts officer in Murrindindi, because financially for the council that was difficult for them to achieve, but all the other arrangements apply right across those bushfire-affected areas.

The CHAIR — Thank you for that. I want to put on notice: can your department provide the committee with a description of any federal grants, both outputs and assets, that you might receive in the budget? Can you also provide information about the accountability mechanisms in respect of these grants?

Ms KOSKY — Yes.

The CHAIR — That concludes the consideration of the budget estimates for the portfolio of the arts. I thank the minister and departmental officers for their attendance today. Where questions are taken on notice the committee will follow up with you in writing at a later date and request written responses to be provided within 30 days.

Ms KOSKY — No-one asked me this question. I would just like to let you know the dates, because you will be interested. It is important for Hansard: under Melbourne Winter Masterpieces there will be an invitation for parliamentary viewings of the Pompeii exhibition, which is at the museum, on Monday, 27 July — you will all get invitations and you are welcome to bring your families — and for the Dali exhibition, it will be Tuesday, 4 August. The invitations will go out shortly. I know we will see quite a few of you there.

The CHAIR — Thank you very much, Minister.

CHAPTER 10: DEPARTMENT OF PRIMARY INDUSTRIES

10.1 Agriculture Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 14 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Helper, Minister for Agriculture,

Mr R. Bolt, Secretary,

Dr B. Kefford, Deputy Secretary, Agriculture and Fisheries,

Mr P. Bailey, Executive Director, Biosecurity Victoria,

Mr L. Wilson, Executive Director, Agriculture and Natural Resources Policy, 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 2009–10 budget estimates for the portfolio of agriculture. On behalf of the committee I welcome the Honourable Joe Helper, Minister for Agriculture 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. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial performance information that relates to the budget estimates for the portfolio of agriculture.

Mr HELPER — Thank you, Chair. I would like to start with a short presentation about the Agriculture portfolio, which includes agriculture, fisheries and forestry, in the Department of Primary Industries.

Overheads shown.

Mr HELPER — DPI's role is primarily, although not solely, economic. A key focus is enabling businesses to raise their productivity faster than competitors and improve market access with a complementary focus on farmer health, safety and resilience, animal welfare and the natural environment. Key sources of productivity growth include advances in knowledge and technology, better use of available technologies, and improved management practices.

The government's vision for the farm sector, as outlined in the Future Farming strategy, is one where individual farm businesses are more competitive, productive and sustainable. This presentation provides an assessment of some of the significant challenges facing Victorian agriculture and an explanation of how government investment is assisting industry to meet those challenges. I will also present some key outcomes which highlight that, despite the challenges, our agricultural industries continue to make a major contribution to Victoria's economy. Finally I will present some of the government's major priorities going forward.

The graph that you see here highlights one of the biggest challenges facing Victorian agriculture: climate change and drought. What this graph shows is annual rainfall in Victoria from 1900 to 2008. The black line across the middle of the graph indicates average rainfall and, as you can see, we have had well below average rainfall for eight consecutive years now. This is the longest drought on record. It paints a bleak picture, and unfortunately this pattern does not appear to be improving. In fact, this year Victoria experienced the driest start to the year on record. The impact of such record low rainfalls is felt throughout the regional communities and across the agricultural sector. It has left very few people untouched.

In response, that is why the Future Farming strategy committed $5.2 million over four years to give farm businesses better access to relevant information and research about climate change, and $6.22 million over four years to provide lamb, grains and horticulture farmers with new technologies and strategies to adapt their farming systems and practices. Over the past three years, the government has put in place more than $400 million worth of drought response measures to support our farmers through these tough times. In the last financial year alone, we have allocated $30 million for an additional contribution to the exceptional circumstances drought relief payment, $15 million to provide eligible Victorian farmers with up to 50 per cent subsidies of their municipal rates, $6 million to provide individual grants of up to $3000 for farmers to implement projects to improve their on-farm productivity, $2.2 million in drought extension support to assist

farmers in the most severe drought-affected areas of the state to make informed decisions about their future, $1.9 million to support agricultural businesses which employ apprentices, with more than 660 businesses succeeding and receiving grants in this season's program, and $520 000 to extend the case management approach to support farmers through drought and adjustment.

In terms of challenges, the second major challenge I would like to mention is fluctuating and increasingly competitive international markets. As we will see a little later, international dairy commodity prices reached record highs in 2007–08 as favourable economic conditions encouraged strong growth and demand. However, the impact of the world financial crisis hit the dairy industry in September–October last year, as demand for dairy products dropped and prices deteriorated rapidly. World dairy prices have fallen by more than 60 per cent for powders and 50 per cent for cheese and butter.

The government's response is $8.57 million over four years through the Future Farming strategy to drive productivity growth in the dairy industry, and a $700 million business support package jointly funded by the dairy industry through Dairy Australia to help dairy farmers to make better, more informed decisions for their future. The Department of Primary Industries continues to work closely with the dairy industry to plan and deliver a significant response to assist dairy farmers cope with low milk prices.

The horrific bushfires which swept across Victoria in February devastated 78 communities and 400 000 hectares of land. At least 12 200 head of stock were lost, and around 13 400 kilometres of fencing were destroyed. There were also more than 3500 farm buildings lost — that is dairies, hay sheds and machinery sheds. Of course these impacts pale into insignificance when we consider the loss of human life.

Over 700 Department of Primary Industry staff were deployed to fire-related duties. These duties included supporting DSE and the CFA in the firefighting effort as well as leading on-farm bushfire recovery programs. DPI's recovery team visited and assessed almost 5000 properties. Department staff provided valuable assistance and advice to individual land-holders in relation to animal welfare and farm infrastructure, and they helped source stress-management support. It is important to remember, however, that the fire recovery process is far from over. DPI will continue to support fire-affected land-holders on the long road to recovery using a case management model which will identify the individual's needs.

Another of the department's challenges has been protecting our valuable agricultural industries from serious biosecurity threats, including Queensland fruit fly, locusts and potato cyst nematode. Queensland fruit fly was discovered in inner suburban Melbourne in early 2008 — the first detection in Melbourne in 20 years. The outbreak posed a significant threat to Victoria's $406 million horticulture industry. In autumn plague locusts were observed laying eggs over a large area in northern Victoria. Plague locusts can eat half their body weight in crops and pasture every day, and the estimated impact on agricultural production was in the vicinity of $100 million.

In October an outbreak of potato cyst nematode was found on a seed potato property near Thorpdale in Gippsland. Potato cyst nematode is a microscopic, wormlike organism which feeds on the roots of potatoes. The export of potatoes to interstate destinations was disrupted by the discovery.

In response, the government allocated $3.5 million to fight the fruit flies through an eradication program, and in one month alone DPI inspectors visited around 14 000 properties searching for fruit fly infestations. I would particularly like to acknowledge Melbourne residents and Melbourne Wholesale Fruit and Vegetable Market users for their cooperation in this effort.

The government allocated $7 million to protect Victoria from the threat of locusts. The department established an incident control centre in Tatura and 1100 samples were tested. The DPI customer service centre took in excess of 2000 calls reporting sightings, and information regarding locust identification and control was distributed to tens of thousands of farmers around Victoria. A high level of awareness and cooperation by land-holders, including local government, ensured that a potentially major threat was minimised.

The government has invested nearly $2 million to ensure Thorpdale potato farmers can export their crops despite the PCN disease.

In terms of outcomes, although Victoria's agricultural industries have faced and continue to face significant challenges, the sector's performance is impressive. As this graph shows, Victorian agriculture is in a strong

position. The estimated value of our agricultural production in 2007–08 was $11.8 billion. This is a $3.1 billion, or 35 per cent, increase on 2006-07.

The state's position in regard to food and fibre exports tells an equally compelling story. In 2008 Victoria accounted for 25 per cent of Australia's total food and fibre exports and was Australia's largest state exporter. The value of food exports from Victoria in 2008 was $6.08 billion — an increase of about $800 million, or 15 per cent, on the previous year. This is particularly impressive given the drought and the fact that Victoria's performance comes from only 3 per cent of Australia's arable land.

Dairy and meat dominated Victoria's food and fibre exports. Despite the dairy market situation I mentioned earlier, dairy exports were valued at $2.4 billion in 2008 — an increase of 11 per cent from 2007. As you can see in this diagram, they make up about 87 per cent of all Australian dairy exports.

The CHAIR — In what year is that?

Mr HELPER — That is in 2008. It should be noted, however, that the dairy production for 2009 is likely to dip, given the reduced prices. Meat exports are valued at $1.59 billion, and this export market is growing, with a $197 million, or 14 per cent, increase from 2007. This result is largely due to the continued efforts of the meat industry, working in conjunction with the DPI, to maintain and develop high-value meat markets such as the US, Korea and Japan.

In the area of companion animals, the government launched the We Are Family program in April last year. It is already operating in 70 Victorian hospitals throughout metropolitan Melbourne and country Victoria. The hospitals committed to the program to date account for 65 000 of the 75 000 babies born each year. No hospital has declined an opportunity to participate. In fact the program is so popular the Victorian government has entered into a licensing agreement with the South Australian department of primary industries to share the program. The program has now moved to phase 2 of the rollout, which will see another 800 maternal health centres given the opportunity to participate in the program.

Moving on to fisheries, the government has allocated $13.5 million to enhance recreational fishing in Victoria. The government's 2006 recreational fishing and boating policy statement committed to enhancing recreational fishing opportunities throughout Victoria, including three new reefs in Port Phillip Bay, stream classification of Victoria's rivers and streams, a fish-cleaning table construction program and an initiative for improved angler access across Victoria. DPI, working together with partner agencies, has overseen the building of the new Purrumbete boat ramp pictured in the article on the screen.

This has been a huge boost for recreational anglers in Victoria's Western District. This year DPI will stock in excess of 1.5 million fish — this is an increase of more than 30 per cent compared to the 10-year average fish-stocking figure of 1.1 million fish. This milestone will be achieved despite many waterways across Victoria being offline due to the drought. Fishing in Port Phillip Bay has never been better, with record recreational catches of King George whiting and snapper being reported since October 2008, and I take personal responsibility for that. Recreational fishing continues to contribute to the health and wellbeing of Victorians. It provides an important stimulus for many regional communities.

Finally, I would like to look at some of the key priorities for the next year. Through the government's $205 million Future Farming strategy, last year we set out new investments to boost farming services and productivity, to help the farming sector respond to change, to drive innovation and to capture new market opportunities.

This year we will spend $17 million on securing and developing services to farmers, $3.5 million managing pests on roadsides regionally and beyond, $2.2 million to drive innovation in the dairy industry and $1.6 million for new farming systems and technology adapting to climate change. We will work with the commonwealth and the Council of Australian Governments to release and implement Victoria's biosecurity strategy.

Victoria's timber and forest products exports are valued at around $700 million. This accounts for 29 per cent of the national export total. In meeting the commitment under Our Forests Our Future and moving forward, the government last month released the draft timber industry strategy for public comment. This strategy aims to maximise economic value to Victoria from producing and processing timber in a socially and environmentally sustainable way. The strategy will boost industry confidence and support long-term investment in sustainable employment for this important industry. In particular the strategy provides for improved public native forest

resource security and streamlined planning approvals for timber plantations on private land, which will facilitate industry investment.

Finally, I would like to mention the Biosciences Research Centre. The Victorian government and La Trobe University are investing $230 million to build the Biosciences Research Centre, a world-class facility for agriculture and biosciences research and development. The facility will focus on cutting-edge research to improve productivity, fight disease and reduce environmental impact. The project is on schedule and is currently in the procurement phase. Construction is scheduled to commence later this year, and the facility will be ready for occupation in 2011.

The CHAIR — Minister, thank you.

Mr HELPER — It is like a second-reading speech, isn't it?

The CHAIR — It is.

Mr DALLA-RIVA — And it is interesting!

The CHAIR — As I have said to other ministers, resist the temptation to get into the sort of byplay which might occur at question time and just deal with the questions and the answers. Minister, I have asked other ministers the same question about there being quite a lot of federal grants and federal support through the budget, so I ask you: what sort of federal support and federal grants does your portfolio or your department and its agencies receive in the budget? Could the department provide the committee with a detailed list and description of these grants and this support and also provide us with information on the accountability mechanisms that are involved with such federal programs?

Mr HELPER — Thank you for the question. Primarily, I think it is fair to say, the largest amount of federal funds that the department has handled are in relation to our response to exceptional circumstances drought funding. That would be in the areas of interest rate subsidies et cetera. I will certainly get you a detailed table of it, but by far the largest amount of that is in that area. I am happy for Chris to provide you with some more detail right now.

The CHAIR — That would be good. Yes, thank you.

Mr O'FARRELL — I think the answer to the question is, as the minister has said, the vast majority of money that we get from the commonwealth is for exceptional circumstances drought assistance. There might be some other minor payments from commonwealth-related bodies for research, but not from the commonwealth government.

The CHAIR — We would appreciate some detail on that. What are the accountability mechanisms then for this drought assistance, both from you back to the federal level and of course from the people who ultimately receive it back to the state as the body in the middle, if you like?

Mr HELPER — The drought assistance arrangements are under a national-state deed of arrangements. The accountability mechanisms are built into those arrangements, and we, of course, comply with those. It is fair to say that on the whole the drought relief money comes to us and we dish it straight out. There is no enormous amount of interaction with that funding by DPI, but the accountability measures are built into the funding agreement.

The CHAIR — So the people ultimately receiving it, or the organisations, what accountability mechanisms do they have to follow?

Mr HELPER — A number of those initiatives — for example, the interest rate subsidy — are administered through the Rural Finance Corporation, and the commonwealth and state contract Rural Finance to perform the distribution of those funds. They have a very strict set of protocols which I do not think have ever been in question since the operation of rural finance.

The CHAIR — Your internal audit or the commonwealth's internal audit looks at them, do they?

Mr HELPER — I think the commonwealth's, yes.

The CHAIR — The answer is yes?

Mr HELPER — Yes.

Dr SYKES — Just a point of clarification, Minister. Are you satisfied that the Queensland fruit fly has been eradicated?

Mr HELPER — It is eradicated in a number of areas. Do you mean the metropolitan one?

Dr SYKES — In Victoria.

Mr HELPER — No, I regrettably cannot be confident that fruit fly is eradicated in Victoria and parts of Victoria. Indeed fruit fly is considered endemic. Where fruit fly infestations are detected in new areas, such as the metropolitan outbreak just by way of example, we throw an enormous effort at eradication. But, for example, eradication of fruit fly in East Gippsland would be beyond a reasonable use of resources. In terms of the outbreak that happened in the metropolitan area, there are a number of areas where eradication has taken place. Detections were in Kensington, Ascot Vale and Carrum Downs. These were first detected 20 years ago, with the Kensington and Ascot Vale outbreaks affecting trade with fresh fruit from the Melbourne markets.

Dr SYKES — I do not particularly need more detail on that. So fruit fly remains in Victoria?

Mr HELPER — Yes.

Dr SYKES — In your budget paper 3, page 350, you have got a line item for fruit fly eradication of $3.5 million in 2008–09, which you have made reference to, but then there is no subsequent funding for fruit fly eradication. Is there another funding package for fruit fly control?

Mr HELPER — Fruit fly control is an ongoing activity for the department. We have run for umpteen dozen years a fruit fly control program. What that $3.5 million refers to is the specific effort to respond to the outbreak that occurred in metropolitan Melbourne.

Dr SYKES — Fine. So what is the specific allocation for ongoing fruit fly control to assure the people, the apple growers et cetera?

Mr HELPER — Yes. If I could ask Peter Bailey. It is difficult to identify because it is a — —

Dr SYKES — I am happy to have it on notice.

Mr HELPER — It is a function amongst many of our biosecurity area. But, Peter if you — —

The CHAIR — Just give us your name and title.

Mr BAILEY — The expenditure on fruit fly has increased probably over the last five or six years within our core budget from about $1 million to about $4 million. In the last year or so we have managed to secure some industry funding for the pest-free area program up in north-western Victoria, which is already showing success. This is a program involving the New South Wales Department of Primary Industries, the Victorian Department of Primary Industries, the stone fruit industry, the table grapes industry and the citrus industry.

Recently a Japanese inspector has provided a small window of opportunity for what they have called ‘winter product’ to go to Japan. This is a fairly intensive program to try and keep the flies out of that area. It is an area within the broader fruit fly exclusion zone, which encompasses New South Wales, South Australia and Victoria. There is a lot of work going on with fruit fly. It has been very interesting to note that over the last couple of winters flies seem to be surviving, whereas previously it was considered that the cold winter conditions in Victoria tended to kill off flies. Our surveillance is identifying that these flies are overwintering. Whether there is a real effect of climate change there, but that is certainly putting pressure on our program.

So there are a number of activities we are doing there. We also a fairly lead agency in a national sense. There is a national fruit fly strategy that has been developed and we are hoping that additional resources might be available through that program within a year or two. The specific funding is related to Treasurer’s advances to deal with the Melbourne fruit fly situation, which you have mentioned, and also some of the programs in the

north-east where there has been a fair bit of pressure on from fruit fly over the last year or two. A Treasurer's advance tends to be an annual allocation when the need arises. We are hopeful we can — —

Dr SYKES — But you have a lot of ongoing work going on?

Mr BAILEY — Sorry?

Dr SYKES — Perhaps just take it on notice, if you could. Can you give us a figure in dollar terms — —

The CHAIR — Four million, he said.

Dr SYKES — Four million is the ongoing commitment to fruit fly control?

Mr BAILEY — It is around that sort of figure, yes.

Dr SYKES — And that goes into the future? It is not just historical?

Mr BAILEY — No, that is historical. What we are looking for is greater industry contribution to the program. We have a program working with industry in Victoria to explore options in terms of the nature of the program going forward and the funding of that program going forward.

Dr SYKES — What is the level of government commitment, just for this coming year, for fruit fly control activities? I understand you are exploring other options, but right now, how many taxpayers dollars are being put on the table by the Victorian government for fruit fly control?

Mr HELPER — It will depend on the season.

Mr BAILEY — That will depend on the level of fruit fly activity in Victoria. There are a number of programs that the plant off area has to deal with.

Dr SYKES — But there is a base level? As you know, I have some background in disease control and there are components of that that are there regardless of the level of occurrence of disease. So you must have a figure that you have for base activity, let alone what you may build up to in the light of explosive outbreaks.

Mr BAILEY — I am happy to get that figure and get that to you.

Ms MUNT — Minister, you mentioned in your opening presentation an $11.5 million Future Farming strategy to help businesses plan for climate change, and later you said that the delivery of it was a key priority. I also note that you also noted this particular program in your response to the budget estimates questionnaire and you list this as a key priority to roll out. Could you explain what this program entails and what you expect to achieve from this strategy in the coming financial year?

Mr HELPER — Sorry, which specific program were you referring to, Janice?

Ms MUNT — The Future Farming strategy.

Mr HELPER — The Future Farming strategy I guess drives our commitment to improving productivity, to improving resilience and to improving sustainability of our farm sector. It is a $205 million strategy over four years that was announced last year by the Premier and me What is driving that strategy is recognising the enormous level of change that is confronting agriculture, some of which I referred to in my presentation, and ensuring that we do all that is possible to ensure that farm businesses have the ability to adapt to that change, be that through a large part of the funding, through practice change, be that a large part of the funding that is about ensuring that we have the signs, that we have the research going on that supports future productivity improvements in agriculture and be it in a large part about ensuring that our farmers can effectively engage with that practice change.

It is a complex strategy. It is one that I think meets the complex challenges that agriculture is facing and, as we can see historically, agriculture is immensely capable of changing, of adapting to new circumstances and of absorbing practice change. The Future Farming strategy is very much about that.

Mr DALLA-RIVA — Minister, why do you hate the fruit and vegetable industry so much?

Ms MUNT — Why do you hate fruit and vegetables, Minister!

Mr HELPER — I hate my broccoli, but I do not accept that.

Mr DALLA-RIVA — You are the agriculture minister, and we know that the Melbourne fruit and vegetable market — —

Mr WELLS — What has happened to that?

Mr DALLA-RIVA — Indeed. Clearly you hate the fruit and vegetable industry and it is going to be left without a home, because there is nothing in the budget — we have just gone through to check again — and nothing in the forward estimates. There are concerns about moving the fruit and veg. market to Epping, which I understand has fallen through, so as the minister responsible, what are you doing about it?

Mr HELPER — Can I just dispel some of the wrong presumptions you make in all of this.

Ms MUNT — You love vegetables?

Mr HELPER — Firstly, the relocation of the fruit and vegetable market to Epping remains a firm commitment by this government and will take place. We expect to have the relocation take place in 2011, and we expect construction to begin later this year. It is a complex project and one that I think involves a great number of industry stakeholders and a great number of commercial considerations in how we execute this project. I think the project is progressing well. The budget allocation, actually, was I think in the 2006–07 year.

Mr O'FARRELL — I think so.

Mr HELPER — In 2006–07, but I stand to be corrected. So the capital allocation to the relocation and the construction of the new market at Epping — —

Mr WELLS — Sorry, what page is that, Minister?

Mr HELPER — I do not have a page reference in the 2006–07 budget paper.

Mr WELLS — No, in this year's budget, where it has been carried over.

Mr DALLA-RIVA — Yes. There must be a carryover.

Mr HELPER — I will ask Mr Farrell to find that out for us.

Mr O'FARRELL — No, it is not — —

Mr HELPER — Anyway, I will continue.

Mr WELLS — Hang on.

Mr O'FARRELL — It is not — —

The CHAIR — I am happy to advise where to find it, if you like. You will find it in our estimates questionnaire in response to question 2.1.

Mr WELLS — No, we are wanting to know where it is in the budget papers in the forward estimates.

The CHAIR — I am just saying the committee has information already from the department.

Mr WELLS — What page was that?

The CHAIR — It is on page 7.

Mr HELPER — Anyway, while we all shuffle budget paper pages, I will continue with my response. The complexities of the project and the stage that the project is at clearly shifts the value-add that can occur within government, and of course major projects is now playing a much greater role. That is the way it ought to be as a project evolves and continues down. So apart from the premise of your question being off the mark — with the

exception of my hatred for broccoli — the project is proceeding well and it remains a complex and intricate project to execute.

Mr DALLA-RIVA — So we had funding by Mirvac that has fallen through.

Mr HELPER — What funding by Mirvac?

Mr DALLA-RIVA — Wasn't there a PPP arrangement? Wasn't there some funding that fell through?

Mr HELPER — No, I think you misunderstand the project. The state is committed to constructing the core market, and the delivery of the ancillary warehousing of that market is on the one hand ostensibly a commercial set of issues for those who wish to take advantage of the ancillary warehousing. The VFM, or the Victoria Fresh Markets group of users, have an arrangement with Mirvac, but that arrangement is not with the government.

Mr DALLA-RIVA — There is nothing happening, though. We have heard from the Premier and everyone else about the global financial crisis and the impact that has had in terms of investment — —

Mr HELPER — As I suggested to you, the project is a complex one and it is a project that we expect — —

Mr DALLA-RIVA — Well, it has fallen through; that is the bottom line.

The CHAIR — Next question.

Dr SYKES — Sorry, just a point of clarification.

Mr WELLS — As a clarification, I think it is important — —

The CHAIR — He has already given clarification.

Mr WELLS — No, it is actually on the point that you made. It is not a new initiative, but I am just wondering how the government is accounting for it in the forward estimates if construction is going to start at the end of this year.

The CHAIR — I am happy to provide clarification on that. You will find that the departmental statements, which are in budget paper 4, cover the total amount of funding that the departments have. In respect of infrastructure there is information in either the annual reports or in the budget information paper, which comes out, I think, in September or around about then and includes all the various infrastructure projects and asset projects.

Mr HELPER — So if I can just come to the — —

Mr WELLS — But it is not actually in these budget papers?

The CHAIR — No. The budget papers tend to have the total expenditure by departments and the departmental financial statements. They also include new initiatives. The other ones are contained further on. We also have output statements, and then we ask them questions under those various outputs, which usually include initiatives which are taken in previous years but which are ongoing over more than one financial year.

Mr DALLA-RIVA — Which this is.

The CHAIR — Yes, that is right, and that is why we asked in the questionnaire what were some of the things going on.

Mr WELLS — But the department should not be relying on our questionnaire to be able to put that amount of money in the forward estimates in regards to asset funding.

Mr HELPER — For the sake of brevity of this meeting, which is going to go on for 2 hours as it is, if I may ask Richard to respond. It is built into our budget as a previously announced capital project.

Mr BOLT — Yes. It is simply not itemised because it is already built into the forward estimates, as allocated in previous years. That is the only reason you do not see it in there, but it is fully funded, as per the announcements of the time.

Mr HELPER — So far as saying that the project is dead, let me dispel that. The request for tender was issued to bidders in the first week of May. We would hardly go seeking tenders if the project were dead.

Dr SYKES — A clarification: can you have an effective market without the associated ancillary warehousing?

Mr HELPER — Clearly not.

Dr SYKES — So you are proceeding with the market, but the funding of the ancillary warehousing at this stage is in considerable doubt?

Mr HELPER — No, the funding for the ancillary warehousing is a set of commercial considerations, and clearly the ancillary warehousing has a shorter construction period than the core market does.

Mr NOONAN — Just for Hansard's reference, that was not my last question; that was from Dr Sykes.

In relation to the DPI restructure, there is a reference on page 198 of budget paper 3 to the significant challenges facing the department in the medium term which, among other things, talks about opportunities, including demographic changes. I understand that in the second half of last year there was a proposal for a major restructure of DPI to modernise and improve the delivery of services to farmers. I wonder whether you can outline the progress on this and advise of future plans in this area?

Mr HELPER — That is an excellent question, and I am happy to answer it. What we have to do as a department is remain relevant to our stakeholders and as our stakeholders change, so we have to change. DPI aims to have the right people in the right place to meet the growing and changing needs of farming. At a time when the farm sector in regional Victoria is being reshaped by climate change or global commodity markets, and demographic trends and other trends, DPI must also change. If we were to stay the same, if we were to resist change or be reluctant to change, we would lose relevance to our stakeholders.

Also we have to ensure that we continue to deliver the right services with the skills base that we need to develop in an ongoing way from the best location. Research is also increasingly undertaken using computers and computer modelling and, where field trials do occur, which has been traditionally a very large part of DPI's use of facilities, those field trials increasingly take part on farmers' land, on private land, and are undertaken with commercial drivers.

The other factor that contributed to our restructure and rearrangement is that it makes sense to build larger teams of scientists, of experts in particular areas, so that there is positive cross-pollination so it is a greater attraction to experts and leading scientists and young people to come together in our groups of professionals.

DPI, in the specifics, ceased work at four locations — Stawell, Rainbow, Sea Lake and Charlton. These were very small centres that we had — in some cases, single-person facilities. We will cease work at the Toolangi and Kyabram sites by mid-2009. The time lines for two locations have been extended to give staff and industry and communities more time to make the transition.

In Walpeup work will cease by December 2009 and in Snobs Creek, there will be the relocation of science activities to Queenscliff — I stress 'science activities' only — which has been extended until the end of 2010, with individual arrangements beyond this time frame for some staff to accommodate personal circumstances. Staff numbers on sites including Tatura, Ellinbank, Ararat, Irymple, Hopetoun and Queenscliff will grow, and DPI will continue to operate from around 70 sites around the state.

Dr SYKES — I am pleased for that little gem of knowledge about Snobs Creek. I recall corresponding with you on that matter, and you were going to get back to me, so thank you for getting back to me in this forum.

Mr HELPER — That is terrific. I am always happy to help.

Dr SYKES — I refer to budget paper 3, page 198, where a significant challenge is facing the department in the medium term. I note that water scarcity is one of those challenges, and I ask: has the minister's department provided you with advice on the impact the federal government's water buy-back is having on the capacity of Victoria's dairy production?

The CHAIR — Only as far as it relates to the estimates and future programs.

Dr SYKES — You have indicated that the Victorian dairy production was in the order of $2.4 billion in the last year. A key input to milk production is water, and water scarcity is an issue.

The CHAIR — Perhaps he can answer it, rather than you.

Dr SYKES — I am just giving him some time. I was giving him a thought process to follow.

Mr HELPER — To be frank, what the government's view is to the federal government and other governments, not just the federal government, entering into the water market, you should really address that to my ministerial colleague Tim Holding, the water minister.

Insofar as the impact of water trading on the dairy industry, let me put a scenario to you that played out last year. It does not go specifically to your question but nevertheless it reflects a bit on the merits or otherwise of water trading. When we saw circumstances for the first time reduce significantly the Murray and Mildura irrigation water allocations — reduced from very high levels — I remember visiting Mildura and being cornered by a number of horticulture growers, saying that what the government should do is qualify the water entitlements of dairy farmers in the Goulburn irrigation area, transfer the water to permanent plantings in and around Mildura, and simply purchase fodder for the dairy industry to get through the season.

I thought to myself that, firstly, I am not convinced of the merits of that approach and, secondly, I find it pretty hard to believe that I could not convince my government of the merits of such a proposal. The reason I am long-windedly explaining that is if we then go through the season and see what actually happened, we see the merit of water trading.

What happened is that in many cases the dairy farmers in the Goulburn did sell their water and did purchase fodder. The horticulture irrigators, particularly with permanent plantings, purchased that water, which got them through a difficult season. There is no underestimating the difficulty of that season, but nevertheless, on a whole, it got them through that season a lot better than if the ability to trade water did not occur. That does not go to your question in terms of the government's attitude to the commonwealth government entering the water market. As I say, that is appropriately a question that should be addressed to the water minister.

Dr SYKES — With your indulgence, Chair, the minister put up a slide that showed the Victorian dairy industry is extremely important to Victorian agricultural income production and the Victorian economy overall — it was about $2.4 billion. Let us clarify: the federal government buying out water, or buyback, is not synonymous with water trade. Water trading enables water to be transferred, of which one option is buyback, for the water to be taken out of the system.

The CHAIR — What is your question? You have already asked a question.

Dr SYKES — The minister has not answered my question.

The CHAIR — That is for the minister to determine, whether — —

Dr SYKES — No, I am sorry. As you have said, Chair, this is not the floor of the Parliament where I can ask whatever question I like and he can give whatever answer he likes. This is a process where we ask questions and we hope to get answers. My question is: given the potential very significant impact on the Victorian dairy industry in the event of increased water scarcity caused by federal government water buyback, have you had a briefing from your department to advise you of the possibilities there and the implications? If the answer is no, say it.

Mr HELPER — I think a simple answer to what is a complex set of issues — not a complex question, but a complex set of issues — may well be misinterpreted by some. Clearly the factors that come into play on the impact of water scarcity, be it as a consequence of players in the market — be that a government or be it others that are in the market for the purchase of water — the impact on a particular industry is nigh impossible to determine. Firstly, you do not know who is going to sell. Secondly, you do not know what the price will be and what the regional price differential will be. Thirdly, you do not know what farmers may do with the money received from water that they sell.

Dr SYKES — So you have allocated over $8 million of taxpayers money to help the dairy industry adjust to water scarcity, and you have not had a briefing on the impact of the federal government's buyback of water on the dairy industry as influenced by water scarcity?

The CHAIR — I think we might leave this area.

Mr HELPER — You are barking up the wrong tree, I am sorry, Bill. I am happy to have a lengthy conversation with you about it, but (a) you really are asking a question that is impossible to answer so therefore my department would not, and (b) the investment in the dairy industry in terms of greater water efficiency is as relevant to dryland dairy as it is to irrigation dairy as it is to a whole range of other fodder production systems. The two are not related.

The CHAIR — I think you might need to take that up further outside this forum.

Ms HUPPERT — Minister, I also wanted to ask a question about the dairy industry situation. I note that in your presentation you talked about the tough times facing the dairy industry as a result of the global financial crisis, and in particular the drop in farm gate prices for milk. I note that on page 205 of budget paper 3 there is a new performance measure related to genetic improvement of dairy cows through breeding, contributing to increased milk production and dairy productivity. I wonder if you could outline for us what the government is doing to ensure that Victoria's dairy industry can cope with the current economic crisis?

Dr SYKES — I am sorry; my question was one or two early.

The CHAIR — It is all in the framing, Dr Sykes.

Mr HELPER — Thank you for the question. As I indicated in my presentation, dairy prices have been very volatile. Since September–October last year, international dairy market conditions and prices have deteriorated rapidly. They have stabilised somewhat in recent times, but world dairy prices fell by around 60 per cent for powders and 50 per cent for cheese and butter, as I indicated in my presentation.

At the same time, I guess counteracting that moderately, the Australian dollar on average also fell by around 15 per cent against the US dollar. This helped some level of offset of the two. It is also worth noting that the expected average 2008–09 milk price of 33 to 34 cents per litre is still above the long-term average milk price of around 29 cents per litre and will be the second-highest price recorded, only exceeded by last year's record price of 50 cents per litre. With that, I am not in any way, shape or form trying to suggest that the difficulties the industry faces are not significant.

The fall in farm gate milk prices has been partially offset also by reductions in input costs — fuel prices down around about 35 per cent and feed costs down 15 to 30 per cent, depending on what type of feed used et cetera. We will continue to work closely with the dairy industry to plan and deliver significant responses to assist dairy farmers cope with lower prices, including one-on-one business support and an action plan comprising market surveillance to better understand the dynamics of the world market in dairy products, and management tools and information for farmers and their service providers to respond to volatile conditions.

As I indicated also in my presentation, the Brumby government and Dairy Australia have partnered in a $700 000 business support package for Victorian dairy farmers. The Victorian government and the dairy industry have agreed to work with the commonwealth in terms of the number of trade issues and the number of trade measures we may be able to take to further enhance the opportunities for our dairy industry.

I have been having regular meetings with senior players as well as farmers in the dairy industry. Yes, there is of course a very significant impact as a consequence of reduced prices, but there is also an enormous amount of resilience and optimism that, medium term, world dairy prices will recover and that Victoria's dairy industry can indeed continue to play an important part in the world dairy trade.

Ms PENNICUIK — We know that agriculture in general is under significant pressure, as it says in the budget paper there. A key recommendation from VEAC's community engagement panel report was that mixed species agro-forestry in the river red gum region would provide private landowners with income from sales of firewood and substitute the practices that will be winding to a close with the river red gum national parks. What funding and actions has the department taken to provide incentives to private landowners in the region to take up this recommendation and this new industry?

Mr HELPER — You would be aware that the area of responsibility in government for VEAC and its recommendations is that of my colleague Gavin Jennings and falls under the Department of Sustainability and Environment. What we are doing in farm forestry is very much a recognition that farm forestry is seen by many as a viable long-term alternative crop. When there is a failure of understanding in the marketplace in terms of farm forestry we stand ready to address that failure. We are very active in terms of commercial forestry through a farm forestry plan that the government is proposing to develop, which will improve the sustainability of the farm forestry sector. There are many good examples of farm forestry being successful, and there are some examples of farm forestry being a failure. The individual land-holder at the end of the day has to make a call on whether the crop of farm forestry is the one that he or she wishes to plant on their property.

Ms PENNICUIK — The department obviously provides assistance to other types of industries, and this is an industry in that area. There is no involvement of the department is what you are saying?

The CHAIR — The Department of Primary Industries.

Mr HELPER — No, I would not say that. We certainly provide an enormous amount of advice and an enormous amount of expertise and experience to those that seek it. In terms of how farm forestry can be a part of an individual's farming model, we do not provide a subsidy for somebody to plant a farm forestry crop, nor do we provide a subsidy for somebody to plant a wheat crop, nor do we provide a subsidy for somebody to provide a dairy crop. Insofar as we are an agency that provides information on relevant and useful practice change, that applies as strongly to farm forestry as it does to every other sector that is amongst our stakeholders.

Ms PENNICUIK — It is just that it has industry development assistance as part of its recommendations.

Mr HELPER — Sure. There I do have to refer you to the fact that VEAC and the response to the VEAC report is a whole-of-government response, but it is a response that is led by my colleague Gavin Jennings.

The CHAIR — It can be directed in that direction.

Mr SCOTT — Chair, through you to the minister, I know that in the presentation there is a reference to the assistance that is being provided to the victims of the 2009 Victorian bushfires. I would be grateful, Minister, if you could outline the support you are providing to rural landowners who are victims of the February 2009 fires.

Mr HELPER — Thanks, Robin, for that question. Again, it is hard for any minister to respond in the areas of bushfire response in the face of the enormity of this tragedy that saw 173 people lose their lives. So within the context of that, I guess our response is a minor one but nevertheless I think a very important one, one that has taken a lot of effort and, as the detail of my answer will show you, one that is well thought through and one that brings compassion to the recovery effort of Victorian land-holders.

DPI is responsible in the immediate sense for dealing with animal welfare issues and assessment of animals burnt. Our staff undertake a detailed loss and damage assessment on rural properties after fires and after the fire ground becomes safe, and also provide advice and signposting for affected parties to deal with short and medium-term needs after the fire. This summer DPI has attended all significant fires affecting private properties throughout Victoria. DPI field staff contacted 4807 property owners during the loss and damage assessment phase of this activity, which continued until the end of March. Damage caused by the fires include 100 000 hectares of private farmland, 10 000 large animals — sheep, cattle and horses — killed and more than 10 000 kilometres of fencing destroyed.

DPI has responded to fire-affected rural enterprises, rapidly assessing animal welfare implications and providing relief in the form of immediate euthanasia, disposal of severely injured animals, assessment and advice regarding mildly or non-affected livestock and immediate assistance with animals as required.

I express my appreciation to other parties that play an important role in the space of animal welfare — the VFF, the RSPCA, the Australian Veterinary Association, Wildlife Victoria and other wildlife organisations, DSE and many private individuals. All have played an important part in addressing animal welfare issues arising from the fires.

DPI also provided support to DSE in controlling the fires, as I indicated. Some 455 DPI staff across the state are trained and available to assist DSE when required in fire response, and many of those of course do get deployed in fire duty. DPI has worked directly with the Victorian Farmers Federation to facilitate the delivery of

donated fodder. We have provided funding to the VFF for the coordination and the transport cost of donated fodder, which is about alleviating animal welfare issues, as opposed to long-term feeding of animals.

As well again we have provided support to the VFF, and I acknowledge my gratitude to them for the way they have engaged in this, in terms of the coordination of voluntary fencing efforts, where we fund the VFF to provide coordinators around fire-affected areas. Those coordinators are doing a terrific job, along with other organisations in that space. As of 7 May, VFF volunteer teams had completed repairs to 1511 kilometres of boundary fences on 798 properties. VFF volunteer numbers reached over 5000, and the time put in exceeds 36 000 person hours. I think the effort is a positive one and one that I am proud that my department delivered in that space.

Overall in terms of response by government to fire-affected land-holders, the commonwealth and the state governments instigated a clean-up and restoration grant scheme, which consists of $5000 relatively readily available to directly affected businesses, including agricultural businesses, and a second grant of a possible $20 000, so a total of $25 000 in grants, and indeed interest-rate-subsidised low-interest loans of up to $200 000 are made available through that.

We can touch on the impact on something that maybe not many of the audience and the committee are aware of — the impact of the fires on our aquaculture industry. At least 4 of the 10 trout farms located in the Shire of Murrindindi were directly impacted by bushfires. Industry has estimated around 220 tonnes of trout is now very smoked trout — if I can say that slightly tongue in cheek. The industry is impacted by changes in water quality and changes in water temperature. That is of course a very severe impact. DPI fisheries are working with those affected operations to provide as much expertise as we possibly can to minimise that impact.

The timber industry I would like to touch on primarily so that I can acknowledge and thank at this forum the timber industry for the tremendous role it has played through its contractors in combating the fire — a terrific effort and beyond the call by many who participated in that effort, particularly when you can take into the account that the fires came at the peak of the harvesting season. This is a huge burden additionally that the industry bore as well. The impact on native forestry resource, and indeed plantation forestry resource, is significant also and something we are working on closely with the industry, and have worked closely with the industry, to ensure that we mitigate the impact of as best as we possibly can.

The CHAIR — I thought we would have lost a few olive trees, too, in the fires.

Mr HELPER — Yes. I did not touch on horticulture. This is not an exhaustive list of the impact of the fires on agriculture or my portfolio areas. You are quite right. On the subject of horticulture, I remember visiting an apple orchard in West Gippsland, and the impact of the fires was devastating. Here is a young, bright, switched-on farmer moving ahead and doing all the things we would like our farmers to do, and I think it was 40 per cent, if I recollect correctly, of his orchard that was lost. These are massive impacts, and impacts that will take some time to overcome and we will, through our expertise, work on mitigating the harshness of the recovery period.

Dr SYKES — Minister, my question is related to drought, and in particular the basis and the timing of making decisions and announcements of those decisions regarding drought assistance measures. I put it in the context that, interestingly, on page 198 of budget paper 3, under 'Significant challenges facing the department in the medium term', the drought word — the D word — does not get a mention. But I do note that the Premier, and yourself, I believe, have indicated that a lot of drought assistance measures will ceasing on 30 June.

In providing me with the information, I do note that in your presentation today, as you did last year, actually, you highlighted the dryness at the start of the year. In fact today you have said this is the driest start to a year on record, and you also said it does not appear to be improving. I would like to know the decision-making processes that you go through that at this stage have resulted in no allowance for drought assistance measures beyond 30 June.

Mr HELPER — No, that is not correct.

Dr SYKES — Sorry, there are a suite of drought assistance measures that cease on June 30, and I do not want to take up your time detailing them, but I would like you to tell me about the process you go through, the factors you consider and the timing, and compare that to the process and the timing that you would expect a farmer or business in a drought-affected area to undertake.

The CHAIR — As far as it relates to the estimates, please.

Mr HELPER — I am happy to respond. Bill, I thought you were in the chamber when I responded to a very similar inquiry by your leader on Wednesday of the last sitting week during question time, but I will go through it again.

Dr SYKES — I do not need a repeat of that, but to a large extent I am asking about the process. What factors do you consider? You already know it is a rainfall deficit — the worst on record at the start of the year — —

The CHAIR — I think you have asked your question, Dr Sykes.

Dr SYKES — I am going to give him some guidance.

Mr HELPER — I am sorry, Chair, that this cannot be a short answer, it would appear.

The CHAIR — Okay, but try. And also relate it to any decision making in terms of the future estimates.

Mr HELPER — Sure. What we have to take into consideration first off is what the Victorian government seeks to achieve with our drought support package. We are a signatory to national drought support arrangements — exceptional circumstances arrangements — and what the Victorian government seeks to do in addition to the commitments that we make to the national exceptional circumstances arrangements is to identify, season by season, where the gaps are in the support mechanisms that the commonwealth and state provide through the EC support and where the season's drought — if indeed it is a drought season — most harshly impacts, and then tailor our measures to address those needs in the best policy framework that we can possibly put together.

That takes a number of things to occur. We firstly need to know that it is a drought season or recovery season, and just as one rain does not make the end of a drought, nor does a dry January — and I think at the start of this year it was the driest January on record — make a drought season. It does not bode well, but it does not define a drought season. You will find that in many years where there is reasonable rainfall you have periods of that year where there are significant rainfall deficits. So the premise that January was dry and therefore we ought to know what it is going to be like next January is pushing — —

Dr SYKES — What about February and March, Minister?

Mr HELPER — It is beyond our predictability. We have traditionally waited until certainly after the autumn break to see how that autumn break plays out, to see how the start of winter occurs and to build our response on the information that we have available through that time.

Now I come back to specifically what processes we go through. I have a drought reference group, and I am very grateful to its members for giving up an enormous amount of time. Every time we meet we say to each other — not because we do not like each other, but nevertheless we say it — 'It would be lovely if this were the last time we ever got together'. But, alas, over recent years that has not been the case.

That drought reference group is one that provides me and my department with valuable information on the impact on various sectors of the intricacies of the season as it unfolds. This includes the timing of rain; it is not just about the quantum, it is about the timing of rain at times as well. It also includes the interface with water prices, the interface with world markets et cetera. All of those things come together and are very well considered by the drought reference group that I have.

My department, as I said before, has 70 locations around the state and an enormous amount of connection to local communities, to local commodity groups and sectors, and to geographic areas. That information is fed in as well, and then the department starts formulating a picture of what response may be needed and what shape that response should take.

We then come together in a drought season — because our responses are whole-of-government responses — with other responsible departments such as the Department of Planning and Community Development, for example, in terms of drought coordinators, and other departments such as the Department of Innovation, Industry, and Regional Development. Departments such as DPCD, again, are important in terms of ensuring

that community sporting facilities are maintained. Ranging right across government, we come together and develop the government's response to the drought season that we see playing out ahead.

We have traditionally come to announce our drought package by going through that process, and if you experience a whole-of-government process, it is an exhaustive one, but it is a responsive one all the same, that tests ideas and indeed evaluates what is the most effective way of spending taxpayers' dollars. I do not want to leave the impression that that is a drawn-out process, but it nevertheless is an exhaustive one. We come to making an announcement in approximately October to announce ongoing funding.

Following the kerfuffle that actually occurred last season — and dare I say that some of it may have been politically inspired, but perhaps I am just getting old and cynical — in relation to the impact of our decision not having been made in June about whether we were to continue the rate subsidy or not, dire predictions were made. But at the end of the day, no farmer who was eligible in the next season — or eligible before and after one season ended and before the next season started — missed out on support if they were eligible for it by virtue of the timing of our announcement.

I would put to you that the process that we go through has to be a thorough one. We are spending your and my tax dollars — and that of all of our mates as well — and we have to be responsive, of course. I would suggest to you that we have the mechanisms in place to be responsive, and we have to tailor our response to the real circumstances that we find in a given season.

Dr SYKES — Given that that is a thorough approach, is it reasonable to conclude that you expect that farmers in business in drought-affected areas go through the same process and that they make their decisions in October during a drought year?

Mr HELPER — It depends on what decision they are making. If their planting season is in February, I would strongly recommend that they do not make that decision in October.

Dr SYKES — So what about these farmers who have made a half a million dollar outlay well before October without knowing what assistance is coming by?

The CHAIR — I think that is — —

Mr HELPER — Sorry, let us just take that. A farmer who is planting half a million dollars worth of wheat or an annual crop under our arrangements last season would possibly — I would not guarantee it — be eligible for a municipal rate subsidy. They would not benefit from the irrigation infrastructure charge rebate because you do not irrigate wheat.

Dr SYKES — You do.

Mr HELPER — In most places in Victoria you do not irrigate wheat; in the vast majority you do not. They would certainly be interested in whether the interest rate subsidy continues, and that comes under the exceptional circumstances arrangements. The EC declarations are for, indeed, a longer period. For the person who is putting half a million dollars worth of seed in the ground, it is a big decision. I know it is one that needs to be carefully planned for. I do not think they are actually going to sit there saying, 'Jeez, I wonder whether I am going to get a rate rebate'. That is not the deciding factor. They will be calculating their decision to invest half a million dollars very much based on the best possible climatic forecasts that they can get and, indeed, a bit of risk management. They are not hanging out on whether we are going to continue our rate subsidy.

The CHAIR — I think we might have exhausted that one.

Ms MUNT — Can I refer you, Minister, to page 201 of budget paper 3 under the primary industries policy item 'Number of structured management arrangements in place for fisheries'. I am particularly interested in the Primary Industries Legislation Amendment Bill, which has returned to the Legislative Assembly from the Legislative Council. How does the government propose to proceed with implementing the improved consultative arrangements in relation to the use and management of the state's fisheries resources that you outlined in your policy statement of October 2008?

The CHAIR — Minister?

Mr HELPER — Thank you very much for that question. I do not want to introduce into this forum speculation on what the disputes resolution committee of the Parliament may consider in resolving the dispute between — —

The CHAIR — No, we are particularly interested in the expenditure of the department here and how you go about that.

Mr HELPER — The expenditure of funds that the consultative arrangements talk about fall in a number of areas. One of those is, for example, the fishing licence fees that are collected from recreational anglers and are distributed through what we call the FRAC — just another bloody acronym! It determines how those funds are best expended in support of what is indeed important to the Victorian government so that families and individuals have the best possible recreational fishing opportunities that we can provide in this state — for a number of reasons.

My son has just recently taken up fishing, and I reckon there is absolutely nothing better than going out fishing with your son. Every father and every mother should have the opportunity to enjoy going fishing with their children. Every parent should have the opportunity to go fishing with their kids. A large amount of the infrastructure that is provided for recreational fishing comes through the licence fees that recreational fishers in this state pay.

What the consultative arrangements that are proposed in the legislation do is establish a fisheries consultative body, which is basically saying that we should have industry representation and we should have stakeholder representation, including the commercial fishing sector representation, looking at what the department plans to do to consult on a number of issues — be it in terms of the recreational sector, be it in terms of resource allocation and quota setting for the commercial fishing sector or be it in terms of resource management in the commercial sector. How we consult on those specific issues, many of which are a highly technical set of issues, should be run by representatives of industry, and then the department should go down the path of that consultation. When that consultation comes back it should again be seen by industry as being appropriate, thorough and carried out with the industry's views taken into account in the consultative arrangements.

That is what the bill is very much about and that is what I believe is the best way that we can ensure that the resources we allocate to the fisheries sector are spent in the most directly relative way and relevant way, to not only the commercial fishing industry but also the recreational sector. It is not for me to express here my disappointment with how the bill ended up in the estimates committee — —

The CHAIR — We are talking about the estimates.

Mr HELPER — So I will not express my disappointment about how the bill ended up in that committee. Fishing stakeholders are terrifically passionate about their industry and are terrifically knowledgeable about their industry. We are on about ensuring that we actually talk to them in the process of us making decisions.

Ms MUNT — Just in clarification, Minister, did you catch any?

Mr HELPER — We caught six flathead down at Lakes over Christmas.

The CHAIR — We will have a break for a couple of minutes, and Dr Sykes will have the call.

Proceedings interrupted.

Dr SYKES — Minister, in relation to the answer to the previous question I put to you, I appreciate the thoroughness with which the government approaches the assessment of future drought response needs but I am not satisfied with the timing of the decision-making process and the announcing, particularly in light of the commonwealth government having taken the initiative and announced the continuation of EC, I think back in February this year, through to March.

The CHAIR — The question?

Dr SYKES — But leaving that aside, looking at the implication, I would like you to comment on the impact of your decision not to announce the continuation of a number of drought assistance measures, which I will

mention, so that funding for these specific measures will, as I understand it, cease on 30 June. I am asking for your comment on the impact of the funding for these ceasing.

First of all is the drought apprentice retention scheme, which I think you made an announcement was being extended to 30 June, but what happens after that? What happens to those apprentices? Secondly is the local government drought coordinator position, which certainly locally finishes on 30 June — and the need for drought activity coordination remains. Thirdly, the drought outreach workers who provide a connection between severely mentally stressed people and support services. Fourthly is the CMA drought employment scheme — where, for example, I understand the North Central CMA had 29 utes that were being used to do work by the employees, and now there are 29 utes that must be going to the old utes home, I suppose.

My question is: there is a number of initiatives that have been appreciated by the community and have been making, in many cases, a very valuable contribution to the community and the individuals dealing with the drought. What is your comment on the implications of the cessation of those particular assistance measures?

The CHAIR — It is a long question. The minister, insofar as it relates to the forward estimates and the continuation of these programs.

Mr HELPER — I will try as far as the question relates to that.

Dr SYKES — They are all about money and you have cut off the money. It is quite straightforward.

The CHAIR — The minister, to answer.

Mr HELPER — Chair, with your indulgence, I will make general comments because a number of the programs that you mentioned, Bill, are indeed programs administered by other ministers.

The CHAIR — Okay, we can ask them.

Mr HELPER — DSE, for example, administers the CMA employment program, DPCD administers and funds the drought coordinator program, and on the list goes. So please, on the basis of that, excuse me for making more general comments.

The fundamental premise you raised of 'Well, the commonwealth can extend exceptional circumstances for a longer period than we can' highlights my earlier point that what we do is tailor our response to meet the needs that arise per season between the gaps of the assistance of the commonwealth together with the state provided through exceptional circumstances support. We need to identify what those gaps are. You can have a drought season that predominantly affects particular commodity groups. For example, if a drought season affects irrigation farmers, you come up with a different set of responses than if a drought season particularly affects dryland farming, or if a drought season particularly affects one irrigation area versus other irrigation areas.

So, yes, we have had relatively universal drought seasons across the state. All of Victoria is currently EC or provisionally EC declared, without exception in regional Victoria. But even within that, the impact of drought is significantly different and different measures are required in different locations.

The social dynamics are different in certain areas depending on the period and the magnitude of drought impact on the dominant industry sectors in a given area. I think the taxpayers of Victoria require us to take all of these things into account, and drought-affected farmers require us to take them into account. I thank you for the compliment you paid us about our drought initiatives being well received in regional areas and by farming communities.

They would not be well received if they were not well targeted, and therefore I make no apology for the fact that we go through a process that takes into account as much information as possible about the season that lies ahead and its impact on geography and on sectors as we possibly can before committing our taxpayer resources to meeting the extreme need that arises out of that, and through that careful consideration actually ensure that, as you pointed out, our farming community continues to appreciate and understand and be supportive of the drought measures that we have put in place.

Dr SYKES — Can I conclude from that answer that between 30 June this year and mid-October you see no need anywhere in Victoria for any of the drought-assistance measures for which the funding ceases on 30 June?

Mr HELPER — I will be brief in response to that. No.

The CHAIR — I think you have got your answer.

Dr SYKES — Who picks up the cost, or does the drought coordinator from Benalla, Ken Scanlon, go on the dole queue? Then who do we recruit if it is to be continued, as it will?

The CHAIR — You can ask that one next time.

Mr NOONAN — Minister, I want to come back to the timber industry and to the strategy. I think in your presentation you touched on the value of the timber industry. I think I picked up a figure of $700 million. I just wonder whether you can outline what the Victorian government is doing to ensure that Victoria maintains a competitive, productive and sustainable timber industry which continues to provide jobs, particularly for regional families and communities, over the forward estimates period?

Mr HELPER — Thank you so much for your question, Wade. As members of the committee may be aware, I very recently — I will take a guess at two weeks or so ago — released the draft timber industry strategy for a public comment period of 60 days. We are receiving feedback on that consultative draft and are very much appreciating of it. What the draft strategy seeks to do is to provide the sort of certainty that any business would like before it makes major investment decisions. Before a timber mill, for example, invests in value-adding equipment, which is a major investment — and if you look at some of the mills in the Gippsland region, the investments they have made massive and are achieving considerable value adding, and there is significantly more potential investment there if we can put in place a framework of resource certainty.

So, for example, the draft strategy suggests that we define working forest areas around Victoria at around 600 000 hectares, that we of course manage in a sustainable way and that we of course manage in a way that respects other values of those forests as well, but that we unashamedly recognise that within that sustainable management framework our forests are there for timber production and — obviously taking account of rotation periods et cetera — are available to industry as a resource. Also we will develop working forest plans for those working forest areas, so again there is great certainty of where harvesting will occur, where the resource will come from, what the resource will be in terms of species, in terms of quality, in terms of volumes and in terms of transport costs associated with it, so that all of those issues are known to industry and also that VicForests, our government's commercial forestry arm is better able to plan its forward programs as well.

The other thing that I think is an important part, and that is proposed in the strategy, is providing that resource security with a greater time horizon. We are looking at being able to make sales of resource up to a 20-year period of time. Of course, that will not be the entire resource sold 20 years hence; that would be taking an excessive risk on the part of the state. Clearly, what we need to do is risk profile the resource and provide a portion of that resource on a 20-year horizon.

That provides industry with the level of resource certainty that indeed allows it to invest in maximising value-adding and maximising the jobs that the timber industry creates. Predominantly of course we are concerned — —

Ms PENNICUIK — Predominantly in woodchipping.

Mr HELPER — Woodchipping happens to be one of the highest value-add per kilogram of wood fibre.

The CHAIR — Ignore interjections. please.

Ms PENNICUIK — There is no value in woodchipping.

Mr HELPER — How much do you think this sheet of paper is worth?

The CHAIR — Ignore interjections, please.

Mr HELPER — The strategy in that sense provides the opportunity for maintaining and indeed expanding the hundreds and thousands of jobs that the timber industry provides predominantly in our regional areas, but certainly not exclusively in our regional areas.

Dr SYKES — Minister, given the emphasis on jobs, jobs and jobs in the government's sales pitch on the budget, what jobs will be created by initiatives in the agriculture portfolio this year, and can you guarantee that there will be no job losses or closures of DPI facilities as a result of the restructure of the DPI, keeping in mind that last year you closed a number of facilities, sacked 70 DPI workers and relocated a large number of others?

Mr HELPER — As I indicated in my response to an earlier question, the demand that exists on the department of agriculture to be flexible and to adapt to the needs of a changing agricultural sector is something that I cannot wish away, and frankly do not want to wish away. If the agricultural sector is static, yes, it makes my role and my department's role much, much easier, but it also ensures that it is a dead agricultural sector. The agricultural sector changes; we change. We will of course deploy our resources efficiently to ensure that we meet, as best we can, the needs of the agricultural sector.

We go through considerations, as we did in the restructuring, which take account of building up teams of expertise — in the science and research area, for example — and we ensure in the service delivery area of our department, in our farm services area, that we actually deliver by assembling and deploying ourselves in a way that is effective at meeting the needs of those who are our stakeholders: the agricultural sector of Victoria.

If you look at the overall jobs figure of the Department of Primary Industries since pre-1999 — and I think there was a change of government in 1999 — there has actually been, if my memory serves me correctly, a 10 per cent increase in the number of staff in the department, with the majority of those, in excess of 50 per cent, actually located in regional Victoria. In terms of the department's provision of employment opportunities, our track record is one that I stand by.

In terms of meeting the needs and having to be flexible and being prepared to change, in light of the fact that the agricultural sector whom we serve changes, is something I make no apologies for, and I certainly make no guarantees that we will not change in the future. No minister who is responsible for a department with changing stakeholder needs such as I am would be wise to make such a commitment.

Dr SYKES — So can I conclude that there is not one new job as a result of the initiatives in this year's agriculture budget, and secondly, that there will be further job losses as you restructure?

Mr HELPER — Can I just — —

Dr SYKES — The answer is yes or no, Minister.

Mr HELPER — In your world, Bill, things may be merely black or white, merely yes or no. But in the real world, things are just a little bit more complex. If you look at the impact of our budget in terms of employment opportunities, the Biosciences Research Centre, for example, in terms of both construction and what it will actually do as an outcome, will add to the viability and dynamic nature of our agricultural sector, big time. It creates jobs, not only in its construction but also in what it actually does for agriculture. This sort of simplistic attitude of, 'There ain't any jobs in it', is naive and misses the point of what this department actually does.

Ms HUPPERT — Minister, I refer you to budget paper 3, page 200, in relation to weed and pest control. I note from footnote (c) that there has been a transfer of weed and pest control from the Department of Sustainability and Environment to the Department of Primary Industries. Could you outline how you propose dealing with weeds and pest compliance in the forward estimates period and what the role of local government will be in that?

Mr HELPER — Thank you for your question. Weed and pest control is a responsibility, as you indicated, that was transferred to the Department of Primary Industries, and we work of course very closely with our colleagues in DSE as that applies to Crown and public land. We take a fundamental approach that the main thing we need to do is actually build partnerships in the community in terms of weed and pest control. I think that wherever you turn in whichever jurisdiction you look at, the most successful at managing weed and pest programs are those that ensure that they fundamentally build partnerships between the community, between the land-holders and the regulatory authority that has responsibility for weeds. That is certainly our approach, and we go through that with a range of programs and I think we do so quite efficiently.

We obviously have, as is indicated, a regulatory function as well and therefore in some cases we will ultimately prosecute those land-holders who, through their inaction in terms of controlling weeds, will

jeopardise the status of weed spread on to the neighbouring properties, be they private land-holders or be that public land.

If I can just talk a little bit about pest and weed compliances. Just in 2007–08 we undertook 8000 property inspections, which is an increase from 5000 in 2005–06, so an increase of 3000 additional properties. That represents an increased area of inspection of 150 000 hectares, so a fair chunk of land. The increase over the two-year period I think is attributable to the amendments that the government made to streamline the compliance provisions of the Catchment and Land Protection Act in October 2006. The introduction of infringement notices — we can now serve infringement notices rather than going through a laborious court process — has led to a decrease in court appearances by landowners, providing offenders with sufficient deterrent in most cases to prevent reoffending.

The government uses compliance as a last resort, as I indicated. It is about building partnerships rather than getting stuck into people with sticks — and I use the words 'getting stuck into people with sticks' metaphorically; I am talking to the Attorney-General about giving us licence to do that, but currently we are not allowed to. We want to pursue compliance on the basis of partnership as opposed to punitive measures.

I introduce a note of caution that the figures for 2008–09 in terms of our compliance actions are likely to be impacted on by the number of emergencies and activities that my department has undertaken as I outlined before — for example, in terms of the bushfire response, deploying staff or taking staff way from those activities. So that figure may actually lower rather than continuing its upward trend. But all in all, I think in the weeds and pests area, particularly in the compliance area, I am proud of what my department does.

Dr SYKES — Following on a similar theme, Minister, in relation to weeds and pest control. I am very happy for you to take the opportunity to wax lyrical on the benefits of the fox bounty or whatever it is called under your government.

Ms MUNT — Have you still got the tail on your car, Bill?

Mr HELPER — No, he cashed that in, in the last bounty.

Dr SYKES — Minister, I have got an interest in the assigning of responsibility for the management of roadside weeds to local government. As part of this broader issue of the management of public land, it is my understanding that the state of Victoria manages, or is responsible for, even if it does not manage, 7 million or 8 million hectares of public land. There are questions asked about how well that is managed, but if we look at roadside weed and pest management, the responsibility as I understand it now rests with local government. I believe some funds have been made available to local government to do this, but I would appreciate guidance or clarification from you on the quantum of that so that you can answer the suggestion or the claim that in fact this is grossly underfunded and there has been a cost shift to local government. I also ask: if local government fails to adequately control the weeds, will you issue it with infringement notices?

Mr HELPER — If I can just briefly discuss my view in terms of responsibility for roadside weeds. There are certain ambiguities about responsibility for roadside weeds; I acknowledge that. But nevertheless let us take a view above that, rather than a lawyers-at-10-paces-type of view of the world. I think nobody would deny that at the end of the day somebody actually has to pay for the control of roadside weeds, and the issue is not a cost shift between the state government and local government; the issue is about whether it is private landowners adjoining a roadside or whether it is the council that is responsible. So let me spell that out for starters.

To me, given that somebody is going to have to pay for that, either if the council is responsible through municipal rates or if the landowner is responsible through exercising that responsibility directly, I believe we ought to be talking about what is the most efficient way of controlling roadside pests and weeds. To me, if you look at fragmented municipalities such as the one that I live in, it is clearly more efficient for local government to be performing the role of controlling weeds along a long stretch of road where you have many, many landowners abutting it — because, firstly, of the capacity and the relative ease with which a local government authority can actually establish the expertise to control; secondly, the willingness to do so; and thirdly, the efficiency of undertaking the works. All of those lead me to believe strongly that local government is more efficient at doing roadside weed control than the individual landowners.

That efficiency I think is highest where you have a high number of adjoining landowners per kilometre of roadside, and that efficiency is at the lowest — however, I believe it is still efficiency in favour of local

government having the responsibility — as you have long stretches of road with a single landowner adjoining it. I acknowledge that efficiency drops off, but I think it is still in favour of local government.

We have taken the attitude and taken the actions of supporting local government in building the capacity to control roadside weeds, and I want to acknowledge the terrific dialogue we have been able to have with the MAV in terms of steering our way through these issues. You asked how much money we actually spent in supporting local government build that capacity of roadside weed control.

In the first round of grants, which were in late 2008, councils were given over $1 million to take immediate on-ground action to tackle invasive species on roadsides. The second round of grants has focused largely on projects that will assist councils to manage roadside weeds and pests in their municipality in a more strategic manner — we are talking about regionally prohibited weeds here — and to date $137 400 has been allocated from that second round, and I made that announcement on 19 March this year.

We unashamedly — and I think you would support us in doing so — announced that five bushfire-affected municipal councils that had submitted project applications had been successful. We took account of the circumstances they faced and looked on those very favourably.

So we have a set of vagaries to resolve. We are in very positive dialogue with the MAV and with many individual councils as well. We have in place a strategy to support local governance increasing its capacity to meet regionally prohibited weed responsibilities on local government roads, and we have a strategy to go forward to resolve what is an ambiguous set of issues.

The CHAIR — I thank Dr Kefford, Mr Wilson, Mr Bolt, Mr O'Farrell and Ms Kennedy for their attendance.

10.2 Energy and Resources Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 19 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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. Aldous, Acting Deputy Secretary, Energy Resources and Major Projects,

Ms M. Lourey, Executive Director, Energy Sector Development, and

Mr C. O'Farrell, Chief Financial Officer, Department of Primary Industries.

The CHAIR — I welcome the Minister for Energy and Resources; Mr Richard Aldous, acting deputy secretary, energy resources and major projects; Ms Marianne Lourey, executive director, energy sector development; and Mr Chris O'Farrell, chief financial officer, energy sector development, Department of Primary Industries.

I now call on the minister to give a brief presentation of no more than 10 minutes — and if you can make it 5 it would be even better — on the more complex financial performance information relating to the budget estimates for the portfolio of energy and resources.

Overheads shown.

Mr BATCHELOR — As with community development, it is a great pleasure to be here, Chair, presenting the energy and resources portfolio.

We have a number of really significant and powerful challenges that are facing energy and resources, but particularly energy, in the year ahead. I suppose they have been exacerbated by the global financial crisis. The Victorian government has been a strong advocate for putting a price on carbon through a national emissions trading scheme. We need to do that to bring about the abatement objectives of the government at a state and national level.

We also need to meet the challenge of really transitioning our energy sector into a low carbon future, and to do that while sustaining substantial new investment in cleaner forms of energy. To be able to do that investors need certainty and they need the final design of the emissions trading scheme, which will all point to what that future price of carbon will be. We have to have a good design and we have to have certainty. To put it off or to have a design that will not work will place at jeopardy the stationary energy sector here in Victoria.

The other challenge that I wanted to mention is that clearly climate change is already here and happening. We have had more extreme weather events over the last couple of years — wind, high temperature, drought — and all of these have had an impact on the energy sector. We have a portfolio approach to tackling this greenhouse challenge but our biggest challenge is really to get the least cost abatement because in delivering the abatement that is required, we want to get the biggest bang for our buck for the Victorian community. We want to only really travel down that least cost abatement path. So we put a lot of effort into promoting renewable investment and energy efficiency. I suspect that will be an area that will be canvassed during the course of the discussions.

We also want to develop the potential for clean coal and for the new jobs that that will bring. The clean coal initiatives will help us use our coal resources. We have very large deposits of brown coal and we want to continue to use those but they all need to be done in a much more environmentally friendly way. With the application of carbon capture and storage, we have a strategy for near-zero emissions for using our coal deposits in the Latrobe Valley. This is not an inconsequential requirement and there is a lot of work going into supporting that abatement activity, ranging from the establishment of Clean Coal Victoria to the Otway storage trial through to developing and understanding what the regional infrastructure requirements will be in Gippsland to support a CCS network.

The climatic challenge I mentioned earlier on is managing and planning for extreme events. We have seen the windstorm, the heatwave, the bushfires and the collapse of a mine wall at Yallourn. All of these are significant new extreme weather events and they have had a big impact on the way we view the future. I guess they will be the subject of some discussion likewise.

Part of our policy strategy is to improve the outcome for Victorian consumers and we have done that by supporting a national framework for the operation of the energy market. The last phase of that is the transferring of a national consumer framework which is being developed, and we want to try to maintain the safeguards that have been developed here in Victoria. As you know, economic regulation was transferred to the Australian Energy Regulator from 1 January 2009 and we will see the establishment of AEMO later on this year. We hope to introduce the bill in the lower house in the next parliamentary week.

We are also concerned to make sure that Victorians are able to take advantage of an important feature of our energy market here and that is the really competitive energy retail market. We have the most competitive market in the world and we use this feature to drive down prices, to widen and broaden choice and to protect

consumers. This year we have started a Your Choice website and community information campaign to highlight that.

Mr WELLS — That is something you did oppose.

Mr BATCHELOR — Pardon?

Mr WELLS — Something that you did initially oppose.

Mr BATCHELOR — When?

Mr WELLS — In opposition, you opposed it.

The CHAIR — The minister, to continue without assistance.

Mr BATCHELOR — No, we have always supported helping consumers, always.

Mr WELLS — You hated the idea of competition.

Mr BATCHELOR — We have always — —

Mr WELLS — You absolutely hated the idea of competition in the power market.

Mr BATCHELOR — I will deal with you later!

The CHAIR — I can see you are trying to fire up people, but the Minister to continue, without assistance and without baiting people.

Mr BATCHELOR — Unlike the member for Scoresby, we think that Victoria's energy sector requires a clean future. We are working to bring about that transformation, to change the energy mix. We are doing this through strong leadership on energy policy. We have supported the formation of a national market; we have led the reform process. We have done this within the context of the strong Victorian economy. We have got plans to try to grow the number of green jobs that should be available for the Victorian workforce.

The sorts of proposals that are now being considered in the energy and resources sector here in Victoria are many; they are diverse; they are spread out over the length and breadth of the state; they involve large amounts of private investment plus a significant government contribution to some demonstration projects. But it really shows that there is a higher level of activity already under way to meet the challenges that I outlined earlier on and to make sure we have a high level of activity in both our resources and our energy sectors here in Victoria, notwithstanding the global financial crisis, and notwithstanding the uncertainty created at the national level by the delays or the failure to pass legislation in the federal Parliament establishing the emissions trading scheme.

The budget initiatives this year are important. They go towards the cost of establishing and operating the national energy market — the operator — continuing those energy reforms. There is money to better regulate mine safety following the review of the independent mining warden into the Yallourn mine collapse. There is money to facilitate the process to bring on our second large-scale solar power station in Victoria. Of course that project has been boosted by the announcements in the commonwealth budget of recent times. And there is money to undertake a study of the infrastructure needs in regional Victoria, in Gippsland in particular, to identify what the infrastructure gaps and shortages required to meet the continued use of our brown coal in a carbon-constrained future.

The CHAIR — I would like to begin by asking about the solar investment program that you mentioned in your overhead, but it is also mentioned on page 350 of budget paper 3. You have also given us some details on page 4 of the departmental response to our questionnaire. I would like to ask you how this new project fits into the overall strategy for solar power that your government has got going forward.

Mr BATCHELOR — I think it is worth saying at the outset that one of the biggest myths around is that solar energy is free. It is not the case: sunshine is free but solar energy is very expensive. What we are trying to do is to find the best way of delivering solar energy as one of the renewable power sources that is available to the Victorian community to use. We are already participating in the trial of new technology through the Solar System project.

In March of this year the government announced that we were prepared to provide up to $100 million, subject to matching funding from the commonwealth, in an effort to bring forward a second large-scale power station to be fuelled from the sun. In this year's budget we committed a million dollars to facilitate the tender process to making this new large-scale solar generator a reality here in Victoria. The federal budget last week committed a billion dollars for solar energy. Once again Victoria has led the way and we are well placed to participate with the commonwealth through its grant program to bring further funding to Victorian initiatives.

We are doing this because we want to change the energy mix. We see a role for large-scale solar. The solar power stations we are talking about in our initiative, and what the commonwealth is talking about, are some of the largest in the world. We believe that this is the best way to bring forward demonstration programs that will achieve a number of objectives.

The first is to show that these sort of power stations are viable at the large-scale. We want to take them out of the laboratory and the small-scale pilot level to very large-scale, industrial-scale demonstration projects to give others the confidence to follow with further investment here and indeed in other places around the world. This initiative we have put in place will attract international interest — it already has. The public servants who are responsible for administering this have already embarked on a promotional campaign to take the details of our program — that will now be topped up with the details of what the commonwealth is offering — to other places around the world.

On top of that we are also doing other things in this solar space. We have already committed $50 million to the photovoltaic solar power station that has been developed for the north-west of the state. That is the first of the power stations. We are developing a solar atlas that will help those companies that want to follow on from the first power station, that want to develop or want to participate in the tender.

We have provided some $6 million for research into organic solar cells. This is a really interesting piece of technology that will hopefully in the years ahead develop a step-change in solar technology to go to a new form of technology that enables the generation of solar power from material that is effectively embedded within a sheet of plastic.

The CHAIR — Is it like banknote printing?

Mr BATCHELOR — It actually uses the note printing facility out at Craigieburn to print the material. There are trials being undertaken — not of printing, because they have demonstrated they can do that, but what its effectiveness is in various circumstances. The long-term application looks to provide it as a film that you would provide over the top of building materials for roofs and walls or other large areas. It can be produced at a fraction of the cost of PV panels. Hopefully this will provide the breakthrough to bring down the establishment costs of solar generation.

The CHAIR — I just wanted you to take on notice perhaps a clarification, as mentioned on page 4 of the questionnaire, in regard to this program you have just talked about. You have given the committee the approximate cost for renewable technology for wind generation, geothermal and large-scale solar. You did not give us the cost per megawatt hour for small-scale domestic solar. Can you provide that to us?

Mr BATCHELOR — I can. I will do that formally, but it is in the order of about $400 a megawatt hour. It is the most expensive form of energy that is available here in Victoria. That is one of its disadvantages. That is why we have put money into this research and development to try to produce this step-change in the technology.

Mr WELLS — I would like to refer you to budget paper 3, page 203, bushfire mitigation cutbacks and the government's goal of encouraging best practice behaviours in the energy industry and your slides about future challenges. I also refer you to recent media reports that the government in 2005–06 rejected proposals by Powercor and SP AusNet to underground powerlines in fire-prone areas and increase vegetation clearance around powerlines. I also refer you to a media release issued by your predecessor on 20 February 2006 in which he disclosed that he had written to the ESC appeals panel opposing the funding that the power companies had sought in order to carry out this work and claimed credit for the rejection of this funding.

Why did the government decide to intervene to put pressure on the independent appeals tribunal? Was the Treasurer involved in deciding to oppose this funding? Was this decision made because the government gave a higher priority to being able to boast about power price reductions than it did to protecting Victorian lives?

What are you doing during the estimates period to find out and make public what went wrong and to make sure that government interference like this which puts Victorian lives at risk never happens again?

Ms MUNT — Chair, I cannot find the relevant reference on page 203.

The CHAIR — I just want to make a comment on the question. I thank Mr Wells for his question. It does not seem to be related to the budget estimates, particularly in terms of past programs and what is dealt with in terms of annual reports and looking at those. Insofar as any of that relates to the budget estimates going forward in relation to the minister's portfolio in dealing with power companies, I am happy for him to answer it, but I myself really cannot see how he could possibly answer it in terms of his portfolio.

Mr WELLS — Through the Chair — —

Mr BATCHELOR — I am happy to answer. This might short-circuit some squabbling over there amongst yourselves.

The CHAIR — I think you need to talk to me.

Mr WELLS — I just said, 'Through the Chair'.

The CHAIR — But it is not, 'Through the Chair'. It is, 'To the Chair', because you have to address me in terms of what you were trying to clarify.

Mr WELLS (to The Chair) — There are two points to be made. I have to say we are getting sick and tired that every time there is an issue there is a deliberate attempt to shut down opposition questioning. It just seems to be a deliberate strategy that you and the Labor MPs have during this process. In answer to your question, the minister spoke about climate change and extreme weather events.

Ms MUNT — I apologise for speaking!

The CHAIR (to Mr Wells) — That comment I think is totally gratuitous.

Mr BATCHELOR — Ridiculous.

Ms MUNT — And offensive.

The CHAIR (to Mr Wells) — I do not seek to close down anything. I only seek to make sure that this is a budget estimates hearing. Insofar as questions are asked about government programs in the past or government decisions in the past or about personalities in the past which I judge of little relevance to the budget estimates then I will so judge. I am not particularly interested in whether it is to do with the government or the opposition or whatever. I am only interested in making sure that this committee keeps to its mandate in regard to the budget estimates. You have given your comments. The minister to answer insofar as it relates to the forward estimates and his portfolio.

Mr BATCHELOR — Can I just say at the outset that I absolutely reject the comments made by Mr Wells. They are factually wrong, they are politically motivated and they are seeking to make political mileage out of a very difficult set of circumstances that Victoria faced. He should be ashamed of himself for trying to politically exploit the bushfires.

Mr DALLA-RIVA — You are trying to cover it up.

Mr BATCHELOR — That is the first time that I am aware that anyone has tried to do it. It is a rather grubby tactic.

Mr WELLS — Hang on a minute. Did your government intervene with an independent process? Did you intervene with the independent process?

The CHAIR — The minister to answer. Mr Wells, you are out of order. The minister to answer, without necessarily making any commentary or trying to provoke the members of the committee.

Mr BATCHELOR — I am not trying to provoke them; I am just trying to set the record straight. There was some comment — —

Mr WELLS — So are you going to answer my question, then?

The CHAIR — Thank you, Mr Wells!

Mr BATCHELOR (to Mr Wells) — If you could just be quiet, you will hear.

Mr WELLS — Answer the question.

Mr BATCHELOR — I am about to, but you keep interjecting. There have been some recent media reports, on 17 and 18 May — in the *Sunday Age* and followed up in Monday's *Age* — claiming, as is being parroted here by the shadow Treasurer — —

Mr WELLS — Paraphrased.

The CHAIR — Without help, thank you.

Mr BATCHELOR — — that the government knocked back requests for expenditure by the electricity distribution companies to reduce bushfire risk. There are two issues that were actually described in the report. The first relates to the need to comply with electric line clearance safety regulations, and the second relates to a proposal by Powercor to spend some $26 million in the five years from 2006 to commence undergrounding in unspecified areas of Victoria, but presumably in the areas of highest fire danger. The Leader of the Opposition jumped in here; he clearly demonstrates he does not know what it is about. He said — —

The CHAIR — On the question, Minister.

Mr WELLS — What about sticking to the facts rather than getting into — —

Mr BATCHELOR — I am.

Members interjecting.

Mr BATCHELOR — The government had no involvement in any of the funding decisions. The Essential Services Commission is an independent economic regulator. It is answerable to Parliament. Mr Baillieu and Mr Wells should know that. They supported the establishment of the Essential Services Commission in 2001. They probably voted for it; they supported it.

Mr WELLS — Your point being?

Mr BATCHELOR — Just a minute. I have not interrupted you.

Mr WELLS — Yes, you have.

Mr BATCHELOR — I have tried to answer this question.

The CHAIR — The minister to continue, without assistance.

Mr BATCHELOR — The Essential Services Commission is an independent economic regulator. The second aspect is the ESC in these determinations did not make any specific determination rejecting any claim at asset category level; they did not make any rejection. What this means is that the Essential Services Commission allowed the distributors a reasonable amount of expenditure to meet all of their requirements.

Mr WELLS — Which was how much?

The CHAIR — Without assistance, Mr Wells.

Mr BATCHELOR — Capital expenditure was increased by some 30 per cent on what they had actually spent in the previous pricing period between 2001 and 2005. The operating expenditure was 21 per cent more than they had actually spent in the preceding price determination period.

Complying with bushfires and safety regulations is unambiguously the responsibility of the distributors, and there is no evidence that they have got insufficient funds to undertake all the necessary tasks in this area. In fact the distributors' actual expenditure in 2006 and 2007 was lower than what they were allowed by the Essential Services Commission.

In 2007 alone Powercor underspent its capital allowance by $28.8 million. That means they could have spent the entire $26 million that they were asking for to commence undergrounding in the highest bushfire areas in that one year alone. They asked for $26 million over five years. In 2007 they underspent what they were allowed, given that it was an increase, by more than what they asked for. I think this needs to be set on the record and understood by all, even understood by Mr Wells — —

The CHAIR — Thank you, Minister.

Mr BATCHELOR — The bushfire royal commission will be looking at all aspects of the bushfires including the causes of fires, and no doubt this is going to include issues such as vegetation management and the bushfire mitigation strategies of the energy businesses. But for the opposition and Mr Wells in particular to suggest that distributors have not got enough money to spend on bushfire mitigation or that the state government has blocked the funding is simply wrong. It's wrong, it is wrong, it is wrong, and it once again demonstrates their lack of understanding of the electricity — —

Mr WELLS — No, you have got that terribly wrong. What about the question whether the minister intervened with the process and actually wrote to the appeals board to knock back the $100 million, if you could answer that part of the question? Are you going to answer that part of the question?

The CHAIR — No, I regard that one as something which can be asked in the house. Ms Huppert?

Ms HUPPERT — I would like to ask a question which relates to the forward estimates period. On page 198 of budget paper 3 under 'Departmental mission statement', it says:

DPI's role is primarily economic, ensuring that human needs are met from the state's natural resources …

Could the minister outline to the committee plans to facilitate investment in energy during the forward estimates period so that Victoria can achieve a sustainable long-term energy future?

Mr BATCHELOR — As you would have seen in the penultimate slide on the sort of investments that we are trying to facilitate right across the board, we are particularly trying to facilitate sustainable investment in our energy supplies that will ensure we have got security of supply going forward and sufficient supply to meet the needs of a growing population and a growing economy.

It is really important to note what is the role of the government here. There has been, here and at other places, criticism that we have neglected capital investment in energy. People should understand that the energy system is a private utility provider. It was privatised by the Liberals and it was done in a way to make sure that the government's role was to facilitate investment but not to build power stations or powerlines.

You can see from the graph there that the way this government administers that regime that we have has been very successful in facilitating private investment here, and we will continue to do that. Since 1999 electricity capacity has been increased by over 2000 megawatts through the construction of new generation, transmission infrastructure upgrade, and the recommissioning and upgrading of existing generation. Whether it is new, transmission or improving the efficiency from the existing, we have been able to increase by 2000 megawatts. That is a very substantial increase in capacity.

NEMMCO, the national electricity market operator — soon to be replaced by AEMO (Australian Energy Market Operator) — and VENCorp, who operate Victoria's gas market, both predict it will need more investment both in gas and electricity if we are to meet our future demand. But projects are already under way.

We have seen Origin Energy's gas-fired power station at Mortlake. On completion in 2010, which is only stage 1 of this project at a cost of some $640 million, it will deliver some 550 megawatts of new low-carbon electricity supply.

In the Otway gas project the private sector is delivering the new gas processing plant at Port Campbell, and that will supply Mortlake.

Other proposals have been around for gas-fired power stations down in the south-west. Santos has considered a gas-fired power station at Orford in western Victoria that they say will have an initial capacity of 500 megawatts, expandable well in excess of that — perhaps as much as 1500 megawatts.

We see HRL's $750 million integrated drying and gasification combined cycle demonstration plant — IDGCC — which has been supported by a $50 million grant from this government is to provide a 400 megawatt plant that through the use of new technology will reduce greenhouse gas emissions and be CCS-ready upon its construction.

We have got a new $230 million Bogong hydro power station. We expect that that will commence operation in 2009. That will have a capacity of an extra 140 megawatts. We have seen the recently completed Brooklyn–Lara pipeline, which provides greater capacity for gas in Melbourne to meet the winter peak demand from new gas fields in the south-west, diversifying our supply of gas. The South Gippsland pipeline, a $50 million project which received some Victorian government funding, is now providing gas to homes and businesses in Lang Lang and Korumburra, and will soon be providing gas to Leongatha, Wonthaggi and Inverloch. These are just some of the things that are under way.

We have got the renewable energy industry investment. There is the potential for geothermal through the very widespread level of exploration that is currently under way, and we currently have some 236 megawatts of wind generation already installed because of our government's policies and the introduction of VRET. But there is also over 1600 megawatts of wind energy in the planning stage. The Waubra project, for example, is nearly completed. It is going through its final commissioning stages and will add to the total of renewable power very substantially.

When the large scale photovoltaic demonstration plant gets under way, the second large-scale solar plant, we will have extra capacity provided of renewable energy. You can see that as the population grows and the demand grows our system, through private investment and government facilitation, is providing the capacity to meet that growing demand, but it is also transitioning us to a cleaner energy future. We acknowledge that to maintain this momentum there is more work for the government to do, and that is the job of my department in delivering that.

Ms PENNICUIK — Minister, I follow up from all those projects you were mentioning in answer to the previous question. I think you mentioned 236 megawatts of wind power in place already and 1600 coming on stream. A report by the National Institute of Economic and Industry Research suggests that wind power is expected to increase fivefold over the next 20 years because of the MRET 20 per cent target, and 40 per cent of that is expected to be located in Victoria.

This megawattage that you announced, how far towards that 40 per cent target would that be? You also mentioned the HRL clean coal plant that was announced in 2006. According to the department's website, it was going to start in 2007-08. What is the status of that proposed facility?

Mr BATCHELOR — The figures I quoted relate to what we have done to date in the wind area, and result and flow from the Victorian renewable energy target (VRET). Its target is to achieve 10 per cent by 2016. The new expanded renewable energy target at a national level will increase the target and the time frame over which it is to be achieved quite considerably.

Our position has always been to avoid duplication, especially given that the commonwealth target in the long run will be greater than VRET, and that we should fold our VRET scheme into the commonwealth scheme. You will see that the predictions and the schemes that are already in place that have been brought on by VRET will considerably increase over time under the expanded renewable energy scheme. We think for that reason it is better to fold our VRET scheme into the expanded renewable energy target at the national level.

That can be achieved either by way of initiating legislation in our Parliament or having the commonwealth cover the field in its legislation, and I am not quite sure how that will occur at this stage. In doing that we need to ensure that the certificates that have been generated under VRET can be accommodated within the commonwealth scheme. We want to make sure that renewable energy investment continues to take place in Victoria.

Most of it is wind, although there is the new hydro facility at Bogong. It has also been brought on by VRET, and I think over time we would be able to see more wind and renewable energy coming here, obviously because in a lot of places we have very good wind resources.

The other question you asked was about HRL and where it is at really, or where it is up to, wasn't it?

Ms PENNICUIK — Yes.

Mr BATCHELOR — There obviously have been some delays. That earlier prediction was based on advice from HRL. It has had some delays that have been brought about by the final site selection and some issues about where it will get its coal from. It has contractual milestones; in any event, these matters have to be resolved by the end of this year. The advice we are getting from HRL is that it is almost close to resolving both those issues, and we expect that it will have prepared a draft engineering, procurement and construction (EPC) document, which really is the vehicle to trigger the next stage.

It is its project: it has to go out to the market and get it built. This EPC stage is about to commence, and it has employed various environmental consultants to prepare all the environmental checks so the station can be allowed to proceed. I suspect preliminary site works might commence by the end of this year. But, again, it has milestone dates to meet at the end of this year. Its earlier predictions have not proved to be precise. It says the reason for that has been site selection and coal acquisition. It says it is in the process of finalising its finances and, notwithstanding the current state of the global financial crisis, it is still confident that it will get finance.

Ms PENNICUIK — So it has not applied for any permits or anything yet?

Mr BATCHELOR — No, because they have been related to sites, and they have not resolved that issue.

The CHAIR — Just before we go to the next one, how many megawatts will Bogong generate?

Mr BATCHELOR — One hundred and forty, I think.

Mr SCOTT — On page 198 of budget paper 3 there is a statement that climate change is a significant challenge for the department. It is widely believed that the increase in frequency of extreme weather events, such as the windstorms of 2008 and Black Saturday, has resulted from climate change. Can you explain how the government has managed these extreme weather events, and what actions are being taken to minimise the damage from such events occurring into the future?

Mr WELLS — Chair, he can ask that?

The CHAIR — Minister, as far as it relates to your portfolio?

Members interjecting.

The CHAIR — Thank you, without assistance. I am just very conscious of the royal commission. It is not our prerogative here to make judgements about what happened in the past as far as that is concerned. Minister, you may reply so far as it relates to your portfolio, in regard to the estimates going forward, without trying to adopt the role of the royal commissioner.

Mr BATCHELOR — The question did relate to the wind event rather than the bushfire event.

Mr DALLA-RIVA — Don't go down that path — another minister went down there and he got knifed — but if you want to go down that path, please.

The CHAIR — Thank you very much. The minister will reply, without assistance.

Members interjecting.

Mr BATCHELOR — The windstorm occurred on 2 April 2008.

Mr WELLS — That is right, and a report was done on it, but because it was in the past and not relevant to the forward estimates, we were ruled out of order.

Members interjecting.

The CHAIR — The minister, on the question, please.

Mr BATCHELOR — The relevance to the forward estimates is in the context of what we did in response to the windstorm event and the report and the inquiry that we instigated following it. People would be aware that the events of 2 April 2008 had the most disruptive impact on our electricity distribution network, probably in the state's history.

We commissioned a report. We asked the emergency services commissioner to review the response and to identify how we might deal with similar events if they were to take place in the future and how we might manage those more effectively.

The CHAIR — That is what we are interested in.

Mr BATCHELOR — That's right. A report was provided that made recommendations with respect to the Department of Primary Industries and also with respect to a number of other agencies. There were some 35 recommendations to improve the response of electricity distribution companies, emergency service organisations and state and local government authorities, to make sure that this integrated response going forward was better able to deal with an incident such as this, were it to happen, and to the extent that you can mitigate the impact of these types of events going forward, what steps we might take.

In terms of how it relates to the energy area, I can go through, if you have time, and report on each one of those recommendations and how we have — —

The CHAIR — We are happy to take some of the detail on notice, Minister.

Mr BATCHELOR — All right, I will do that. Essentially the most important area was how we might improve communications between the electricity distribution companies and the government for any major emergency events and how the energy distribution companies might improve the information that they make available to their customers and the wider public about power outages.

This is important because the climate scientists tell us that extreme weather events are more likely to occur with increasing frequency and increasing intensity. I think if you reflect over the last couple of years, that is hard to disagree with. We need to recognise that we have got to work with communities and relevant organisations to ensure that we are all prepared and that in doing our community development work we build community resilience so if or when these events occur in the future we are able to respond and the distribution companies are able to respond.

I take the point that you made earlier about the bushfire royal commission. We have responded to the wind events on all the recommendations, but we have also said that a number of them may well be influenced by decisions of the royal commission. The Esplin report has been made available to the commission, and many of the issues are parallel to issues that occurred in the bushfires, or it may be that the royal commission in examining what happened in the bushfires will have recommendations that will be pertinent in wind or other extreme weather events that confront the electricity supply. I am confident that the royal commission is going to deliver a set of recommendations that will enable us to minimise our risk of the impact of these events, and we look forward to its advice and will be happy to consider that when it arrives.

Mr DALLA-RIVA — Whilst we are on the issue of the particular matters that were raised, I refer to budget paper 3, page 199, which sets out the department's goal of managing emergencies promptly and effectively. Last year I raised this issue with you, and you acknowledged its importance. In part you said — this is from PAEC of 22 May 2008 on page 13:

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 —

as you have just outlined.

As we know, Bruce Esplin completed his report in August last year but it was not made public until April this year. I understand, according to the government's published response to the report, and you have indicated,

there are 35 recommendations — none have been fully implemented, with 19 recommendations in the process of being implemented, while the government intends to implement the remaining 16. I would like you to tell the committee: why did you not make the Esplin report public until April this year even though it was completed in August last year?

Do you agree that if the report had been released earlier and acted on earlier, some of the tragic loss of life that occurred in this summer's bushfires could have been avoided? What responsibility do you accept for acting or failing to act on this report, and what are the responsibilities of other ministers? What do you intend to do in 2009–10 to improve the safety of Victoria's energy supply system and its ability to cope with extreme weather events, as you have pointed out in your overheads, without plunging thousands of Victorians into darkness?

The CHAIR — Minister, so far as any elements of those questions relate to the forward estimates. I think the last part of the question certainly does; I have severe doubts about the earlier ones.

Mr DALLA-RIVA — He has held on to the report.

Mr BATCHELOR — We cannot prevent extreme weather events occurring; what we can do is try to mitigate the impact that they have on electricity assets and through the impact they have on communities as a result. In terms of the wind event of April 2008 which you are referring to, you made a statement that we had not implemented recommendations. That is not correct. We have implemented a number of them, and I offered to go through those that are relevant to us before. But I did say there are some that we have implemented and others that we are in the process of implementing because they take time to work through, and there are other responses that we think may be influenced by the outcome of the royal commission, and we are waiting to take those on board.

We were working with our department on the report from Mr Esplin and other departments as well, because it was not only a report that made recommendations that were pertinent to the Department of Primary Industries; there were other departments as well. A whole-of-government response was being worked up. In the energy area, I can say we have taken the recommendations and the importance of this matter very seriously, and we will continue to work through those. You say the report was delayed.

As I say, we were working across government to try to get a coordinated response from all of the agencies that were concerned, but in the energy sector we were very strong in accepting the recommendations and moving forward, to the extent that you could solve them. Others, however, we needed to work through over time, and we are still working through some. For example, there is the idea of providing information to customers with an estimation of how long they are likely to be without power supply.

The feature of the April 2008 wind event itself was different from other outages that might have occurred in recent times in that the wind impacted on local wires and poles — the distribution network — as opposed to impacting on a transmission line or there being a problem at the generation end. This resulted in, I think, in excess of 600 000 people being without power, with most of those situations being related to individual incidents.

The bulk of those related to local causes — to trees falling on local powerlines or local insulators having problems and being damaged — and it required quite an intensive response. I have just been provided with some information that there were over 665 000 customers who lost supply, but 65 per cent of those were restored to power within 5 hours and 90 per cent were restored within 24 hours. Largely, each one of those disconnections had to have an individual response applied to it, and so it was the most intensive response from the distribution companies in our state's history.

The workforce did a fantastic job responding. They worked around the clock in very dangerous and difficult circumstances to restore power. Those customers whose electricity connections were severely damaged had to wait a little bit longer than a day for those repairs to be undertaken because of damage to bits of localised equipment. Although we have not had, and are not able to get because of the nature of emergency responses, a very detailed statistical analysis of what caused such widespread but very localised damage, the anecdotal observation is that a lot of damage was caused by a drought-affected trees falling across powerlines and on to other local assets.

Mr DALLA-RIVA — Just to follow up, Chair — —

The CHAIR (to Mr Dalla-Riva) — Just a very quick clarification. I am not interested in going back through the past. Go on.

Mr DALLA-RIVA — The minister indicated he is going to provide the Esplin report to the royal commission.

The CHAIR — He is actually going to give us a commentary against each of the recommendations.

Mr BATCHELOR — That is right.

Mr DALLA-RIVA — To the royal commission?

Mr BATCHELOR — No. I understand the Esplin report has been made available to the royal commission.

Mr DALLA-RIVA — And you are going to make available to the royal commission — —

Mr BATCHELOR — I am going to make available to you what the Department of Primary Industries' response has been to the Esplin committee recommendations as they relate to energy.

Mr DALLA-RIVA — In terms of Mr Wells' earlier question, are you going to provide the committee and the bushfires royal commission with all the documentation related to the issue that Mr Wells raised?

Mr BATCHELOR — Sorry?

Mr DALLA-RIVA — The issue that Mr Wells raised.

Mr BATCHELOR — To the royal commission?

Mr DALLA-RIVA — Yes, to the royal commission.

Mr BATCHELOR — We will provide whatever the royal commission wants.

Ms MUNT — Can I please refer you to page 350 of budget paper 3. I notice a range of funding there running from 2008–09 through to 2012–13 for national energy market reform. You have spoken about a range of energy investments — solar, gas, coal. Could you outline for the committee the current situation regarding nuclear power in Victoria? In particular, do these national reforms mean that if there was a pro-nuclear federal government such a government could set up nuclear power plants in Victoria?

The CHAIR — Minister, that seems to be a little — —

Mr WELLS — What? Where is that in the budget paper?

Ms MUNT — Page 350, budget paper 3, in the forward estimates for national energy market reform output.

The CHAIR — I am happy for the minister to answer insofar as it relates to the national energy market and the sorts of programs it might have. Leave aside the fanciful notions regarding the federal government.

Mr BATCHELOR — The member quite rightly points out the budget this year provides funding from Victoria as its share of establishing the new national energy market reform process. All of the states and territories which participate in the national electricity market and the attendant reform program have to provide funding to support the institutions that underpin and support the operation of the market. In a sense, part of the decision-making process is — and has been for quite sometime now; I think for the last 10 years — a systematic and conscious transference from state-based regulation and operation of the electricity and gas markets to a national market. We have to provide that. The question related to what is the impact of that in relation to the possibilities of nuclear energy, and there are a number of issues that flow from that.

Mr DALLA-RIVA — What? Where is that in the budget?

Mr BATCHELOR — I just explained. Weren't you listening? The issue at a national — —

Members interjecting.

The CHAIR — Thank you — without assistance, please. It makes it impossible for Hansard for a commentary to go on in the background. The minister to answer in regard to the program you are talking about.

Mr BATCHELOR — At the national level at the moment, the emphasis is on expanding the renewable policy, as was mentioned earlier. It was also mentioned by me in cleaning up coal, but there is a reawakening and a push coming from certain quarters in relation to nuclear energy. We tried in our Parliament here to entrench the provisions of the — —

Ms PENNICUIK — Put it in the constitution; we will support that.

The CHAIR — Without assistance.

Mr BATCHELOR — — prohibition on nuclear activity here in Victoria.

Ms PENNICUIK — Make it illegal in the constitution.

Mr BATCHELOR — The member is right; she voted against allowing a plebiscite — —

Ms PENNICUIK — Non-binding; it made no difference.

Mr WELLS — We are going to have wide-ranging questions from here on.

The CHAIR — Mr Wells, thank you very much; I do not need your help.

Mr WELLS — He is going to keep going down this path.

The CHAIR — Thank you, Mr Wells.

Mr BATCHELOR — He interjects and raises these matters. I am at liberty to respond.

The CHAIR — Ignore the interjections, Minister.

Mr WELLS — It is the core question that should have been ruled out of order.

Mr BATCHELOR — We are opposed to nuclear power. We are opposed to it being a source of energy here in Victoria, but we are alone in that, in that there are others who would seek to bring it here. What I am seeking is a commitment from the member for Scoresby that — —

The CHAIR — I do not think that is particularly relevant, Minister.

Mr BATCHELOR — That he is going to vote against nuclear power sites here in Victoria.

Mr WELLS — I am telling you, Chair, from here on in, for the next three days, we are going to have wide-ranging questions right across the board because you have lost control of this hearing.

The CHAIR — Thanks you, Mr Wells.

Mr WELLS — You have lost control of this hearing. You have allowed him to dictate whatever — —

The CHAIR — Thank you. We will move to Dr Sykes.

Dr SYKES — Minister, I wish to have an informed discussion — —

The CHAIR — A question and answer, thank you, without any discussion.

Dr SYKES — I was going to follow the format of how the afternoon has proceeded, Chair. Minister, I wish to ask a question in relation to the issue of solar energy and net feed-in tariff versus gross feed-in tariff. I refer you to costings of what you say is Environment Victoria's policy of a 60 cents per kilowatt hour gross feed-in tariff with a maximum scheme capacity of 250 megawatts, as incorporated in *Hansard* of 2 April.

Mr BATCHELOR — Yes.

Dr SYKES — You said that your assessment of that model concluded that the cost subsidy would be $99 per household. I also refer to Environment Victoria's response to your costing, which said your calculation of $99 per household was wrong because you had failed to count the value of the power generated at 17 cents a kilowatt hour. You have overestimated the PV capacity factor; you had estimated 18 and it should be 13.5; and you had charged the cross-subsidy cost as a flat amount to households only instead of across all electricity customers as a percentage of their electricity use. What is your response to Environment Victoria's response to your response to its proposition?

The CHAIR — If you followed all that, Minister, you are a genius.

Mr BATCHELOR — There's no need to be insulting!

Dr SYKES — I will help you, Minister; trust me.

Mr BATCHELOR — Environment Victoria is irresponsible in putting forward propositions that fail to take into account the cost impact of their proposals. They have been caught out over the acknowledgement that their proposals, and even their amended proposals, are much more expensive for the ordinary electricity consumer than other proposals based around a net structure.

Basically what we are seeking to do is to acknowledge that, while sunshine is free, solar power is very expensive. If it is being put in place to approach abatement — and a lot of reasons are put forward as to why we should have a feed-in tariff, and the argument slips around and changes from one aspect to another — our fundamental premise is that a feed-in tariff should be both environmentally responsive but also be fair and reasonable, and that it should not create a burden on all those who do not have a solar rooftop panel because they have to subsidise the use of electricity by people who do.

The Environment Victoria proposal is a gross proposal where people are paid at a premium rate to use electricity in their households, and they are paid by other electricity users, so everybody else's bill is going to go up so that these people can get not only free electricity but be paid at a premium rate to consume electricity three to four times for what other people can buy it for, and we do not see the logic or sense in that.

Dr SYKES — Can I just interrupt you there: I asked three questions about some of the number-crunching rather than a philosophical argument.

Mr BATCHELOR — I understand that, and I am answering those questions.

Dr SYKES — Good.

Mr BATCHELOR — The issue for us is that the Environment Victoria scheme, as I was saying, created a cost burden on everybody else, but it also enabled people to make a profit out of having their PV systems installed, because it enabled people to earn more income, if you like, from a feed-in tariff than it cost to install it. Our scheme is designed to allow people to get a fair return to cover their costs of the average PV installation over a 10 year period, but it is not designed so people can put it on their holiday homes or elsewhere — —

Dr SYKES — Or community buildings or small businesses?

Mr BATCHELOR — And make a profit out of it. What we are trying to do — and this is the fundamental difference between Environment Victoria's position and the government's — is we want a scheme that will encourage the uptake of PV panels, will help the household get a return over about a 10-year period and not at the same time create a huge burden on everybody else.

The figures that we have provided demonstrate that there is a very large difference between what the costs will be. If you take our net scheme, it will cost about $10 a year at 60 cents net — that is, with the other design features that are there. If you convert that to gross, it costs about four times greater than that. If you adopt the Environment Victoria model, it would cost about $100 — $99. I stand by our figures.

We obtained the capacity factor from the retailers of solar panels at the moment. They claimed that that was the capacity factor of the solar panels that they were selling. If Environment Victoria is saying that is untrue, they should take that to the ACCC, because we just took it off their websites. And if they are misleading consumers by claiming — —

Dr SYKES — And you would never be guilty of doing that, Minister — never be guilty of misleading consumers, Minister.

The CHAIR — Thank you, Dr Sykes.

Mr BATCHELOR — — a higher capacity factor than what occurs in reality, and just for the moment, if you accept the figure of 13.5 as being the figure, it would make the cost of abatement even more expensive.

The fundamental problem is that rooftop PVs are the most expensive form of electricity generation in Victoria and they are the most inefficient. Somebody has got to pay for it, and why should those people who cannot afford it have to carry the burden and pay other people so they get free electricity use? We think if you generate electricity and you feed it back into the grid, that is the amount you should get paid for.

In trying to deliver this scheme there is a constitutional requirement that you cannot pay cash, so we have designed it so you get funded through a credit scheme — —

Dr SYKES — Is that true? Do you stand by that statement that you cannot pay cash?

Mr BATCHELOR — That is right.

Dr SYKES — Absolutely?

Mr BATCHELOR — I do.

Dr SYKES — Does it occur in other states at the moment, Minister?

Mr BATCHELOR — And we have provided — —

Dr SYKES — Do other states have cash rebates paid, Minister?

The CHAIR — The minister, to respond, please. We need to finalise this.

Dr SYKES — Does it occur in Victoria at the moment, Minister?

Mr BATCHELOR — What I am saying to you is that under a premium feed-in tariff, if you pay cash either under a net or a gross scheme, then it raises constitutional issues — —

Dr SYKES — Even though it applies in other states at the moment?

The CHAIR (to Dr Sykes) — Thank you!

Mr BATCHELOR — And we have provided the people who gave us that legal advice to brief the opposition, to brief the Greens and to brief other parties in the upper house so they understand what the issues are.

The CHAIR — I think we might leave that there — —

Dr SYKES — I asked a question, Chair. Can I just get one last clarification — —

The CHAIR — We are over time by 5 minutes, so — —

Dr SYKES — It is a very enthralling discussion, Chair.

The CHAIR — I am actually quite interested in it too personally but — —

Dr SYKES — Can we just go back to a very simple question?

The CHAIR — We will take it as an extra question on notice. You have already said what it is. If there is anything to be answered further, then the minister will take that one on notice.

That concludes consideration of the budget estimates for the portfolio of energy and resources. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice, the

committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 30 days.

CHAPTER 11: DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT

11.1 Environment and Climate Change Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 8 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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,

Mr D. Hill, Chief Finance Officer,

Ms A. Stone, General Manager, Office of Land and Fire, and

Ms C. Jackson, Senior Budget Analyst, Department of Sustainability and Environment.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolios of environment and climate change, and innovation.

On behalf of the committee I welcome Mr Gavin Jennings, MLC, Minister for Environment and Climate Change; Mr Peter Harris, Secretary of the Department of Sustainability and Environment; Mr Des Hill, chief finance officer, Department of Sustainability and Environment, and Ms Alison Stone, general manager, Office of Land and Fire. 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 secretary, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website. Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of environment and climate change.

Before we start, Minister, I might add that the committee is disappointed that it only received information from the department at a very late date. I say that on behalf of the committee. Thank you.

Mr JENNINGS — Chair, I can share your concern about the speed by which we have been required to appear before you which has been driven by my diary commitments. I thank on one hand the committee for scheduling me at this time. I am very sorry that it has led to the consequence of my department giving the impression that it is tardy in relation to responding to some matters. I apologise for that, but the coincidence of the two things are directly related.

In terms of the presentation that I am outlining today, which only comes a couple of days after the delivery of the state budget 2009–10 and which, as we all appreciate, is a budget that has actually come at a time of global financial crisis. It has come at a time following the very drastic and acute fires that occurred in Victoria in February this year — in fact they started before February this year in Victoria but were most prominent during the month of February. The biggest impact upon my particular budget will be the impact of those fires, both in terms of the outgoings for last year and the structuring of commitments going forward. They will be a very significant feature of this budget, and indeed the framing of the Victorian budget this year has been to try to ensure that we drive employment growth across not only government activity but the Victorian community. That is certainly something that is consistent with the framing of our particular budget, and so within those parameters I am happy to report on what is contained within our budget.

Overheads shown.

Mr JENNINGS — In terms of the output summary for DSE, the major elements of the portfolio are described in the pie graph that is in the presentation before you. For those of you who might be optically challenged or a bit far removed from the presentation, let me say that the building blocks of that story are programs listed as: Healthy and Productive Land; Healthy, Productive and Accessible Marine, Coastal and Estuarine Systems; and Flourishing Biodiversity in Healthy Ecosystems — and that allocation for this year is $676 million. There is the Less Waste, Less Pollution; and Clean Air, Liveable Climate program which is $195.9 million; the Land Administration and Property Information program which is $125.5 million; and the residual element of a significant program within the department is the Healthy and Productive Water Systems program at $389 million, which falls within the ministerial responsibility of my colleague the Minister for Water.

In terms of the major framing of our budget in the historical context of this year's budget, for the public record I will just remind the Public Accounts and Estimates Committee of the nature of the fires that prevailed in Victoria earlier this year. They were very dramatic fires, as I described previously, and a great tragedy in terms of the number of citizens who lost their lives in those fires. The fires burnt somewhere in the order of 450 000 hectares across the Victorian landscape, threatened 78 communities, destroyed over 2000 homes, 61 businesses, 5 schools and kindergartens, 3 sporting clubs and numerous other buildings.

The fires were responded to with an extraordinary effort by our full-time firefighting capability, of which DSE is a major core component. In conjunction with other government departments and community effort, mobilised through the organisation of the CFA and other emergency services, an extraordinary effort was put in to contain those fires and to reduce the risk to the community. As part of the specific activities we were engaged in, more than 5000 firefighters were mobilised and coordinated through our efforts. We put in more than 2600 kilometres of control lines within the firefighting effort. Significant resources were allocated, which included 44 aircraft, 800 tankers and 200 pieces of heavy equipment.

The consequences of that in terms of the budget profile is that from the forward estimates and last year's budget to the outcome of 2008–09 there was an additional $344 million supplementation to the DSE budget to cover the cost of the suppression and to cover our requirements in the response effort and the recovery mode. That $344 million is broken down into $338 million for suppression activities, $5.6 million for emergency stabilisation work and additional funding for research, including the impact on parks and water catchments.

In the budget going forward the element that has been factored into the forward estimates is an enhanced capability for fire suppression activity, colloquially known as fuel reduction burning. This is a program that is a required fire mitigation strategy across Victoria, and significant investments have been made in previous budgets. In fact since coming to office the annual firefighting effort through the DSE budget has increased by 300 per cent during the life of this government, and it has dedicated more than $100 million on a recurrent basis, now that we have added a $10 million boost for mosaic burning to assist our fire mitigation effort. The other additional funding that we have obtained immediately is in the communications effort, with $167 million allocated across government to enhance our communications effort for emergency response. How that relates to DSE is that $30.5 million in total end costs has been added to our budget in the forward estimates period to cover more than 5350 radios and 2000 pagers. Additional funding has been identified to support the DSE's prime role in terms of the Victorian bushfire information line.

Other highlights in this year's budget for the portfolio include additional investments in parks and wildlife, with significant new investment to establish river red gum parks in northern Victoria along the Murray and Goulburn rivers. Those parks will be created through legislation, and we are looking forward to the support of the Parliament on that in September. Similarly in relation to Point Nepean National Park there is investment allocated in the budget to support the wholly integrated Point Nepean National Park when we have transferred land from the commonwealth to the state of Victoria and incorporated it into the park later this year.

An investment has been made to continue to upgrade piers and jetties in Port Phillip and Western Port bays, which fall within the responsibility of Parks Victoria in terms of providing not only a planning framework but coastal management activities across those bays. Indeed additional parks that Parks Victoria is assuming responsibility for during the course of this year are the Frankston Reservoir park and Yarra Bend Park.

The final matter that I shall refer to relates to an initiative that came into our budget following last year's budget and indeed going forward — that is, the Victorian Advanced Resource Recovery Initiative, which I will mention briefly twice today. This time I mention it because the funding allocation and the project management is within DSE. I will also mention it later when I talk about the innovation strategy, because as part of the innovation strategy we allocated this money to DSE to drive a program to give better resource recovery outcomes and establish a business case and a planning process to establish a higher degree of investment in resource recovery initiatives in Victoria. We hope this will allow a greater step change in our ability to be more efficient with our resources, to recycle more and to have lower volumes going into landfill, which will not only have a benefit for environmental standards within local communities but also make a contribution to reducing greenhouse gases.

The last item I refer to is the $4 million investment program for beach renourishment and coastal risk mitigation which we will roll out across the bays

The CHAIR — I note that Dr Sykes has given an apology for today. I will start by asking you a question, Minister, that I will ask of virtually everyone this year because we are interested in federal grants. What federal grants will your portfolio or department agencies receive in the budget? It would be useful to receive a list and descriptions of these grants on notice.

Mr JENNINGS — They are relatively modest and relatively contained across the agencies that I am responsible for. As I think you would appreciate, it is important for the state and the commonwealth to harmonise our policy objectives and our investments as much as we can and support one another. That is a feature in this portfolio as well. Within my responsibility the commonwealth provides funding for a program Caring for our Country, which is a replacement of a previous natural heritage program. It sees investments in natural resource management and is underpinned by a national partnership agreement. That $45 million appears within our budget, and by and large it is allocated pretty much exclusively and directly to CMAs for their activities. There will be further competitive funding rounds from that program, which will add to additional funding coming to Victoria. They are not subject to decision making or control by Victoria, even though we would like to harmonise the policy outcomes and priorities of our investments.

There is an additional program that is funded from the commonwealth to promote renewable remote power generation. That is a $3.8 million program that comes through Sustainability Victoria, and it is designed to try to assist local communities in developing local renewable energy initiatives. It is obviously a program to which the state and the commonwealth have a high commitment, and obviously we leverage off one another's commitments.

The EPA has a relatively modest program on the basis of funding from the commonwealth; it is not a modest program in the other sense. The EPA receives funding through the Murray-Darling Basin program to support biological assessments along the Victorian river system, and in the current year the funding for that program amounts to $400 000.

The CHAIR — Thank you, Minister. I would appreciate your taking on notice our request for you to advise us of the accountability mechanisms that the department and agency have in respect of these grants, because that is obviously an important part of acquitting these particular grants.

Mr JENNINGS — As you would appreciate, the commonwealth does have its own requirements. It has a program run as a monitoring, evaluation, reporting and improvement strategy, which requires our accountability back to that program. That is released by the commonwealth, but if the committee requires anything further on that, obviously we would be happy to help.

Mr WELLS — My question is an obvious one. I want to ask you about your incompetence and that of your department heads. We changed the date of the hearing to suit you, and we could not even receive the answers to the questionnaire on time. You have a room full of dedicated advisers and public servants. What reason can you give this committee on why the responses did not arrive on time?

The CHAIR — I have partly dealt with that already, Minister.

Mr WELLS — No, we did not get a reason, Chair. I know you are very keen to shut this part of it down — —

The CHAIR — I am not. It is not a matter of shutting anything down.

Mr WELLS — But this is about accountability of the minister and the department. So we would like a reason for why the responses were not received on time, Minister.

Mr JENNINGS — Can you just remind me what the timing was in which they were required?

The CHAIR — We required them as soon as possible after the budget was brought down, and in indeed we were happy to receive them on an embargo basis beforehand, or any information which could be provided beforehand which was not embargoed.

Mr WELLS — Taking into special consideration that we changed this hearing to suit your timetable, I would have thought there would have been a special effort by you and the department to have those responses here on time.

Mr JENNINGS — I have already acknowledged, firstly, that the committee did actually assist me, so I appreciate that. The committee could also could have determined, if it wanted to, to see me later. It was a choice that we made by agreement, and we were happy to comply with that.

From the way the chair of the committee has described the date or the time imperative, Mr Wells, I do not think technically your question is correct, even though with goodwill we would have liked to have provided you with this information on an embargo basis, as the chair has described, even prior to the budget sitting.

However, in terms of some of the answers within this department, I have already indicated there were a couple of ministers who were involved in the programs within this department, and I do not think it would have been appropriate for me to disclose matters prior to the publication of the budget, firstly, or without ensuring that the material that was provided on a departmental basis to the committee did not fall foul of the expectations of my colleague. I am not blaming him in any way, but we actually had to square away not only my part of the department but that of the Minister for Water as well.

Mr WELLS — Is there a disconnect between your department and another minister's department that is the reason why we were not able to get the information on time?

Mr JENNINGS — No.

Mr WELLS — Maybe you can explain that part of it?

Mr JENNINGS — By definition, I reject the premise in the question, because as the chair has indicated, I was to use best endeavours to get the responses to you at the earliest opportunity. At the moment, unfortunately, we have a difference of view about whether my endeavours were good enough to satisfy your expectations of best endeavours to get it here, not that we fell short of providing it on time.

The CHAIR — I have given my view on that, that the committee is disappointed that they could not have come earlier. But the minister will take that on board.

Ms MUNT — Minister, I would like to refer you to page 30 of budget paper 3, where it refers to the Dingley chain of parks and funding that has been provided for them. I was wondering if you could expand on that. I am very interested in it. There have been proposals for a chain of parks in the green wedge in that area since Dick Hamer was the Premier, so I am anxious to hear what that might involve.

Mr JENNINGS — Thank you for recognising that it is actually something we are pretty pleased about, to make sure we do have some degree of continuity and something which augments the shape of Melbourne in terms of the green wedge configuration. It augments this by having a north–south alignment running parallel to the eastern edge of the bay. Obviously I can quite understand why this is a significant issue in your electorate, Ms Munt, and not only that, but those who actually live on the peri-urban fringe of Melbourne and their expectations for having access to open space, which is actually in fact protected and enhanced over time.

Through the budget commitments that I have indicated today we recognise the value of that resource along that fringe. So whether it goes from the Frankston reservoir in the south through to protection in the Dingley area of public land, it is pretty important to us to ensure there is additional support for our fire effort to make sure that communities are save and that we actually do establish an integrated network of parks, and I am glad that this is something that resonates with you as well.

Ms MUNT — Yes, it does.

Mr RICH-PHILLIPS — I would like to ask you about the funding that was provided for Point Nepean — you outlined it in your slide. Can you provide details of the number of ongoing jobs that will be created in the park once it is operational, when it will be opened to the public, and what the expectations are in terms of visitation to the park?

Mr JENNINGS — In terms of the process from here, it is the intention of the commonwealth to transfer the land to Victoria in June. Then we will establish a new governance arrangement for the parcel of land — which is about 90 hectares — that is going to come into the park and wind down the trust. The trust that has been charged by the commonwealth with the responsibility to administer that parcel of land will be wound up in June. We will assume responsibility for it. The next stage will be the preparation of legislation to enable that

parcel of land being incorporated within the national park to be enshrined in Victorian statute. It is my intention for that to occur before the end of the current sitting year — for it to receive passage before the end of the sitting year.

In terms of the integrated model of management in terms of being open to our citizens, while there might be some requirements for access to be stage-managed, it is our intention to open up the park and open up access, and at the earliest opportunity. That is not an issue in terms of Victorian citizens being denied opportunities to visit the park.

In terms of the number of people who we might expect to visit the park, there are already constraints on access to the park, as you probably appreciate, because of the history of the ordnance within the landscape. Access to the park will always be controlled in a certain fashion to make sure that people are safe and that they do not tread on any parts of the landscape where they may be vulnerable. We have spent a lot of time and effort ourselves and with the commonwealth doing the ordnance work. That continues to be the prime reason visitors have to be monitored.

The allocation of $4 million to the park, I do not have a number in front of me in relation to the number of staff that we would be anticipating there. On advice, and my guess is this is as good as what Parks advice is at this point in time, somewhere in the order of four to six rangers will be employed on the site, or an accumulation — —

Mr HARRIS — Plus hundreds of jobs in that spending of $25 million.

Mr JENNINGS — Yes, but Mr Rich-Phillips's direct question was in relation to ongoing jobs.

Mr RICH-PHILLIPS — Yes.

Mr JENNINGS — My secretary is keen for me to add in in terms of the acquitting of the capital works, and in the first instance we would actually think it would be a significant investment. It may be somewhere in the order of four or fives times that direct number of jobs would be created immediately in terms of acquitting the asset program, but maybe somewhere in the order of four to six jobs ongoing.

Mr RICH-PHILLIPS — Is that typical of a park of that size? I understand that parks like Port Arthur, which is smaller, have substantially larger staffing. Would you expect that four to six would be sufficient ongoing for a park of 90 hectares?

Mr JENNINGS — The park will be significantly larger than 90 hectares. As to its relativity to Port Arthur, I would only be guessing. I think it is a reasonable size workforce. I am not sure what sort of product it will offer. In a sense I thank you for the question and providing me with the opportunity to talk about it. Port Arthur may have a model that has a number of rangers and then a number of tourism activities that piggyback off it, some of which may be run by the parks service and some which may be private operators, I am not sure. But the model in terms of trying to piggyback ecotourism opportunities and to have additional staff within the park's operation is something I would be really keen to look at so that we do maximise jobs and maximise the visitations in terms of people who can travel there safely. I would think with a combination of what Parks would bring and what we might be able to facilitate the number of full-time jobs relating to the park might be enhanced.

Mr RICH-PHILLIPS — And the budget for that?

Mr JENNINGS — In some of the instances there may be but not necessarily. As you would be aware, there are a lot of tourism operators who are licensed to operate within national parks. That is a great multiplier of jobs right across regional Victoria. There may be private sector activity that is licensed.

Mr NOONAN — I am looking at budget paper 3, page 30, which goes to an item that you raised in your introduction, which is the $4 million to upgrade and plan for key infrastructure around Port Phillip and Western Port bays. You will appreciate that as a bayside member this is an item that caught my eye, as well as that of a number of my colleagues sitting around the table. Clearly in the Williamstown area there are many people who have a passion for and are users of this type of infrastructure. I just wonder whether the minister could inform the committee how this funding will be used to enhance not only the enjoyment but the safety of our bays, and perhaps how it might build on funding from previous years.

Mr JENNINGS — In fact when you were asking that question, Mr Noonan, I did look around the table at the number of people who have an acute interest in the bay. My Labor colleagues do, but Ms Pennicuik has a particular interest in the bay as well. Maybe this is a package that has been designed for PAEC's interests.

Mr NOONAN — I did mention other members.

Ms MUNT — There should be more of it.

Mr JENNINGS — Exactly, and obviously I will do my best to encourage Mr Dalla-Riva and Mr Rich-Phillips to get down to the bay as well. Last year I confused Hansard greatly by referring to the 40 million Victorians who travel to the bay. What I meant was of the Victorians who travel to the bay, the annual number of visits is 40 million. That is a bit better way of describing it. What it means is that Victorians love to go down to our bays and immerse themselves in the water — usually in summer, but not necessarily exclusively — in their thousands and launch boats and small vessels on our bays.

So this package has been designed to enable them to do that safely in a way that protects their boating investment and protects the safety of other bay users. We are trying to make sure that people get on and off the water in a safe fashion. We have had significant investments in slipways and in pier operations. This package is designed to do a range of work in continuing that trend. It includes work at Patterson River yet again — and we have always got more work to do at Patterson River because it is a very popular location; at Fisherman's Wharf in Queenscliff, at the seafood jetty; at Rosebud pier; and at Williamstown, where there will be work at the former PMA site.

There will continue to be some work undertaken in an area where Ms Pennicuik may be a bit worried, but a very modest part of this program will be a dredging program to assist small boat users get access to certain locations including St Kilda, Werribee River and Patterson River. Hopefully in the scheme of things that will not be something that causes her too much concern, even though she is mindful of the interests of the little penguins. We will be mindful of that, because we understand that it is a marine environment worthy of protection and that is the reason why our citizens want to go there.

The CHAIR — That is why Mr Rich-Phillips has an interest in this matter as well.

Ms PENNICUIK — Minister, before I start I just wanted to say that we acknowledge that you have travel plans and you had to be here today, but we did get the papers late. I have a few questions, and I have had a bit of trouble in prioritising them, getting through them and finding whether there were some other really important questions that needed to jump to no. 2 instead of no. 3 or no. 1 instead of no. 2.

Mr JENNINGS — I will answer two at once then!

The CHAIR — One at a time is the rule.

Ms PENNICUIK — The upshot is, Minister, that I would reserve my right to put a question on notice after the meeting, if possible. One of the questions I wanted to ask you about was beach renourishment, but I have put it to no. 2 and I am going to ask you this one first. In the 2007 budget estimates a previous environment minister announced that the native vegetation tracking system, which was part of Growing Victoria Together, would begin tracking the clearing of native vegetation. In April last year DSE released the net gain accounting approximation report with enough time for it to be considered in budget estimates, and that reports a net loss of 4000 habitat hectares in Victoria.

There has been no report released this year, so I am asking you: is there going to be a second report, and if not, does that indicate that there is a lack of departmental enthusiasm to monitor the continuing habitat lost in this most cleared state in Australia?

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

Mr JENNINGS — I am not surprised that I was asked this question. In fact it is a fair enough question because there is a concern, and hopefully all of us who are concerned about the wellbeing of biodiversity in Victoria would want to have some confidence that we have an approach which acquits for the protection of that biodiversity. I have no difficulty with the question or indeed with being kept accountable on this program.

I note that you have obviously seen the data that has been published on the website as recently as April, because otherwise you would not be able to cite a figure, so I know that you have had a look at that material. It is our intention to try and update this material in a way that is sensible and, as much as possible, in real time rather than subject to cumulative neglect or blind spotting. But there is a need for us to integrate what this tracking system provides us with, with other things that are happening simultaneously to give a total picture. For instance, how it relates to the BushBroker and Bush Tender program, and what habitat is protected through those programs that otherwise might be at risk.

It warrants further examination in light of planning approval processes and planning controls, and the way in which we integrate those decisions on the peri-urban fringe. It needs to be aligned with the review of the Flora and Fauna Guarantee Act and the way in which those mechanisms may best be used in the future. In fact I have always been, since its very inception, a supporter of that bill, but increasingly I recognise the difficulty of its structure in terms of the way it is currently structured, keeping up with the pressures in terms of this area and how it integrates with the commonwealth's Environment Protection and Biodiversity Conservation Act.

I think all of those things warrant some alignment. The reason I volunteered all that to you is that I know those things need to come into alignment and, as much possible, we need some real-time monitoring of what is happening. But that, as you can imagine, is a substantive piece of work, and I would rather start that piece of work while we are continuing to monitor through the web-based mechanism, until we bring all those elements together.

Ms PENNICUIK — Can I just follow that up, given your answer? Is that work about to commence, or is there some planning for that work about to commence, and is there some resourcing for that?

Mr JENNINGS — In fact there are resources being allocated to every single element of what I have described — every single element. What we need to actually do is then try to build a framework so that comes together. Now that, I do not think, will require additional resources to pull all those elements together, because in fact they already exist and they are already currently being resourced. Our challenge is to be fleet of foot enough administratively to create a shape for that to occur.

Ms HUPPERT — I refer to budget paper 3, pages 285 and 305, and the additional funding that has been provided for DSE pagers, radios and other bushfire preparedness, and I ask: could you please provide some information about how this will enable greater preparedness and response capability and greater integration between fire agencies?

Mr JENNINGS — Thank you. In fact I did actually briefly touch on this matter in my presentation — that one of the key requirements that we envisage going forward is additional communications capability in times of emergency. We have thousands of DSE staff and our partners through the network of emergency operations, which is the NEO acronym, that actually ropes in officers from DPI, Parks Victoria, Melbourne Water and a number of other agencies across Victoria who will be called together at a time of emergency for our firefighting effort.

What the investments you referred to will provide for is 5350 radios to be provided to those staff and more than 2000 pagers that will be made available. As people in our community appreciate, the need for real-time monitoring of fire behaviour and fire activity was demonstrated this year perhaps more acutely than ever before — the need to have efficient communications systems to be able to respond to the threat in terms of protecting communities and assets but very, very importantly to protect those firefighters themselves. They need to know with confidence what emergency situations they are confronting.

With this communications package we will see similar investments in other emergency services through the CFA and through the police. We will build a more effective communications system beyond our current capability, whereas we have demonstrated — I think, and in fact I would hope that the scrutiny that is applied to what happened during the course of February would demonstrate — that there is a high degree of agency collaboration centrally coordinated through the integrated emergency coordination centre. So the organisations work very cooperatively, and we have developed systems and protocols to make sure that information is shared and used appropriately in real time and that that occurs within the central coordination framework.

What we need is to be able to ensure the timely relaying of messages and feedback to the coordinated effort and the emergency response on the ground, and we have to have the technology to meet those demands. We actually think that these investments will significantly enhance our capability.

Mr DALLA-RIVA — I refer to budget paper 3, page 213, and in particular to the performance measure 'Rivers with improved environmental flow regimes being delivered'. In that line of the forward estimates the intention is that the government will not improve environmental flow regimes for any river in Victoria into the next year. I note that under clause 48(c) of the Water Act you do have the power to request an environmental water entitlement for any waterway in Victoria. So given the performance measure as it is given and the condition of some of Victoria's waterways, why do you not plan on requesting improved environmental entitlements for any river in the next year and are you planning on requesting improved environmental flows for any waterway beyond this year and the forward estimates?

Mr JENNINGS — As a starting point — and I know the Chair would not be happy if in fact you and I have an iterative approach to this — I read that table to actually say that the target in 2009–10 is 20 not 0 as you have just attributed.

The CHAIR — It is 20; is that the one you are referring to?

Mr DALLA-RIVA — The ears must be painted on, but I said there is no intention to increase or improve the environmental flows. You have maintained the status quo. We know that some Victorian waterways are under stress. What I am saying is that there is no increase. It is the status quo, so there is no improvement.

The CHAIR — Minister, there are obviously two elements to that particular question. One is what you have identified in terms of the number of rivers; and Mr Dalla-Riva is asking is there going to be any improvement in the quantity of what happens in these rivers.

Mr JENNINGS — Yes, but I still think there is a flaw in the suggestion that we are not working on 20 rivers and planning to work on 20 rivers.

Mr DALLA-RIVA — Yes, but that is it — that is the status quo. There is a drought that is going on, and you are not increasing it. That is what I am getting at. So it is the status quo, and it makes the assumption that there is no need for an increase. You do have that authority under 48(c) of the Water Act, and that is what I was putting forward to you.

Mr JENNINGS — I am happy to deal with that, because, regardless of how my ears are attached, I actually do understand the concept.

Mr DALLA-RIVA — Painted!

Mr JENNINGS — I understand the value of ensuring that we protect waterways. I start from the premise that we are going to be committing in this target to protecting and enhancing flows of 20 rivers. We are going to have ongoing works of various arrangements to try to improve the integrity of the catchments and the viability of those rivers themselves — we will continue to do that. You are quite right: there are additional mechanisms beyond here in this program through emergency situations — they usually apply in these circumstances in emergency situations, but not exclusively — to try to add to the values of the waterways and indeed to provide better environmental outcomes.

As we all know this is an area of vital environmental importance and it is also something that is subject to quite a high degree of scrutiny in the Victorian community about the value and the highest value use of any drop of water in Victoria. I appreciate that you are seeking my assurance that there will be work undertaken to improve environmental outcomes and encouraging me to use reserve powers that I might have in collaboration with my colleague the Minister for Water and the various water authorities to secure environmental water, so thank you for that. If Dr Sykes were here, he probably would not want me to go much further than answering that element of the question.

The CHAIR — It was probably hypothetical. Is it just a clarification?

Ms PENNICUIK — It is a clarification. In terms of the 20 and 20, is it the same 20 or is it a totally different 20, or is there some crossover?

Mr JENNINGS — I believe that it would be an estimate of the amount of work that is required, and those priorities may marginally shift. You would actually have a core value of river systems that would be maintained, so there might be 18 core and there may be 2 or 3 that vary up and down within that range, but I think most people in the Victorian community would actually understand that there is a high degree of consistency across the landscape at the moment about the stresses on our rivers.

The CHAIR — You might give us some more information on that one.

Mr SCOTT — I would like to draw your attention to page 352 of budget paper 3 where there is a line item about wildlife shelter capital grants with $600 000 to be committed over two financial years, and I ask: how will this funding support the work done by accredited carers and shelters in caring for our injured wildlife?

Mr JENNINGS — Thank you for that question. There are a lot of people who do very good work on behalf of the Victorian community with wildlife each and every day. There are 340 licensed wildlife shelters and there are something in the order of 363 — a very precise number — registered animal foster carers across Victoria. They are identified in their local communities as providing a safe haven for animals that may be injured or requiring care. There is a process by which DSE facilitates local knowledge about the way to contact carers and shelters and facilitates access to these services. But by and large it is a voluntary effort, so we should as a community be pretty grateful that that occurs.

We have seen investments in the last few years that assist that. You have just referred to one way, but establishing the emergency wildlife centre at Healesville is a way of providing science and veterinary knowledge that is a repository of knowledge and support to those wildlife carers. That centre of gravity is almost the equivalent of the children's hospital in terms of being recognised as a centre of excellence in terms of wildlife caring and providing support and outreach support to those carers. This program that you have referred to particularly follows on from what we think is some extra demand that may have been driven unfortunately as a consequence of the fires into the care of those wildlife shelters. We have committed $600 000 over two years to support them in the work they do. They can apply for grants that will enable them to be reimbursed for aids and equipment and maintenance of those shelters. It piggybacks on an emergency program that we had during the course of the fires where we provided almost the same level of assistance, and we also provided some additional support to vets throughout Victoria.

The CHAIR — Thank you very much. I refer you to the same page regarding the river red gums, which seem to be one of your major initiatives for the year — there is quite a large amount of money for those four parks I think. I wonder if you could inform the committee of some more detail on that expenditure going forward, including in regard to jobs but particularly how it is going to protect the shared natural assets that we have up there.

Mr JENNINGS — Thank you. In the presentation I shared with the committee I said that we have $32 million in forward estimates for the operation of the parks that we are establishing along the Goulburn and the Murray to support river red gums, and $6 million TEI for capital infrastructure investment. The establishment of those parks is, as you quite rightly say, something that we think is extremely important to protect the environmental values in their own right and the biodiversity along the river system, but when you consider how popular these parks are and how many people in the Victorian community want to go there to camp along the Murray, to maintain what is a relatively cheap form of holiday experience — and they do so in thousands — it is very important for us to try to create these parks so that we do have a proper allocation of staffing and a structure to support that high use within these parks.

Part of the package will enable the employment of 30 rangers to work along the river system. We intend at least half of those rangers to be from the indigenous community to support not only indigenous employment throughout the river communities but also to make sure that we have appropriate alignment of land management and cultural heritage management within the parks. We think that is very important. In the establishment of the parks we are also — beyond the scope of those 30 employees — going to be employing a number of other people in the establishment phases of the parks to do stream-side vegetation work and to do some fencing and construction work to protect the integrity of those stream-sides.

We are also going to be providing opportunities for a process by which we are enhancing the ecological values of the forest through a program that is designed, in conjunction with the environment movement, local Aboriginal communities and the timber industry — and through the guidance of DSE and Parks Victoria — to

try to look at what ecological thinning programs should be undertaken throughout the park reserve. That is to try to ensure that these forests are not overladen with timber that would be either difficult to manage in terms of fire management in years to come — which is one issue in its own right — or that may, because of its heavy load, be unviable in terms of the amount of water we can get on to these sites. There is value ecologically in reducing the load. We are embarking on the program. All of those elements will add to jobs in the region. If you consider that there are still some ongoing timber licences available in various parts of state forests along the river, we think that there might be a net increase in the number of jobs that actually flow from this decision rather than a reduction.

The CHAIR — Thank you for that, Minister.

Mr WELLS — My question is in regard to fuel reduction burning targets set out in budget paper 3, page 218. I would like to know why the target for 2009–10 is just 130 000 hectares of prescribed burning, in direct contradiction of the recommendations of the all-party Environment and Natural Resources Committee. That is the first part of the question. Will there be an assessment by your department about who accepts responsibility for the fires that have taken place just recently, in 2003 and in 2006–07?

Mr JENNINGS — Going back in sequence, I am sure as a senior member of your party and as somebody who is well established within the Parliament of Victoria, you understand that there is a royal commission that is charged with the responsibility of determining the second answer. That is a process.

Mr WELLS — The question was not that. It was actually will there be an assessment by your department of whether it will be looking at the responsibility of the fires? From within your own department, will there be an assessment made?

The CHAIR — Insofar as it relates to the estimates, presumably, going forward, in terms of the economic future.

Mr WELLS — Yes, so we can learn by this, moving forward over the forward estimates period.

Mr JENNINGS — We are as committed — the government is committed, the department is committed — as anybody in this community to dig as deep as we need to dig in relation to working through the substantive issues that you have referred to. We will do it through the prism of the royal commission formally and in cooperation with the other agencies that we work with, the other emergency services agencies. We are always looking for continual improvement in relation to our fire mitigation effort, the degree of community engagement and community support that is provided, and our ability to deal with the emergency response. All of those things — continually.

In relation to the first question — —

Mr WELLS — The question is in relation to why is it — —

Mr JENNINGS — I know exactly what it is. Obviously you are worried about how quickly I answer or do anything.

Mr WELLS — We just want an answer; that is all.

Mr JENNINGS — On the first set of issues that relate to fuel reduction burning, you will note that there is a lot of commentary at the present point in time about fuel reduction issues. In the context of the royal commission this is something that will actually be well and truly established and monitored and assessed.

In terms of the cumulative effect of fire across the landscape, which includes fuel reduction burning, from my knowledge there has not been a decade in the history of Victoria where there has been a higher degree of cumulative burning across the landscape than there has been in this decade. The combination of the fuel reduction burning effort — which is what you are concentrating on — the combination of the fires that occurred in 2002–03, the ones that occurred in 2006–07 and the ones that occurred this year means that there has never been a higher area that has actually occurred in the landscape, cumulatively.

The extraordinary situation is that despite that fact and despite the fact that last year there was the highest area of fuel reduction burning that has been undertaken through the program of government activities for more

than, from memory, 15 years, despite all of that, because of the extreme circumstances that we as a community and the Victorian environment confronted earlier this year, there was still a high degree of acuity of danger that was experienced through bushfires. The simplistic assumption by anybody that in fact these circumstances are totally determined by fuel load, totally determined by the amount of burning that has actually occurred across the landscape, is shown to be not understanding the full dimensions of what actually happened this year.

In terms of the targets for this year, we continue to this day to be out doing as much fuel reduction burning as we possibly can — 130 000 hectares is a target figure for presentational purposes in the budget. To demonstrate the degree of resource allocation and commitment to the program, we will engage in this program as long as we can and the seasonal conditions will allow us.

The people who understand how fuel reduction burning occurs, when it occurs through the course of the year, communities' acceptance of it, the environmental conditions that enable it to occur, understand, because of how long these current fires went — they went into March — that the time available to us to do autumn burns has been diminished this year. But we continue to this day with the program, and we will be trying to deliver the greatest degree of community and asset protection by the end of this financial year and then start the program again in spring when the weather conditions enable us to.

Mr WELLS — To follow up the question, I am a little concerned about your answer because in the government's response to the Environment and Natural Resources Committee when it suggested the burning target should increase from 130 000 to 385 000 hectares the government supported it in principle, but that is not what you are saying now.

Mr JENNINGS — I do not think you listened to one word of what I said.

Mr WELLS — Absolutely — word for word.

Mr JENNINGS — I do not think you did.

The CHAIR — Perhaps if you could very briefly answer this one.

Mr WELLS — No, the government's response was to support in principle — that is, to increase the burning up to 385 000 hectares per year.

Mr DALLA-RIVA — And yet the budget paper does not have it; it is still a status quo of 130.

Mr JENNINGS — I actually gave you a fairly long answer.

Mr WELLS — I know, but it was not the answer to the question.

Mr JENNINGS — It was not the answer it you wanted; it was the answer to the question. It is certainly the commitment of the government to continue to grow its ability to deliver the program in a way that environmentally makes sense, in a way that has a high degree of community acceptance, and in a way in which the climate will allow. If you do not understand the convergence of those issues, that is not my problem.

Mr WELLS — No, the committee has said 385 000 hectares per year. You have said, 'We accept it in principle', then you have given us a whole heap of excuses as to why it will not happen.

The CHAIR — I think the minister has given an answer. We have had it through twice so we will move on on this one.

Mr WELLS — So you are going to allow that to go?

The CHAIR — I think it is fully recorded in the Hansard transcript.

Mr DALLA-RIVA — So the performance measure is useless.

Mr WELLS — Why have a performance measure? There is no point in having a performance measure at all in that.

Ms MUNT — I was interested in your response to my first question about the Dingley Chain of Parks. I also noted your comments about the importance of open space and recreation for the south-eastern and southern areas, so I was also wondering if you could perhaps expand on the funding that has been allocated for Frankston Reservoir Park.

Mr JENNINGS — Frankston Reservoir Park, as you would appreciate, is a property that has been previously in the hands of Melbourne Water, having very limited public access because of the nature of the reserve system. I think from memory in the lead-up to the 2006 election the government as a party going to the election made a commitment that it would be returned to community access and to provide infrastructure and the ability for people to use it as a recreational area.

Certainly from the time of the re-election of the government until now we have been trying to do the administrative arrangements to enable that transfer to take place to enable the community engagement of local stakeholders to try to provide them with an opportunity to get access to the park. It is pretty clear that there is some infrastructure that is required in relation to walking tracks and some amenity that is required to enhance the visitor experience and to make sure that people can get access to the reserve, and it is our intention to move very quickly on that matter.

Some work has been required, and there continues to be some work required in relation to the ongoing committee of management role — who will play that role. The land is likely to be managed through Parks Victoria, but we are trying to provide for a degree of local engagement in terms of the committee of management role, so that is a bit of a work in progress. We have got some assistance from the local member, and hopefully we will get some assistance from local government in the area to try to assist that in occurring, but that is something we are working on this year.

Mr RICH-PHILLIPS — I would like to ask you about the funding of the land and fire management output group on page 219, and you touched on it in your presentation. In 2007–08 the actual output cost was $223 million. In last year's budget for the current year the target fell to $186.5 million, and you have indicated in your slides why there was a substantial increase in the expected outcome — it was a consequence of the fire event earlier this year — and the target for 2009–10 drops back to $198.1 million, so from last year's budget to this year's budget there is only a little under $12 million increase, putting aside the actual outcome because of the fire event. My question is: did the department, in going through the expenditure review process, seek additional funding for this output above and beyond the $11 million that you have gained in the budget?

The CHAIR — I do not think that is an appropriate question, but if you wish to ask about the estimates in the budget, please do so.

Mr WELLS — Why not?

Mr RICH-PHILLIPS — I think it is entirely appropriate.

The CHAIR — It is not appropriate for the committee to seek to ask the minister about the processes — —

Mr WELLS — I want to know about the process between the department and the minister.

The CHAIR — Excuse me, one at a time — to seek to ask about the processes of cabinet. If you wish to rephrase the question, you may.

Mr WELLS — We just want to know if the department was overruled by the minister.

Mr RICH-PHILLIPS — It is relevant to the budget, it is very relevant to the — —

The CHAIR — If it is regarding the estimates in the budget. If you wish to reframe the question — —

Mr RICH-PHILLIPS — It is of great interest to the Victorian people, and I am sure the minister is capable of answering.

Ms MUNT — The target for 2009–10 is greater than the target for 2008–09.

Mr JENNINGS — Chair, I can understand your — —

The CHAIR — Minister, insofar as it relates to the estimates?

Mr JENNINGS — No problem. I appreciate your difficulty, and in fact there has probably been a precedent set in the Parliament this week where probably the ruling from the Chair should have been taken notice of, but in my case I will not take advice on it either.

Mr RICH-PHILLIPS — Just remember where that ended up.

Mr JENNINGS — If your question was: is this the limit of the expenditure on our firefighting effort in a normal year — —

The CHAIR — It is a difficult question, but I understand what you are saying.

Mr JENNINGS — There needs to be an understanding that this is not the outcome. The outcome in a normal year is that the TA is provided annually to support the firefighting effort, and the outcome in the last two or three years at the very least has been that an additional $31 million has been provided for the firefighting effort beyond that line item.

Mr RICH-PHILLIPS — A TA.

Mr JENNINGS — Through a TA. In this case we had an expectation that the TA would be at least $31 million and it ended up tragically being $344 million.

The CHAIR — For Hansard, TA is a Treasurer's advance.

Mr JENNINGS — Yes. We understand the dimensions of the acuity of fire and the circumstances by which it needs to be responded to. Clearly, the mechanisms that have been available through this budget line item, through the TA and through other augmentations that have been required show that our firefighting effort is actually significantly larger than what that line item would suggest. We understand that and we advocate that position accordingly, and the department and the minister are totally as one.

The CHAIR — Thank you for that.

Mr RICH-PHILLIPS — Thank you, Minister. That was not the essence of the question, but I appreciate your answer.

The CHAIR — I know it was not, but the minister has answered insofar as he could.

Mr RICH-PHILLIPS — Perhaps if I rephrase it, Chair?

The CHAIR — Only in terms of clarification.

Mr RICH-PHILLIPS — Given there is $198.1 million allocated for this output group in 2009–10, is that the full amount that the department sought in preparing the budget process?

The CHAIR — That question is totally inappropriate. We will move on to the next question.

Mr WELLS — Maybe the minister can answer it without you trying to shut down the process.

The CHAIR — I am not shutting down any process. I am actually — —

Mr RICH-PHILLIPS — Surely, it is fundamental to this issue. It is a legitimate question. I am sure it is of great interest to the Victorian people — —

Mr WELLS — Maybe he might want to answer it.

The CHAIR — No. We are conducting the estimates hearings in regard to the estimates in the budget, and we will deal with them insofar as they are in the budget papers. Thank you very much for your fishing.

Mr NOONAN — As far as it relates to the estimates I am interested in the second dot point that is on the slide that you have still got up on the screen. I would appreciate some details regarding the $4 million for beach

renourishment and coastal risk mitigation, and specifically where this funding might be initially targeted and where, perhaps, funds have already been targeted.

Ms PENNICUIK — At Sandringham.

Mr JENNINGS — There is a lot of work happening. The interjection, Chair, was, 'At Sandringham'. There is a lot of work happening at Sandringham. I have never known any community that has been so interested to see the ebb and flow of sand as they are currently at Sandringham.

Ms MUNT — At Mentone they are interested.

Mr JENNINGS — Are they?

The CHAIR — Thank you, Minister.

Mr DALLA-RIVA — Insofar as it relates to the budget papers, thanks!

The CHAIR — Can we get back to the question and the answer?

Mr DALLA-RIVA — I will just defend the minister.

The CHAIR — Thank you.

Mr JENNINGS — In fact I am just trying to locate the specific answer to Mr Noonan's question, and I am coming up short.

The CHAIR — Mr Hill might be able to help.

Mr DALLA-RIVA — You need to better coordinate your set questions with your set answers.

Mr RICH-PHILLIPS — You did not ask the wrong question did you, Wade?

Mr JENNINGS — No.

Mr DALLA-RIVA — You didn't ask an unauthorised one?

Mr NOONAN — Take it on notice if you like.

The CHAIR — We are happy for you to take it on notice, Minister, and we will move onto the next one.

Mr JENNINGS — You want to ask the same question, don't you?

Ms PENNICUIK — Thanks to you, Chair, and to Mr Scott for asking questions on topics such as VEAC — —

The CHAIR — It was actually Mr Noonan.

Ms PENNICUIK — No. We have had river gums and the wildlife shelters — —

The CHAIR — Good.

Ms PENNICUIK — And Mr Noonan on beach renourishment. It saved me asking those questions even though we do not have the answer to the beach one. I will move on to water.

Mr WELLS — It is the value of a committee.

Ms PENNICUIK — On page 212, sustainable water management and supply, I have to say that I am not a whiz on figures but I am looking at the figures there for cumulative water savings realised through water recovery projects and expected water savings through water recovery projects currently being implemented. I notice that the target for the first one — cumulative water savings — for the last budget year was 429 000 and the expected was 369 000 megalitres. It is $60 000 short of the target — —

The CHAIR — Megalitres.

Ms PENNICUIK — Megalitres short of the target, and for expected again it is 50 000 megalitres short of the target. The new target for the expected water savings through water recovery projects is sort of in line with the expected outcome, but the cumulative water savings have blown out. Can the department or yourself just comment on what is happening there?

The CHAIR — There is also a footnote there which may provide an explanation. Minister?

Mr JENNINGS — In fact, we have done badly because this question is not my responsibility. After all that, that program is the Minister for Water's responsibility.

Ms PENNICUIK — But it is here in your — —

The CHAIR — I think you might find comfort in the footnote.

Ms PENNICUIK — Not really. That is why I asked the question, so I will probably follow you up on that one, Minister.

Ms HUPPERT — Minister, obviously from the information provided in the estimates a lot of work has been done on parks, and I have a question about the money that has been allocated for the outer urban parks. I wonder if you can tell us how that money is being invested, and what the benefits of that investment will be for the people of Melbourne?

Mr JENNINGS — Thanks. I am on a bit of a theme. Funnily enough, I do actually have some information on this one, and I am pleased to be able to go straight to it.

Very consistently with what I described to Ms Munt earlier on in relation to what she described as the 'Dingley parks', we understand that people right round the metropolitan ring are looking forward to recreational opportunities in aspects of the natural landscape close to where they live. Interestingly enough, if you have a look at the cluster of the reserve system across the fringe of metropolitan Melbourne, there is quite a diversity from the grasslands of the west that probably require a little bit of esoteric environmental knowledge to get full appreciation of them but nonetheless we will work on that to those that more traditionally relate to ferny gullies in the Dandenongs or water-based recreational opportunities in the south-east.

We are trying to make sure that we have a ring of those reserves. Whether it be at Tarneit, at Melton, at Yan Yean or Narre Warren, we are establishing an integrated series of park-based opportunities, including the Frankston reserve that we answered about earlier.

Then of course within that Dingley-Carrum cluster we have got Braeside and Karkarook parks. So we have got $4 million to spend across those parks to add to some very serious infrastructure or interpretation facilities for barbecues and other sorts of activities, and hopefully people will flock to these locations which are pretty proximate to where they live.

Mr DALLA-RIVA — I go back to what Mr Rich-Phillips was on, in relation to budget paper 3, page 219, in terms of total output costs for land and fire management. I understand that as part of the process for the Teague royal commission there will be a process for your department to make a submission. I am also aware that there are certain guidelines for submissions and responses to inquiries established by the Department of Premier and Cabinet in October 2002. The process is there, and you would be aware of it or the department would be aware of it.

Given that you will be using some of the money — and the first part of the question is: will you be using part of that money for your submission, or where will the money for the development of your submission come from? Will it come out of this output cost here? Is it going to come from some other source? The second part is: will DSE make an open and honest submission to the inquiry, or will its submission be subject to the vetos, approvals and gags in these guidelines? Given that — —

The CHAIR — I think the second part of the question is — —

Mr DALLA-RIVA — It needs to be — —

Mr WELLS — It is the most relevant part of the question.

The CHAIR — It is not pertaining to the estimates, but thank you, Mr Dalla-Riva.

Mr DALLA-RIVA — You might have a conflict between DSE and CFA.

The CHAIR — That is not the purpose of this; it is for other places to deal with these issues. But certainly the first thing — where the costs of these things are going to be taken from — is entirely relevant.

Mr JENNINGS — The first part in relation to the cost structures, the cost of submitting, bringing evidence to the commission is part of the establishment costs and running costs of the commission. So it is separate, to answer your question. We will not be eating into our allocation for fire mitigation work or fire preparedness work or emergency response at the cost of appearing before the commission — that is no. 1.

Despite what or which might be sort of implied, I will not say anything more than that, that in fact there are elements of the appraisal of the fire circumstance or the decision-making that actually led up to resource allocation or the emergency response or the way in which we in fact carried out that emergency response — there is a huge schism between either the department or the government or the various agencies, from my vantage point; and I have actually spent a lot of time in the pressure cooker environment in dealing with this situation.

I actually have not seen organisational rifts occurring. In fact, quite the opposite. I was pretty impressed, pretty amazed, at the level of integration, coordination and cooperation that we actually saw during that period of time. That is at all levels — from those who were actually fighting the fire, right through in terms of the ones who were calling the shots in relation to the fire management plan, and the way in which that always integrated with government processes in terms of dealing with the emergency response and going forward.

So whilst I can understand a degree of healthy scepticism about whether that is the case and whether in fact there is an underbelly of the story — I can understand that — I do not think that that assumption is correct. And I would have the confidence that the royal commission will have the integrity and rigour, in the way that it is being undertaken, to pursue these matters in a way that the Victorian community will have confidence in, and the government is open to that.

Mr DALLA-RIVA — If you remember the 1939 royal commission — and you have obviously read that; I think it was one of the questions we asked — there was a component there about some of the concerns in terms of the evidence that was submitted.

The CHAIR — Thank you for that, but I think it is not appropriate for us to go into that. That can be dealt with in other places.

Mr WELLS — Under the carpet.

The CHAIR — No, that is a completely wrong statement. It is a matter of us being in the appropriate spot — —

Mr DALLA-RIVA — Are we in the process? It has to be approved by the Premier and then by cabinet.

Mr JENNINGS — You can have your own — —

The CHAIR — This is not the place for us to deal with that.

Mr JENNINGS — Clearly it is not; I agree with you, Chair. But I just repeat the point — that this is a royal commission that I think should be allowed to run its distance. You can have a look at the scrutiny that applies to witnesses, and you can make your assessment then. Do not actually pre-empt it.

The CHAIR — Thank you, Minister.

Mr SCOTT — Minister, I would also like to touch upon the theme of parks. I note that in both your presentation and on page 353 of budget paper 3 reference has been made to Yarra Bend Park, which is, as someone who has grown up in the northern suburbs of Melbourne, something dear to my heart. It discusses how the initiative will maintain and improve Yarra Bend Park's infrastructure and conservation areas, ensuring its long-term sustainability. I am interested in how the work that will be done under this budget, this particular program, will ensure the sustainability of the park, which is vital to the people of the northern suburbs?

Mr JENNINGS — Thanks for that. Indeed it is a terrific park, but it has probably been doing it a little bit hard of recent times — a combination of its popularity, the climate change pressures, the drought circumstances, overlaid by a governance arrangement that relies heavily on the direct contribution and involvement of local government in terms of the maintenance budget and how the land is being managed.

What we have seen of recent times is that the local governments in the region are saying, 'It is a bit hard for us to do it'. So in the lead-up to this budget we have been having discussions with those councils, to say, 'What is your comfort level on changing the government's arrangements so that Parks Victoria would become the governing body, with some reference point to local community engagement so that you can have confidence that your local community aspirations will be maintained but you will not be dragged from pillar to post in relation to the resourcing and the responsibility?'.

That conversation has gone remarkably well, which was quite an achievement in itself really. If you actually have to work with three or four local governments at any particular point in time for any process to run smoothly, that is a good thing. It has run well and in fact we are about to move to a new governance model where Parks Victoria will have the responsibility.

In line with that we recognise that there is an additional need to have some operating expenses to enable the park to be managed because we often actually quite rightly hear that we need the resources to manage the land and waterways appropriately. We actually have confidence that now with this degree of support and the governance arrangements that the park will be protected and enhanced in the years to come.

The CHAIR — Following on that sort of theme in terms of Parks Victoria, which obviously under forests and parks and they have rather a large role, can you expand a little bit more in terms of the funding they are going to have? They have got an extra $14 million next year. What does that mean in terms of ground and the way that Parks Victoria is structured going forward? Are there any sort of plans for any changes within Parks Victoria, given the additional responsibilities you have mentioned?

Mr JENNINGS — In fact, what applies to Parks, what applies to DSE and other agencies that I am mindful of is in fact how challenging it is to meet with the resource allocation in either fire mitigation or emergency response. Your question is totally valid in relation to Parks' responsibility because Parks, you are aware, are adding to the reserve system, we are having higher expectation for them to have a quality maintenance program, to deal with pests and weeds, to increase accessibility. We are driving them as an organisation very hard in terms of all of those outcomes with the revenue that is available to them.

Added to that is the increasing effort that we see in either fire mitigation or emergency response. In fact I had a meeting with the Parks Victoria board yesterday and the CEO, and we had a conversation about this very fact, and how this skews the resources of Parks significantly in terms of the fire effort.

The same logic applies to DSE too. Beyond the statutory obligations, beyond the programmatic obligations, the fire effort is a huge thing for our department, for Parks and for a couple of other agencies similarly across government. This is something that we need to keep a close eye on in the years to come, about the way in which our budget is structured. Mr Rich-Phillips may gain some comfort from the fact that we have a keen eye on this, and we have a united approach to it.

The CHAIR — Does that mean in terms of training for Parks Victoria staff, they are all fully trained obviously in terms of multiple tasks including fire management and there needs to be a change in this regard and change going forward?

Mr JENNINGS — Yes.

Mr WELLS — Minister, how many people are employed in environmental policy and climate change division and what is the budget of this division, both last financial year and the forthcoming estimates period? Would you provide the committee with a list of consultancies ordered or undertaken by this division? These include the cost expended or expected to be expended on each consultancy, and the purpose and description of each consultancy task.

Ms MUNT — Does that relate to a page in budget paper 3, Kim?

The CHAIR — I presume it relates to page 221.

Mr WELLS — My question related to forward estimates. Are we going to start ruling out questions on forward estimates?

The CHAIR — Page 221 in budget paper 3, I assume you are relating to?

Mr WELLS — Yes, that is the same assumption we had.

The CHAIR — If we are looking at the past it can be covered in the annual report.

Mr WELLS — In looking at the forward estimates we need the year as a bit of a benchmark.

Mr JENNINGS — Even though it might have sounded like a very onerous question, part of the answer is there in the document itself. The answer to how many staff — it is somewhere in the order of 100 staff. We are happy to firm up the exact answer.

In relation to consultancies, the program is not predicated on the need for consultancies but from time to time they may be engaged; and if there is a program, we can have a look at that and get the answer back to you.

The CHAIR — That would be good. We have a list of general staff but we do not have a list of specific area staff.

Mr WELLS — So there is a special budget unit costing in the budget papers for that particular division?

The CHAIR — Not in the budget paper, it is done overall in terms of the department.

Mr WELLS — We are wondering about the cost of running that department.

Mr JENNINGS — And the programs?

Mr WELLS — That particular department, the environmental policy and climate change division.

Mr JENNINGS — When it boils down to it, what you want to know is the cost for the staff who are employed in that area?

Mr WELLS — Yes.

The CHAIR — Because otherwise $77 million is the target for that particular program.

Mr WELLS — Yes.

The CHAIR — So you want to know that component in terms of staffing. Okay, that is fine.

Mr JENNINGS — It is still that: how many people and how much is the cost of employing them.

The CHAIR — That is clear. We will have two more quick questions.

Ms MUNT — Can I return to the subject of the Point Nepean National Park? I recall a battle that has gone on over many years for the Point Nepean National Park, since the Howard government tried to sell it and how it has been saved, and I am interested in open space in the south-eastern and southern area of Melbourne.

In budget paper 3 on page 30, $10 million has been allocated to Point Nepean National Park to buy additional land. What is that additional land? How will it fit into the park? How does that fit into the overall structure of Point Nepean National Park?

Mr JENNINGS — The $10 million is a contribution that we will make to the infrastructure and asset requirement as distinct from the purchase. The parcel that we are assuming responsibility for is the old quarantine station, 90 hectares. It actually has a lot of historic buildings. It has a run-down jetty. It has a number of quarantine buildings and they are at various stages of disrepair; they are old buildings and have been very run down.

We are now committing to try to ensure that it is made safe, no. 1, a very important issue. No. 2, that we actually have interpretation information centres; we actually have a tourism product that is built there. We will

do that in combination with our investment of $10 million, plus there is a figure of somewhere in the order of $15 million residual of what the trust that the commonwealth established to maintain interim control of that site, so we cumulatively have somewhere in the order of $25 million that we will be able to allocate to an asset program.

It goes back to Mr Rich-Phillips's question before about how we want to make sure that we make the place safe, we actually enhance the visitor experience and in fact we grow the number of people who go there. We actually think there is a lot of work to be done, but we actually think it could be made into something quite special and integrated with the management of the park.

Mr RICH-PHILLIPS — Minister, I would like to ask about the funding you have allocated for river red gums. There is $38 million?

Mr JENNINGS — Yes — $32 million output and $6.5 million TEI.

Mr RICH-PHILLIPS — Could you give, possibly on notice, a detailed breakdown of how those funds will be used in relation to the river red gum proposal — exactly what the output funding and asset funding will be used for?

Mr JENNINGS — In fact there are 30 jobs to be created in terms of park rangers. It will be working along with the park system. There will be restoration work — stream-side restoration in terms of fencing. There would be an allocation for the ecological thinning program. There is a $4.5 million structural adjustment, a transitional assistance package that is available to licensees, to workers and to contractors to ease any difficulties that may be involved in the reduction in timber licences that are available.

Mr RICH-PHILLIPS — Are you able to outline the phasing of those particular aspects of the package across the four years?

Mr JENNINGS — I can see you actually have got a fine eye for detail beyond what I have just described to you, but if you need a finer eye to detail than what I have just described, we will give it to you.

Mr RICH-PHILLIPS — Thank you.

The CHAIR — Over and above that provided on pages 352 and 353 already.

Mr RICH-PHILLIPS — That does not say anything.

The CHAIR — That says how much money — —

Mr RICH-PHILLIPS — That says, 'Give us some money and we will use it for red gums'. That is useless.

The CHAIR — It is not useless.

Mr RICH-PHILLIPS — We want some real information.

Mr JENNINGS — We will give you the press release.

The CHAIR — I thank witnesses for their attendance. There are obviously a number of questions which have been put on notice and maybe a small number of additional questions, which I will allow members to provide given the short notice which they had in order to look at the documents.

11.2 Water Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 15 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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,

Mr D. Downie, General Manager, Office of Water, and

Mr D. Hill, Chief Finance Officer, Department of Sustainability and Environment.

The CHAIR — I now welcome the Minister for Water; Mr Peter Harris, Secretary of the Department of Sustainability and Environment, Mr David Downie, general manager, Office of Water, Department of Sustainability and Environment, Des Hill, chief finance officer, 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 and budget estimates related to the water portfolio.

Mr HOLDING — Thank you very much, Chair. Again I acknowledge Peter, David and Des have joined us to provide supporting information, if that is required.

Overheads shown.

Mr HOLDING — The first slide gives a summary of the different output elements of the Department of Sustainability and Environment. Obviously healthy and productive water systems are the particular part of the department's activities that relate to my responsibilities, but there is crossover obviously across other output areas as well. You can see there the year-on-year changes. They obviously fluctuate considerably, depending on the delivery of different programs.

Going to the next slide, how would I summarise the outlook going forward? It is very challenging. We have had one of the driest starts of the year for Melbourne ever, dry both in terms of the existing state of our storages but also dry in terms of the rainfall, the stream flows into our river systems and also the succession of extremely hot days that we had in the January–February period.

We saw that obviously manifesting itself most tragically on 7 February, on Black Saturday. The context of that was that there had been a number of days over 30 degrees and then 35 degrees in a row, and that puts particular pressure on our storages. You would have seen government ministers and water officials out making the point that whilst we wanted people to meet the target 155 for Melbourne, which I will say more about later, we also wanted people to be sensible. On those particularly hot days people should use the water that they needed to protect their health and wellbeing. The same story that exists for Melbourne is true across other parts of Victoria. We have seen below-average rainfalls and below-average stream flows, and that is reflected in turn in the state of our storages in different parts of Victoria.

The Our Water Our Future policy framework, which has been in place, and the announcements that we have made since the delivery of that policy framework to augment Victoria's water supplies with some substantial infrastructure projects, are as a consequence of that more urgent than ever.

I am pleased to be able to report to the committee that those projects are by and large on track and ready to deliver water when we said they would.

Just to draw particular infrastructure projects to the attention of the committee — not that I need to draw them to your attention, but just to remind you what some of those projects are — the Wonthaggi desalination project construction is due to start late this year.

Obviously I am limited in some of the comments I can make about the desal plant, subject as it is to a competitive tender process at the moment. All I can say is that the volume of water will be 150 gigalitres; the government has announced that. We expect water to start to become available at the end of calendar year 2011; the government has also stated that previously. We now have two consortia that are bidding for that project that have lodged proposals with the government, and the government is currently considering those proposals. I am not really sure what else I can say about that without undermining that probity process or that competitive process.

I could say a lot about the food bowl modernisation, but I will not because I am sure there will be questions about it. But the committee can see on the slide the planned expenditure for 2009–10 — that is, this coming budget year — on the expansion of Victoria's water grid. Most famously that includes obviously the north–south pipeline, but it also includes projects like the goldfields super-pipe, which is completed; the Hamilton–Grampians pipeline on which construction commenced recently — that is well under budget and ahead of schedule; the Geelong pipeline, which is on schedule; and other projects across the state, including the Wimmera–Mallee pipeline project, which, on my latest advice, I think, is now six years ahead of schedule and which is a vitally important project for north-west Victoria. The next slide shows the different projects.

The Tarago reconnection is in a sense the next of the augmentations that will come online. That is three months ahead of schedule. I would just say in relation to that project that that is an existing storage which has been reconnected to Melbourne storages. The Melbourne Water staff and the project delivery staff did a magnificent job on 7 February in protecting that asset from fire. I inspected it a couple of days after the fires, and the fire literally burnt to the wall of the treatment plant, which is the key part of facilitating that reconnection. They did an absolutely magnificent job, and I know I can extend to them the thanks and best wishes of this committee and indeed all members of Parliament in doing that.

The CHAIR — Absolutely.

Mr HOLDING — I will not say anything about the other projects; I commented on them just before.

Recycling continues to be a focus for the government. It is one of the five elements of our water plan. Not only are we seeing substantial volumes of water being recycled but we are doing far more recycling than some of our interstate friends in Sydney and Adelaide. That is something we are pleased about. Although we do not propose to drink recycled water, there are still a lot of productive uses we can put that water to, and it is pleasing to see that that is occurring.

I do want to say something about the Target 155 campaign. I know some have described that target as too onerous. I would simply say that Melburnians are now meeting the target. That is very encouraging. In fact we have had now nine weeks in a row — it might be more than that; I am sure there will be some questions in relation to that — where the target has been met and in some cases well and truly exceeded.

Already we have been able to save, when compared to water use over the same time last year, 8 billion litres of water. It is a very important figure because when we think this campaign was introduced in December last year, being able to achieve savings like that during a period of time when it has been hotter than it was at the same time last year is actually an incredible effort. It shows the value of that campaign, although there was a great deal of scepticism about it when it was launched. You can see there that the rebates are continuing with great strength — that is, rebates on water-efficient products, rainwater tanks et cetera.

The next slide shows some of the budget initiatives. You can see there that we have provided funding for the concessions. I will not say much about that — if people want to ask questions, they can. We have also provided a new program this year to provide low-income households with some support for accessing water-efficient fittings. Finally, there is a very small amount of money that is part of the new Murray-Darling Basin Authority arrangements.

In regard to sustainable water strategies, I will not say much about those other than to say they are progressing well. Having concluded the central regions sustainable water strategy, we are now well under way with the northern SWS and the western and Gippsland ones. The processes for each of those have now commenced. Our ongoing arrangements with the commonwealth and other states to implement the national water initiative continue. Smart meters are being introduced across the state, including with some of our largest water users, and that builds on the water savings the industry has already made.

The CHAIR — Thank you, Minister, for that quick introduction.

Ms HUPPERT — Minister, I refer you to the comprehensive operating statement, which appears at page 163 of budget paper 4, which I understand includes expenditure on the northern Victoria irrigation modernisation project in 2009–10. Can you outline how the irrigation modernisation will deliver broader rural and regional economic benefit in line with expectations in the water plan?

Mr HOLDING — I can. Thank you for the question. This is what we popularly call the food bowl modernisation, but in a technical sense it is more accurately called the northern Victorian irrigation renewal project is the single biggest water-saving project in Australian history, and as a consequence it is also therefore a project of great regional development importance. I am pleased to be able to inform the committee that it is generating jobs and economic activity in regional.

We see $249 million allocated for 2009–10 for NVIRP. You saw there on the slides $154 million of that coming from the Consolidated Fund, but also an additional $85 million from Melbourne Water. So while the project is still at an early stage, I can report to the committee that significant downstream benefits for the local manufacturing sector are already being realised.

We have seen the project's regulated gate supplier, Rubicon Systems Australia, already manufacturing 1000 automated flume gates, which were installed during winter 2008. In manufacturing that number of flume gates, we saw an increased capacity at engineering firms, not only in-house at Rubicon but also at engineering firms in Euroa, Tatura and Shepparton.

We saw modernisation works during the winter of 2008 directly employing 125 people plus more than 300 contracted employees. We have seen 70 excavators and 50 trucks operating across approximately 300 worksites, and more than 80 per cent of the contractors are locally based — and locally based in the context of this project obviously extending across a pretty substantial area. We have seen materials sourced and contractors based in Shepparton, Echuca, Cohuna, Kerang, Rochester, Yarrawonga, Kyabram and Stanhope; and in 2009, 85 full-time-equivalent positions have been filled between NVIRP, the managing contractor for the project, and Goulburn-Murray Water and the catchment management authorities.

We expect during peak periods of work to see the continuation of something like 300-plus contractor staff employed on a daily basis. We have seen major contracts awarded to Ward Brothers/Underground Constructions and a number of other companies for regulated gates that are worth over $10 million; Sinclair Knight Merz and others for the lead design work; $1.5 million worth of work for Goulburn-Murray Water; and meter contract work, utilising the Goulburn-Murray Water meter supplier — over $4 million worth of work there.

There has been a huge amount of work and economic activity generated in the local area, and because of the nature of the project occurring across many different sites, not just in one location, and across a substantial area of northern Victoria which has been subjected to the pressures of extraordinarily dry conditions over a long period of time, this economic activity is welcomed.

Ms HUPPERT — Can I just follow up on that and ask you about the benefits for farmers in the area?

Mr HOLDING — I am happy to comment on some of the service delivery improvements. Not only is there the regional development impact of all that work and all that employment but we also see the benefit for irrigators with more uniform water flows to properties through modern, accurate meters, which drive, in turn, on-farm efficiencies through improved control on-farm of water flows and water volumes.

We see shorter response times between ordering and receiving water so that deliveries can better match crop requirements, which is really important for farmers, allowing on-farm watering systems to be integrated with supply systems. This in turn saves time for farmers and also reduces their labour costs. In the long-term will we see not only increased water allocations and increased water availability for farmers because of the water savings that the project will generate, but we will also see service delivery improvements by being able to better regulate the delivery of water, the flow on to farm, the watering times and, in turn, save time and labour for farmers, for irrigators.

Ms PENNICUIK — Minister, page 65 of budget paper 2 informs us that the PPPs for the desalination plant, or any other PPPs, will only proceed if it can be proven that it provides better value than an exclusively government-financed program. Can you inform the committee of any results, preliminary or otherwise, from any cost-benefit analysis that shows which option would save the most money over the long term, not only in terms of the impact on the state's finances but also on consumers who will be forced to reimburse the cost of the desalination plant construction and operation?

Mr HOLDING — The basis for government being able to acquit that statement that you have referred to is the preparation of public sector comparator. In relation to the desal plant, I can say that the public sector comparator has been prepared, as is required. Because it is the subject of a competitive process at the moment it would be inappropriate for me to say any more about that.

Ms PENNICUIK — How is the community meant to judge — —

Mr DALLA-RIVA — You never will; just ask about EaslLink.

Ms PENNICUIK — I'm just asking.

Mr HOLDING — I have answered the question; we are required to prepare a public sector comparator, and we have done exactly that. That is consistent with all of the Partnership Victoria projects that are undertaken.

Mr WELLS — Have you released that out for tender?

Ms PENNICUIK — Minister, what is the expected price of water from the desalination plant?

Mr HOLDING — I am not going to get drawn on speculation about things which are embedded in the competitive process that is currently under way.

Ms PENNICUIK — So the community is not even allowed to know what the expected price of water they will be paying for will be?

Mr HOLDING — Sue, you have asked the question — can I answer it? You know that I cannot answer questions that go to the competitive nature of the bids that I have received. If members want to go through the theatre of asking questions and then saying, 'Look, he won't answer' — —

The CHAIR — They won't actually, not while I am chairing this.

Ms PENNICUIK — It is not theatre, Minister.

Mr HOLDING — You know that I cannot those. Let us spare those who have come along to be entertained and informed today by the proceedings. Let us spare them the indignity of this.

Mr WELLS — What are you on about?

Ms PENNICUIK — This is a matter of great public importance, public interest.

The CHAIR — I think the minister has answered the question. Mr Scott?

Ms PENNICUIK — It was a non-answer.

Mr SCOTT — I refer the minister to the output measures in budget paper 3 starting on page 212, and I ask: how is the government assisting business and industry in Victoria to conserve water?

Mr HOLDING — The first thing I would say is that industry, despite some of the popular misconceptions, has actually been doing a fantastic job in reducing its water use. In fact in Melbourne we have seen industry water consumption reduced by about 35 per cent on a per capita basis when compared to the average for the 1990s. That is very encouraging. It is slightly more than the increase we have seen over the same period of time in households, which shows that industry is doing its fair share in terms of reducing its water use.

How has this been able to be achieved? It has been able to be achieved firstly because of the proactive efforts of industry itself but also because government has been providing support to businesses to enable this to occur. We have seen the implementation of water management action plans (water MAPs), which have become mandatory for all non-residential customers across Victoria consuming more than 10 million litres of water per annum.

Water MAPs apply to 1845 customers across the state, and we have supported the rollout of that program with $2.25 million worth of government funding over four years. I am pleased to be able to report to the committee that Victoria has the lowest threshold for mandatory industry water efficiency planning compared to other jurisdictions in New South Wales, South Australia and Western Australia, which means that over time we will end up targeting a greater range and a greater number of customers through that program.

We have seen a laundry program which targets commercial laundries and seeks to reduce their water use — $1 million has been put towards that best practice program, and it has targeted about 500 megalitres in savings. We have seen the shower head replacement program, not just available for households but available for industry where there are large numbers of shower heads on the site, such as at caravan parks, in hotels, sports clubs et cetera. They are able to access the program in the same way that households are for free on an exchange basis.

We have seen the recycling program, including initiatives in the 2007–08 budget; over $6 million worth of fit-for-purpose cycling activity. We have seen incentive funding provided not only through my department through the stormwater and urban recycling fund — $10 million for innovative water savings projects — but we have also seen funding for Regional Development Victoria's $10 million Water for Industry Fund. The

installation of smart meters, which I mentioned in my presentation, for Melbourne's top 200 customers has provided real-time monitoring for those businesses that are high water users, so they can track their water use and identify opportunities for further savings.

There is the waterless woks program. This is of great interest not only to businesses in my electorate but in other areas where there are large concentrations of Asian eateries and for which water use is an issue. Commercial kitchens in Asian restaurants use a lot more water than non-Asian restaurants, and the introduction of waterless woks means that they can maintain their food quality and hygiene standards and the taste of the food whilst at the same time substantially reducing their water use.

I have a large number of projects here which I will not go through, but suffice to say there are some terrific examples here of projects that particular businesses have undertaken. Kraft Foods has had a 39 per cent reduction in their water use through the introduction of some savings there. There is also RMIT, Cadbury Schweppes, Amcor at Moorabbin, Esso Australia — all of these companies are looking at how they do business and what they can do to reduce their water use.

The CHAIR — Minister, if you are happy to table them for the use of the committee, we would appreciate that.

Mr HOLDING — I am happy to.

The CHAIR — I notice there is some change in the performance measures on page 214, which Mr Scott mentioned, in regard to a water conservation and alternative supply program, including industry recycling et cetera. Obviously we have an interest in any change in performance outputs.

Mr HOLDING — There is an explanation in relation to that changed performance measure so that we were more able to accurately measure the sorts of activities that we were seeking to capture. I am happy to provide that information.

The CHAIR — That would be very useful for us, thank you.

Mr WELLS — Minister, with respect to page 65 of budget paper 2 in regard to the desalination plant and the 2300 jobs that are going to be secured through water investment, I am wondering whether you could give us a list of the water projects that are going to be attached to that project that make up the 2300 jobs. I note the 1500 jobs for the desalination plant.

When will the contracts be finalised for the desalination plant — you mentioned in your introduction that you had $2 billion for it — and how long after the bidding process is finalised will you release the public sector comparator?

Mr HOLDING — When will the contracts be finalised?

Mr WELLS — When will the contracts be finalised — when will you make a decision — and how soon after the announcement of the winning bidder will you release the public sector comparator?

Mr HOLDING — We expect to finalise the contract in relation to the desalination project in this calendar year, and we would expect to release — —

Mr WELLS — You said you were going to commence construction at the end of this year.

Mr HOLDING — We expect to finalise the contract in relation to the desalination project in this calendar year, and we would expect to release the public sector comparator — the information that we make available through that, the normal release of the information — within the ordinary policy time frames that are contemplated in the Partnerships Victoria framework.

Mr WELLS — Which is what?

Mr HOLDING — I have said we will release it within the framework that exists.

The CHAIR — If you do not have that with you, you can take it on notice.

Mr WELLS — No, hang on. The first part of it, the main part of it, was the 2300 jobs.

Ms HUPPERT — That is a separate question.

Mr WELLS — No, that was the first part of my question; I was only clarifying the other parts — the jobs. You had the water projects and the publicity surrounding the 2300 jobs: 1500 jobs for the desalination plant, the other 800 jobs are made up of what projects?

Mr HOLDING — Obviously we have a large number of staff working as part of the project alliance on the delivery of the north–south pipeline. We have a large number of staff working on the Northern Victoria Irrigation Renewal Project, as I just outlined in the answer to Jennifer's question, and we have other projects around the state connected with the pipeline projects that we outlined in the presentation. The Tarago Reservoir project, which is almost finished; there have been a large number of people working on that project, so water projects around the state have already generated a huge amount of employment.

They will continue to generate huge amounts of employment, not just direct employment by the water authorities themselves but by the alliance teams and others, contractors et cetera, who are part of delivering those projects.

The CHAIR — If you have any more specific data on that, we would be pleased to receive it.

Mr WELLS — Could we get a breakdown of those?

The CHAIR — I was just asking for that. There has to be more specific data; could it be provided to us.

Mr WELLS — This is in relation to your press release on budget day about the 2300 jobs that have been secured.

Mr HOLDING — We are happy to provide some additional information.

Ms MUNT — Minister, could I please refer you to page 212 of budget paper 3 under the heading 'Sustainable water management and supply'. Can you please detail to the committee what measures are being undertaken to secure the Geelong region's long-term water supply?

Mr HOLDING — Yes, I can. The challenge in Geelong, which has been on stage 4 water restrictions with modifications and subject to some change, has been strong population growth.

Geelong and the surrounding region have experienced extraordinary population growth in recent times. The population in 2008 was 212 000, and by 2036 it is anticipated to increase to about 300 000. What that means is that more water is going to need to be made available to provide for that increasing population. Water use is forecast to increase from about 27 gigalitres — or 27 billion litres — to about 46 billion litres a year. That is according to Barwon Water's water supply demand management strategy.

So it is necessary to undertake some major projects to provide water security for the community of Geelong, and there are a number of projects that make up that. The first is the Anglesea borefield project. This is a project that will supply up to an additional 7 billion litres of water each year, commencing from the end of 2009. This is a project that has been funded entirely by Barwon Water. We expect the volume of water that it will supply to be enough to meet the needs of about 35 000 households. The second project is the northern water plant. This is expected to save about 2 billion litres of potable water each year through substitution. It will be completed in 2012. The cost of the project includes a $9.2 million contribution from the state government and a $20 million contribution from the federal government, again with large amounts of water — 2 gigalitres of potable water — savings through water substitution.

The third major project, the third major augmentation for Geelong, is the Melbourne–Geelong pipeline, which we expect to deliver up to 16 billion litres of water each year from Melbourne. In a sense, that enables Geelong to benefit from the substantial augmentations that are taking place in Melbourne. So Geelong, in a sense, gets the benefit from the construction of the north–south pipeline, the desalination plant and the other augmentations — the Tarago reconnection and the other projects that are important for Melbourne.

There is an additional project which I will mention in passing — the Black Rock water reclamation plant. That is a plant that currently services Greater Geelong. It treats about 16 000 megalitres — 16 billion litres — of

water, 16 gigs of sewage, and treats it to class C at the moment. The upgrade to that plant will enable it to produce class A recycled water, which can obviously then be applied to a greater variety of uses.

Geelong, a very important part of Victoria, with a growing population, needs access to water security in the future. The major augmentations, many of which are supported with financial contributions by the state government, are an important part of providing that water security into the future.

Dr SYKES — Minister, my question relates to the north–south pipeline and the commitment made by the government to deliver water to Melbourne. Can you clarify what the commitment is? Are you making a commitment of 75 gigalitres per year each year?

Mr HOLDING — The commitment to deliver water to Melbourne from the north–south pipeline is this: we said that in the first year of the pipe's operation, calendar year 2010, we would deliver 75 billion litres of water.

Dr SYKES — You can talk gigalitres if you like.

Mr HOLDING — Seventy-five gigalitres. It is the same thing, the same volume of water.

Dr SYKES — Let us talk the way country people talk.

The CHAIR — The minister, to answer in his own way please.

Mr HOLDING — We then said that we would deliver one-third of all the savings generated from stage 1 of the northern Victoria irrigation renewal project up to the volume of 75 billion litres — or 75 gigalitres. Obviously those savings will come on stream as the savings become available from the food bowl modernisation project. In saying that, we gave several undertakings, as a government, on behalf of Melbourne Water and the people of Melbourne.

The first thing that we said is that we would not take more than 75 gigalitres in any one year. And the construction of the pipeline, the physical constraints around the pipeline, as well as the upgrade to the Winneke treatment plant at Sugarloaf itself, are actually physical limitations on Melbourne being able to access more than 75 gigalitres in any given year.

We also gave an undertaking that Melbourne would not enter the water market to purchase water in addition to that water which Melbourne would already be receiving from the northern Victoria irrigation renewal project. So the formula is this: in the first year, calendar year 2010, Melbourne gets 75 gigalitres of water. Each year after that it gets one-third of the water savings generated from the project — up to but not more than 75 gigalitres of water.

Dr SYKES — This is a very important issue, and I have not quite got the answer I am looking for.

The CHAIR — A clarification please.

Dr SYKES — It is a clarification, because on 19 June 2007 Premier Bracks — —

The CHAIR — Not a speech, a clarification please.

Dr SYKES — It sets the background, with respect, Chair.

The CHAIR — No, with respect, Dr Sykes, you done this several times before, asking a question and then proceeding to give a speech. If you have a simple clarification that you wish to ask, rather than give a speech, ask it now please, or else I will go to the next speaker.

Dr SYKES — Thank you, Chair. My understanding of what you have said, Minister, is that there will be 75 gigalitres in the first year and then one-third of the savings in subsequent years, but no more than a maximum of 75 gigalitres to go in any one year to Melbourne. Is that correct?

Mr HOLDING — That is right.

Dr SYKES — In budget paper 2 page 64 the statement is:

… to deliver water savings of an average of 225 gigalitres per year to be shared equally by irrigators, environment and Melbourne.

Given that that is an average — 225 — and one-third of that is 75, that statement says: on average it will be 75 gigalitres a year. Given that you have made a presentation highlighting how dry it has been this year and, as you know, for a decade or more, what volume of — —

The CHAIR — That is — —

Dr SYKES — Sorry, Chair, I am getting there. It is a complex — —

The CHAIR — No, I think you are getting into another question.

Dr SYKES — No, Chair, with due respect — —

Ms MUNT — Is this a second question, Chair?

The CHAIR — It is a second question, Dr Sykes. If you are asking the minister to clarify in terms of the volumes of water and the various things, that is fine by me.

Dr SYKES — He said 'maximum'.

The CHAIR — You have got plenty of opportunity to ask some more questions.

Dr SYKES — I'm sorry, Chair, I am seeking clarification of his answer. He has said 'maximum of 75 gigs a year', budget paper 2 says 'average'. I am now going to ask the minister how he achieves that average — the statement he has made there with a maximum 75 gigalitres a year — —

The CHAIR — That is fine. I have no problem with that part.

Dr SYKES — And related to that question is — —

The CHAIR — No, I will not allow the second part. The minister to clarify for Dr Sykes. You can ask that later.

Mr HOLDING — The statement stands, and I think the misunderstanding that Bill has, insofar as it relates to the volumes of water that Melbourne can take, is that the water can be stored in Eildon. There is the capacity to store water in Eildon, so that in particular years if Melbourne wants to regulate the volumes of water that it takes, it can do so; but it cannot exceed 75 000 billion litres of water because that is the amendment to the bulk entitlement, or the licence arrangement that will be entered into. It will restrict Melbourne to 75 000 billion litres any given year as a maximum.

Mr WELLS — So the budget paper is wrong then?

Mr HOLDING — There can be no greater clarity around the commitment that we have given than that. Kim jumps in, 'So the budget paper is wrong'. The budget paper is not in any way inconsistent with the answer that I have just given.

Members interjecting.

The CHAIR — Mr Noonan has the call. If you wish to ask further questions, do it in your turn.

Mr NOONAN — Minister, you referred to water conservation in your presentation and I noted in budget paper 3 page 212 that under 'Sustainable water management and supply' there are a range of outputs in this area. My question is: what action is the government taking to educate Victorians regarding water-saving measures?

Mr HOLDING — That is a good question. We have been using rebates in particular as a mechanism for encouraging Victorians to reduce their water use and to encourage Victorians to take up water-saving devices in lots of different ways. The WaterSmart gardens and homes rebate scheme has been a highly successful scheme; $20 million has already been spent on providing rebates to Victorians since 2003. We have committed funding

to the rebate scheme until 30 June 2011, and as the slideshow mentioned earlier, in total over 224 000 rebates have been provided.

Those rebates and the installation of the water-efficient devices and the other products that have been supported have saved something like 2.2 billion litres of water each year. We have seen 31 000 rainwater tank rebates; 9000 shower head rebates; and 2500 rebates for grey-water systems. We have also seen something like just over 300 000 showerheads swapped for more efficient units over the past three years. The strength of all of those water-efficiency devices is that the savings they generate are embedded in our water management practice now forever. As long as those devices are installed in households or in businesses across the state, they will be generating savings and reducing the call on potable water supplies forever, regardless of the level of water restrictions, regardless of permanent water-saving rules or whatever.

It is the installation of those devices which in turn has seen Melbourne's per capita water use decline and per capita water use in many regional locations declining also. We have seen that action, supported by water restrictions and water-efficiency improvements in homes, schools, industries and businesses — and I mentioned some of the activities industries and businesses have been undertaking.

I am also very pleased to be able to say that yesterday, with South East Water, I launched a program which is a Victorian first. This is a program which seeks to provide a complete water tank solution for households, not just access to a water tank rebate. What South East Water is going to do is to provide not just the services of a licensed plumber to come and provide families with advice as to what sort of water tank solution may be best for them in their household, but to also provide them with access to an interest-free loan so they can either purchase the water tank up-front, obtain the rebate and obtain a discount at the same time, or they can access the interest-free loan, a 12-month or 24-month loan, and make the repayments through direct debit arrangement with South East Water in the usual way.

They access the services of a licensed plumber. The licensed plumber returns to install the tank and to ensure that the Plumbing Industry Commission certification, which guarantees the workmanship for the installation of that rainwater tank, occurs. They will provide other advice to the family about whatever other water issues may exist in that household. It is a complete water tank solution for the family, not just a water tank rebate. We think it is fantastic that South East Water are trialling this, and I know other water retailers will look closely at the experience to see whether that is appropriate to replicate in their areas.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the eastern treatment plant upgrade, which was first announced in the beginning of year 2002 by Sherryl Garbutt and re-announced by Steve Bracks in 2006. Given it is now more than seven years since the approval process started on that, why has that project not been fast-tracked? What is the current cost estimate? And is it still on track for completion in 2012?

Mr HOLDING — Thanks, Mr Rich-Phillips, for the question. Firstly, I can report to the committee that this is a very important project. Although I said in the presentation that we do not propose to drink the recycled water that will come from the eastern treatment plant when it is upgraded to produce class A recycled water, there are still productive uses that that water can be put to. So it is a very important project, and it is a very important project also in terms of being able to resolve some of the challenges around the outfall at Gunnamatta and the quality of the water and the nature of the outfall that exists at the moment.

We said, as part of the plan that we released in 2007, the next steps in the government's plan to provide water security for Victorians — we said in the next step planned that the upgrade of the eastern treatment plant would be completed in 2012, and it is still proposed. I can report to the committee that that project remains on track to be completed in 2012.

We have already commenced some substantial works and evaluation as part of that project. The most challenging issue in terms of the eastern treatment plant upgrade is resolving issues around the technology that is to be used for the treatment process. There are a number of different options which Melbourne Water has to consider, and they have undertaken some substantial scientific testing of the different sorts of water treatment processes that can be used and which ones work most effectively. That process was undertaken substantially in calendar year 2008. I can report to the committee that the Premier and I actually launched the commencement of those technology trials with Cheryl Batagol and the team from Melbourne Water, and substantial work has now been completed on it.

That project is on track to be completed in 2012, which is when we said it would be completed when we launched the next stage of the government's water plan in 2007. At that time we estimated the project would cost, I think, about $300 million, and of course whilst you would expect those numbers to be adjusted — they were 2007 dollars when the figure was released in 2007 as part of the water plan. Beyond that we anticipate that that project will be delivered within that budget.

Mr RICH-PHILLIPS — What are the — —

The CHAIR — Quickly, in clarification.

Mr RICH-PHILLIPS — What are the adjusted 2009 dollars? Can you give us on notice the figure in 2009 dollars?

Mr HOLDING — I think the figure has actually been released in recent times because I saw one person, a member of Parliament, trying to pretend that the adjustment in dollar terms somehow reflected a cost blow-out before the construction project commenced, and I can reassure — —

Mr RICH-PHILLIPS — A shift from $170 million to $322?

The CHAIR — Thank you for that.

Ms HUPPERT — One of the key things running through this year's budget, as mentioned in the Treasurer's speech in budget paper 1, is obviously the tragic bushfires. Could you please outline how you will be maintaining a reliable and safe drinking water supply for fire-affected Victorians?

Mr HOLDING — This is a very important question. It goes without saying that the bushfires were tragic events, and they impacted on a large number of Victorians both directly in the communities where the fires occurred and also indirectly where communities had services that have been affected in different ways because of the impact of the fires.

I can report to the committee that the majority of water services to Victorian towns were unaffected, and reticulated services that were extensively damaged in the towns of Buxton and Marysville have since been restored. Water corporations have been providing immediate relief to communities that have had their bore or tank water impacted by fire. Communities such as Kinglake and Kinglake West that do not have reticulated water supplies are receiving drinking water. Bottled water was delivered initially, and then a number of community water tanks were installed at key locations, and I inspected those with the managing director of Yarra Valley Water, Tony Kelly, a couple of days after the fires occurred to check how they were operating.

There is a service being coordinated through the Victorian Bushfire Reconstruction and Recovery Authority for residents who have tank and bore water services so that they can contact their local council or the authority and arrange to have their tank cleaned and a delivery of up to 5000 litres of water. This arrangement for those affected communities is going to remain in place until the end of May. The affected communities are aware of that service and have been using it extensively. In fact I am advised that DSE has coordinated the cleaning of water tanks on over 950 properties and around 1100 one-off deliveries of 5000 litres of water in the Kinglake and Flowerdale areas.

Many other towns have also received the water or cleaning services including Flowerdale, which I mentioned, Glenburn, Chum Creek, Christmas Hills, Castella, Hazeldene, Humevale, Junction Hill, Kinglake, Kinglake Central, Kinglake West, Marysville, Murrindindi, Narbethong, Pheasant Creek, St Andrews, Strath Creek, Strathewen, Taggerty, Toolangi, Whittlesea and many, many towns where these services have been called upon.

On 10 February the water authorities activated the water industry mutual aid arrangement. Again this is very important. It enables small water authorities to access equipment that other water authorities might have. It may be generators, it may be small-scale treatment facilities or whatever, so that they can supplement their existing infrastructure during the period of peak demand that some communities experienced straight after the bushfires. So we have a system in place to share assets across water corporations when major events like this occur — when major catastrophes occur.

I also just want to comment on the state of Melbourne storages. There has been a lot of comment and understandable community anxiety about the status of Melbourne's catchments. I can say that we had substantial damage in the O'Shaughnessy and Maroondah catchments, as well as in the catchment in the Bunyip State Forest, which is the catchment for the Tarago storage which will shortly be reconnected to Melbourne's system. Overall 30 per cent of Melbourne's catchments were damaged by fire. Melbourne Water activated a very rapid response to decant water from fire-affected storages to storages that were not impacted by fire so that we had sufficient water to meet Melbourne's needs while those storages recover. That very active disaster planning by Melbourne Water enabled us to make sure that there was no threat to Melbourne's water supplies.

In the short term we expect to see a slight increase in yield because of the damage done by the fires. But with the corresponding threat of contamination in the medium to longer term, the impact on yields from the catchments is more problematic, and we would expect yields to reduce as bushfire-affected areas recover and regrowth occurs.

The CHAIR — Thank you very much for that extensive response.

Dr SYKES — Minister, I wish to explore further the previous discussion in relation to the commitment to have a maximum of 75 gigalitres of water going down the pipeline in any one year, and marry it up with budget paper 2 which infers an average of 75 gigalitres per year. I understand the logic of, if you have some wet years and if there are savings in excess of 225 gigalitres, they can be stored in the lake for piping down the pipe later on. There is an issue about whether those savings are there, but I am not going to go down that track.

In the current situation that we have, Minister, where we have had a number of dry years in a row, and the last three years with Goulburn-Murray Water, in 2006–07 the water losses, which obviously impact on the amount of water savings you can make, were 461 gigalitres; in 2007–08 there was 380 gigalitres of loss; and in 2008–09 the projected loss is to be 320 gigalitres. Unless there is a significant rainfall event, how is it going to be possible to deliver the 75 gigalitres of water to Melbourne in the year after 2010, and what is, on best projections, assuming continuation of the current dry weather, the projected amount of water that will flow down the pipeline in 2011 and subsequent years?

Mr HOLDING — Firstly, I just need to correct something that was in your question, Bill. You said that if the savings were greater than 225, Melbourne could store a greater share of savings, more than 75 gigalitres. The water-sharing arrangement is this: up to 225 gigalitres of water, they are shared one-third, one-third, one-third. Above 225 gigalitres worth of savings, Melbourne does not take more than 75 gigalitres.

Dr SYKES — So you could never have more than 75 gigalitres of savings from any one year?

Mr HOLDING — It is not possible. It is not permitted under the arrangements that have been put in place for Melbourne to take more than 75 gigalitres in a year.

Dr SYKES — Okay.

Mr HOLDING — I just want to make that clear, because that is consistent with what we have always said.

The next element of your question was about what the savings might be in the year after 2010. What we have always said is that Melbourne will be entitled to access one-third of the savings that the food bowl modernisation stage 1 project has achieved by that period of time. I am not going to sit here today and speculate about what that volume of water may be. I can say it will be one-third of what has been achieved, but I am not going to speculate.

The reason why is, as you have identified in your question, it depends on a lot of different elements in the scenario, including how dry the year is and what the long-term average savings are versus what the savings in any particular year are going to be. Given that it is not possible for us to know what the rainfall outlook will be in 2011, I am not going to make predictions about it here on the back of the nature of the question that you have asked.

But I will make this more broad point because I think this is very important: the proposition which has been advanced by some is that in dry years the volume of savings, and even the volume of losses, could potentially be less than the volume of average savings that the government anticipates achieving against the long-term

average. I would simply make this point: in dry years the volume of allocated water to farmers will decline. We have seen that in recent times.

As a consequence, the volume of losses in the system also will potentially decline in some years, but it needs to be said that the percentage of losses as a proportion of the total water supplied in the system actually increases. The percentage of losses as a proportion of the total water supplied in the system actually increases in drier years. In fact our systems have seen substantial losses as a percentage of the total volume of water supplied in drier years, and that is why the urgency of the food bowl modernisation is even greater. It is even more important in drier years that we modernise irrigation infrastructure and generate savings because the percentage of total losses as a proportion of the total system actually increases.

Dr SYKES — Okay. Finishing off on my point, you have got a commitment of no more than 75 gigalitres in any one year and you have got a commitment of an average of 225 gigalitres — that means 75 gigalitres a year going to Melbourne — but you have acknowledged that you cannot store water over and above 75 gigalitres per year: I would put it to you that if you have a year of less than 225 gigalitres of savings, you cannot in any way honour the commitment that you have made in the budget paper to maintain an average of 225 gigalitres a year. It is not possible according to the constraints that you have just outlined.

The CHAIR — That may well be a statement. Have you got anything to add, Minister?

Dr SYKES — Can you assure — —

Mr HOLDING — I have provided extensive information to the committee on this. What we have said all the time is that 225 gigalitres is the projected long-term average savings from stage 1 of the food bowl modernisation. From stage 2, we access another 200 gigalitres of savings. That takes the total projected long-term average savings from the food bowl modernisation project to 425 gigalitres of water. From that we have always said that Melbourne will share one-third of the savings from the stage 1 component up to the point where Melbourne reaches 75 gigalitres of water. That is what we have said publicly.

Mr SCOTT — My question is regarding recycling and stormwater projects. I again refer the minister to budget paper 3 and the output measures starting on page 212, and I ask: what action is the government taking to encourage recycling and stormwater harvesting?

Mr HOLDING — Robin, thanks very much for that question. I made the point in the presentation that Melbourne currently recycles more of its wastewater than any other major city in Australia. I think this is a very important point for us to make. In fact a recent report by the Australian government's National Water Commission and the Water Services Association of Australia highlighted that Melbourne's supplies of recycled water were over 65 billion litres in 2007–08, and this level of recycling is more than double that of Sydney or Adelaide. Each of those cities supplied around 25 billion litres of water in the same year. That is why recycling water is such an important part of the water plan that the government released in June 2007.

We have discussed already the eastern treatment plant and the project to produce class A recycled water at that plant from 2012. We also have the Werribee irrigation district water recycling scheme, which provided about 12.5 billion litres of recycled water to irrigators in 2007–08.

We have also, as a subset of the eastern treatment plant's activities, the eastern irrigation scheme in Melbourne's south-east, which provided about 6.5 billion litres of recycled water for agriculture in 2007–08, and other projects by South East Water, which have supplied over 1 billion litres of recycled water to agricultural customers on the Mornington Peninsula in 2007–08. So we are seeing an increase in the use of recycled water. The use in Melbourne is up from 2 per cent in 1999 to 23.2 per cent in 2007–08; that exceeds the targets that we set ourselves of recycling more than 20 per cent of Melbourne's wastewater by 2010. We have exceeded the target ahead of schedule.

Regional Victoria is doing its bit. The Ballarat North reclamation plant is producing recycled water, which is very important for the restoration of Lake Wendouree. The Epsom to Spring Gully recycling water project in Bendigo means that that town is now capable of recycling all of its wastewater for the first time in Bendigo's history. I have seen projects in Hamilton where they have teamed up with a mineral sands project there to supply treated wastewater from Hamilton to that community.

We are also seeing other projects and stormwater harvesting projects as well, including the Wades Creek project at Traralgon, which collects 30 million litres per year in its wetlands for watering ovals and open space at schools. The Mansfield nursery is using 47 million litres every year of alternative water; it is captured stormwater, which is collected and reused on site, as well as wastewater. The Queen Victoria Market is also collecting stormwater for reuse and saving 10 million litres of drinking water per annum. So we are seeing many, many good localised stormwater projects which support construction of wetlands and small off-stream collection processes for putting stormwater to more productive use and, of course, rainwater tanks themselves, which collect water that would otherwise have run into the stormwater system and take pressure off that system. There are many, many projects, and it is encouraging to see them using water more efficiently in this way.

Ms PENNICUIK — On all that, on page 212 of budget paper 3 it states that the cumulative water savings realised through water recovery projects target was 429 000 megalitres and the expected outcome was 369 000 megalitres. The expected water savings through water recovery projects currently being implemented is 210 000 and the expected outcome is a lot less — 160 000 — and the target has been reduced to 153 000. I note that there is a note that says they were due to minor revisions to the timing of works. Can you outline what those are and what is going on there?

Mr HOLDING — Sure. Thank you very much for the question. What I can assure the committee is that the major water recovery projects that Victoria is implementing are on time and on budget, and that the difference between the 2008–09 published budget and the 2008–09 revised budget is essentially due to the timing of expected contributions to Victorian water saving projects and additional one-off funding for water rate rebates to irrigators announced as part of the 2008 drought package. The water savings projects, including NVIRP and the Shepparton irrigation modernisation projects, got under way in earnest in 2008–09, so they are the projects that the water savings there are attributable to. Again I would draw your attention to the timing issue, which is reflected in DSE's financial statements, budget paper 4 at page 161. You can go to that particular part of the document, or I can just quote it directly to you if you like.

Ms PENNICUIK — Please do.

Mr HOLDING — It says:

The Department of Sustainability and Environment … forecasts a negative $14.9 million net result from transactions for the 2009–10 financial year, with a $13.0 million surplus forecast for 2008–09.

The expected negative result forecast for 2009–10 is attributable to the planned use of prior year accumulated surpluses for several projects, including the Shepparton Irrigation Area Modernisation project.

So it is really a question of when you report the revenues from some of those different projects and over which years you split the expenditure in 2008–09 and 2009–10, and that is why that appears as a deficit in the way that it does.

The variations from one year to the next also reflect that the timing for receiving funding contributions and other entities needs to reflect the actual time when those contributions will be received. I can give you some examples from some of the different funding contributions that make up NVIRP, Lake Mokoan and Shepparton irrigation, where there is Melbourne Water funding streams as well as funding streams from the general government sector and Water For Rivers funding streams also as part of those projects, as well as funding streams that are generated from the Living Murray initiative. I can provide further information, but I think that goes to the essential element of the question that you were asking.

The CHAIR — Minister, I just want to once again put you on notice and ask for the portfolio federal government grants.

Dr SYKES — Chair, we started 15 minutes late on water, and it is a very important topic. Have we got a chance for two more questions?

The CHAIR — They will have to be very, very quick questions. I am happy to take another two, but they will have to be extraordinarily quick. Ms Munt, if you could ask a very quick question, and then Dr Sykes can ask one. But they will have to be 30 seconds each.

Ms MUNT — Thank you, Chair. Can I refer you, Minister, to page 213 of budget paper 3, and in particular under major outputs-deliverables to 'Rebates approved to households for improved water efficiency in the house and garden'. I note that the expected outcome for this year will be 32 800 rebates and the target for 2009–10 is 34 000 rebates. My question is: do you think that these water-saving devices have been effective in reducing our water usage, and have they delivered value for money?

The CHAIR — Quickly, Minister.

Mr HOLDING — Thank you very much for the question. In a sense I have provided extensive information to the committee already on rebates, so I will not repeat all of that. The essence of Janice's question is are they delivering value for money and are they saving water.

Ms MUNT — Yes.

Mr HOLDING — I think the best demonstration of that is if we point to the figures that I provided in the slide presentation at the start. Some 8 billion litres of water has been saved by the implementation of Target 155.

This water has been saved during one of the hottest starts to a year that we have had in Melbourne's history, and I think there is no better way of saying, 'How is it possible that we are saving this volume of water when we had such a hot start to the year?'. We have not done it through the blunt instrument of just going to stage 4 water restrictions. We have done it by giving Melburnians discretion or giving them the capacity to choose whether they prioritise their indoor water use or their external water use — the watering of their gardens.

What we have seen is that people have responded fantastically. The only reason people have been able to reduce their indoor water use is that they have been more cautious and conservative about how they have managed water around the house and they have installed water-efficient devices. The rebates program has been very important to that because it has provided a financial incentive for families to be able to access these devices. That 8 billion litre figure is an extremely important development because what it shows is that we are saving water at the rate that we would have been saving water if Melbourne had gone to stage 4 water restrictions. It is a very important point. I know there are people out there who say we should go to stage 4 water restrictions. I point them to the success of the Target 155 campaign, which Melburnians are now achieving, and because of that and the huge volumes of water that have been saved we have been able to save water as if we had gone to stage 4 water restrictions. We have been to do that at the same time as we have retained the discretion around outdoor water use for Melbourne households.

The CHAIR — Dr Sykes, another quick question.

Dr SYKES — A very quick question. Minister, can you please advise the committee of the cost of piping water down the north–south pipeline, and the cost components I am referring to take into account the capital cost of the pipe and the operating costs but exclude the costs of the food bowl modernisation project. How many dollars per megalitre to pipe the water down the pipeline?

The CHAIR — Minister, you might have to take that one on notice if you cannot do these calculations.

Dr SYKES — Get the envelope out again.

Mr HOLDING — I can provide some generic information, and then we will provide some more specific information to the committee. Long-distance pipelines range in cost — and I am quoting from a study, *Securing Australia's Urban Water Supplies*, undertaken by Marsden Jacob Associates for the commonwealth government in 2006. This was a study that looked at the costs of different sorts of projects and augmentations for comparative purposes. That study found that long-distance pipelines range in cost from about $1.30 per kilolitre to $9.30 per kilolitre, depending on the nature of the project. We expect the project itself to cost about $750 million. That is the figure that we announced at the time that we released the next stage of the government's water plan, and Melbourne Water and the alliance have been working within that footprint. We expect the annual operating costs for the Sugarloaf interconnector to make up around 1 per cent of Melbourne Water's costs.

Dr SYKES — My question was cost — —

The CHAIR — If you wish to add anything to it, just give it to me and I will put it on notice.

Dr SYKES — I am sorry, Chair, but I asked this question 12 months ago, and I did not get an answer. It is reasonable to ask the question: what is the cost per megalitre of water delivered?

The CHAIR — You have asked the question. The minister has said he will provide some additional things on notice. It has been recorded by Hansard. Obviously if he has further information this year or if he has anything to offer, he will do so, and he will also take on notice my question regarding federal grants. I thank Mr Harris, Mr Downie and Mr Hill for their attendance.

CHAPTER 12: DEPARTMENT OF TREASURY AND FINANCE

12.1 Treasury Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 12 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	Mr K. Wells

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Lenders, Treasurer,

Mr G. Hehir, Secretary,

Mr D. Yates, Acting Deputy Secretary, Budget and Financial Management Division,

Dr L. Williams, Deputy Secretary, Economic and Financial Policy Division, and

Mr J. Fitzgerald, Deputy Secretary, Commercial Division, Department of Treasury and Finance.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of Treasury. On behalf of the committee I welcome the Treasurer, John Lenders, Mr Grant Hehir, the secretary, Mr Dean Yates, the acting deputy secretary of the budget and financial division, Dr Lynne Williams, the deputy secretary of the economic and financial policy division and Mr John Fitzgerald, the deputy secretary of the commercial division, from the Department of Treasury and Finance. I also welcome departmental officers, members of the public and the media.

In accordance with the guidelines for the public hearing I remind members of the public that they cannot participate in the committee's proceedings and only officers of the PAEC secretariat are to approach the PAEC members. Departmental officers as requested by the Treasurer or his designated staff can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming and recording proceedings in the Legislative Council Committee Room. That means that the camera in this room is actually only on the person speaking. They are the rules; if you do not follow the rules, then you will be out.

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

Following a presentation by the minister committee members will ask questions related to the budget estimates. The procedure followed will be that relating to questions in the Legislative Assembly — in other words, there are no supplementary questions, and I remind members of that today.

I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information relating to the budget estimates for the portfolio of the Treasury.

Mr LENDERS — Thank you, Chair. I have a slide presentation, which Darren will take us through and which I will do in less than 10 minutes, and then over to questions and comments.

Overheads shown

Mr LENDERS — In opening, this budget is about five things. Firstly it is about securing jobs, so as part of our infrastructure build bringing forward we are securing 35 000 jobs that otherwise would not be there. We are also very much focused on a AAA, where we have pushed the balance sheet as hard as we can in stimulating jobs and bringing them forward and bringing forward infrastructure while within the constraints of AAA, whether that be in surplus, whether that be in bringing down borrowings over time and whether it be in keeping revenue higher than expenditure — a number of measures which are critical for our AAA.

It is also a budget about partnerships, where this is probably the closest collaboration with the commonwealth that certainly I can recall in many, many decades between state and federal in working together on where we go forward. It is also very much a budget about delivering on core services that a Labor government will, whether it be in health, education, community safety or transport, and focusing on targeted core delivery services. It is also very much a budget about building for the future, whether it is rebuilding from the bushfires or whether it is positioning us with investment in skills, in infrastructure, in a competitive economy — all of the things that are necessary to grow this state, create jobs, well-paying good jobs, in the future for Victoria. They are the parameters of where the budget is. Then I guess I will quickly paint the context.

The world is in a global recession; there are no ifs or buts about that. The IMF has published figures going back to the start of the 1970s, which literally show economic growth. We see from the chart on the screen that for the first time since the IMF has looked at those figures there is a net contraction in the global economy in the year 2009. You can go back to the war or you can go back to the Great Depression or you can use whatever sequences of figures you want, but the reliable ones from the IMF show we are in a very difficult international situation.

What the figures also show, though, is that in calendar year 2010 the world actually starts coming out of that, and that is significant. The IMF also recommends strongly that governments across the world invest in

infrastructure, we bring it forward and we do it now, to create jobs and do the infrastructure we need. It is interesting to note the IMF and the G20 between them actually show that there is a $5 trillion US stimulus coming from governments across the world. That identifies two things: the stimulus is necessary, and they are dealing with toxic assets at banks across the world. Our banks are in a much stronger position than most around the world, so that is less applicable to us.

The graph coming up next shows a bit of a picture of why Victoria's estimates are rosier than some others may think they should be. Our major export destination from Victoria is China. China is growing. It is growing at a slower rate, but it is growing, and every bit of evidence coming out of China in the last few weeks in particular has shown that that strength is actually real and going forward, whether it be in inventories, whether it be in investment or whether it be in stimulus package. China is our largest export destination; it is not Australia's, so Victoria is in a bit of a different position from other states.

Our second export destination is New Zealand. While New Zealand is also showing a decline like much of the rest of the world, if you look at some of the trading partners of other Australian states, like Japan and Korea, which have far greater exposure than us, our two major ones are actually performing relatively better. The reason I show that is that part of our estimates for our economy going forward are a bit more robust than some people would have expected for Victoria. But if you look at our economic forecasts going forward, we are pretty much on a consensus of figures for across the country.

If we move on to the next slide we see a couple of other measures here. Our banking system — I touched on it before — we have got a measure here of non-performing loans as a percentage of total loans. The point of putting it up is that our banking system is stronger than most other parts of the world, therefore, the reason is it is here is it is a cause for modest optimism for us bouncing out of the global recession here in Australia.

There are a couple of other measures, such as the spreads, the difference between swap rates, or cash rates from the Reserve Bank, to what banks lend to other banks. We see that that big spike has come down as the financial market has stabilised. It is worth noting that the Commonwealth Bank in the last two or three weeks has done four borrowings without even using the commonwealth guarantee: three domestic ones in Australia and one overseas — I think it was actually in US dollars; they did a small one a couple of days ago. So has NAB, as has ANZ. So that uncertainty in financial markets is commencing to stabilise.

If we look through some of the other areas, you see in the next slide where the share market has gone. The figures looked very gloomy from last Friday — a 27 per cent drop since 1 July the previous year, but earlier this year that drop was actually as high as 41.8 per cent. It peaked, so the share market is starting to bottom out and starting to climb. As we move forward we see the next figure here is consumer and business confidence. It is still very much in the pessimism area, but starting to climb.

President Obama talked about a glimmer of hope, and we are starting to see the economic data commencing to bottom out, and it fits in with what the IMF is saying — that in the calendar year 2010 we will see the world economy starting to rise — and the data that we are starting to see here shows there is a cause for optimism, if you define 'optimism' as that it is bottoming out.

We will keep on going. We talk here about us vis-a-vis the rest of the country. We still see the highest value of building approvals in Victoria compared with any other part of the country. We also see that employment has grown since the end of 2006, but clearly in our forecasts we are going to see unemployment rise and actual employment partially contract in this year. That is a global phenomenon. The chill winds are coming through from across the world. It is a case of what can a state or what can any economy do about it. What we are seeking to do here is set the foundations in place for us to bring forward jobs when it makes a difference, which is now. The investment is in our infrastructure going forward, and as I said, we are in partnership with the commonwealth. There is a series of commonwealth funds. It made announcements out of the health fund, and there will be announcements tonight out of the infrastructure fund. If you look at the bar graph here, it shows that from the time we were elected to government in 1999 to the present, we have quadrupled infrastructure expenditure. In this particular year, with extra commonwealth money, it goes up to almost $7 billion.

The yellow in those graphs is in the commonwealth money that flows straight through to housing associations and non-government schools, which gets you up to over $8 billion. If you add the money we are putting in to water authorities, the port of Melbourne and others it is more than $11 billion in stimulus this year,

which then tapers off. That is relevant because we have brought forward a lot of projects that needed to be done and relevant because it keeps us in line with our AAA in that there is an exit strategy for the high borrowings.

Looking forward now to the economic forecasts — they are all in the papers; there has been a fair focus on them. The key figure there is that the economy will slow considerably in this financial year. In the following year it will also be very slow at a quarter of a per cent, and then it tapers up. Going through there we see employment and unemployment — it flows into all those figures. Possibly the most significant figure on that line is the population growth down at the bottom, which is a higher forecast than was in the budget papers at this time last year. Victoria continues to grow, and that is one of the reasons why our economy is strong.

We move on, and go to the AAA. Our financial objective, we varied it this year from 1 per cent of operating back to $100 million. We have achieved that. It is significant in keeping the AAA. We also have an exit strategy for the borrowings and we have sustainable levels of debt, which means reducing at the end of the forward estimates period. We also have a cash surplus in 2012–13.

On the next slide we see where the surpluses are. In terms of a $42 billion budget, these are wafer-thin. But it is an operating surplus. We will possibly be the only state or territory jurisdiction to forecast surpluses for all the forward estimates periods. We will have a better idea of that in four to five weeks time. We see by the end of this forward estimates it is back to more than 1 per cent of revenue target.

We go on and talk of government borrowings. When we were elected government borrowings were 3 per cent of GSP. Every single year since we have been in government they have been less than that. Two budgets ago we started forecasting they would rise by the end of the forward estimates period back to that figure for our infrastructure spend. In this budget we are estimating they will get to just over 5 per cent, which is a departure from where we were, and then start coming down again. The reason for that is the necessity for stimulus. The reason for that is clearly that the operating surpluses we were forecasting are not there, and we are continuing our capital works program.

To put it in a historical context, when I was born in 1958 and Henry Bolte was Premier, debt was 58 per cent.

Mr WELLS — Oh, God, here we go!

Mr LENDERS — You might not like the news, Mr Wells, but when I was born it was 58 per cent. What we are seeing is, it is coming down. We are seeing a continual coming down, and at a time of global recession we are getting modest borrowings. Almost every US state, certainly the US government itself, most of the European Union and in fact most of the world would see them as very modest figures. The importance again is that in a time of need borrowings rise; then they begin to taper off again, as is prudent with this government and any other government that seeks a AAA credit rating.

I have got here — Standard and Poor's have actually put their trigger points in for AAA. Moody's do not publish their trigger points; Standard and Poor's do. We are working our balance sheet as hard as we can at a time of global recession to stimulate the economy, bring forward investment and do it in a way that is within AAA. Of course as I sat down from the budget speech Standard and Poor's reaffirmed the AAA credit rating, so we are working our balance sheet hard.

Let us move on. We want to be competitive and create jobs. Our tax rates as a percentage of state economy are continuing to come down. Queensland's and New South Wales's are continuing to go up.

Let us look at the next slide. When you add royalties to that you see that Victoria actually is a very low-taxing state. We offer good services in this state. We have had to learn for 109 years how to do with less because of the way commonwealth-state financial relations have gone, and we are making the state more competitive. We were the first state to abolish the eight taxes we were required to do under the GST. Only Tasmania has followed us. In fact three states in the last year or so have extended the time in which they are going to wind back the taxes they agreed to do as part of the intergovernmental agreement. We are losing some revenue out of that — there is no question about that — because we did what we promised what we would do and we led the field. The advantage for us is that it actually makes our state more tax-competitive, and that is part of the strength of this state and why we have a stronger performance than some other states.

It is also worth noting we have the red-tape burden reductions which the Premier has made part of my KPIs — over five years, 25 per cent, and we are achieving them. We have the red tape up there. There is a series

of things that make a significant difference to the economy. We have been leading on the seamless national economy issues at COAG. This is the sort of thing we need to do going forward to create more jobs in this state and make us more competitive on the Pacific Rim.

The CHAIR — Very quickly, Treasurer.

Mr LENDERS — I will just conclude on bushfires. There is more in the presentation. We all know where we were on 7 February. All of us in this state have memories of it, so I will not go through what happened with the bushfires, but what I will say with the further slides is that what we were required to do as a state was to actually respond quickly. We have issues out of the bushfires like the $350 million for the emergency services for paying for the wages, the 70-odd airplanes and the rest that happened during those fires. They have been recognised in the budget. We also have further money going forward for communications, fire suppression and a range of things as well as assisting individuals and communities affected. The commonwealth has been very generous. They are matching 50-50 in many areas of the bushfires, but there is a bill to the state of almost $1 billion in reconstruction, prevention and going forward. This has been a significant constraint on this budget but one that is necessary, and every Victorian would welcome it. I will conclude on that. The service delivery components follow, coming shortly, but those can probably be as adequately addressed by line ministers.

The CHAIR — Thank you, Treasurer. I will begin by asking about federal grants, because they are now a very significant part of the budget. So from a policy perspective I would like you to comment on them as well as provide this committee, perhaps the secretary can later on, with the lists and descriptions which the department itself has in terms of grants, and of course the accountability mechanisms that we have in dealing with those grants.

Mr LENDERS — On general questions here on grants, this budget is probably the first for Victoria where I think this year for every state and territory the majority of revenue will actually come from the commonwealth. That has been the case before for small states for a number of years, and with the larger states now. Part of that is because, as I mentioned before, we actually abolished eight taxes as part of the intergovernmental agreement. The GST replaced those, so clearly there was a fairly quick skew towards the commonwealth in those areas. But also part of this particular budget is that the commonwealth last year rolled together 70-odd SPPs into 5 new SPPs and actually increased the revenue coming through to the states through SPPs. There are also more — —

The CHAIR — That is 'special purpose payments', for Hansard.

Mr LENDERS — There are also NPs (national partnerships). The commonwealth has rolled out more national partnerships. So certainly with the commonwealth and the grant revenue, approximately 30 per cent of our budget comes from the GST — it is the largest component of the commonwealth — and then the other grant revenues, specific purpose payments and national partnerships, also come forward strongly.

From the state's perspective there is a range of things in here that we need to look forward to — not that we are looking forward to them. Certainly on GST payments, with a decline in the national economy, GST payments to the state have actually declined significantly — by approximately $1.5 billion from the estimate in the budget last year to what is actually in the budget this year for this financial year. At times that figure looked higher, when there were earlier estimates of the commonwealth economy being stronger than what it is. That is a significant issue for our budget.

The commonwealth also in this particular round has brought forward a lot of money because of its own stimulus plan flowing through to the state. You saw in the capital works chart before the money for primary schools, which is approximately, over two years, $2 billion coming through from the commonwealth into the state, adding on to the $700 million we were doing in the schools ourselves over that period. The commonwealth is also pouring money into social housing. The commonwealth also has already poured money into some capital works which have already been announced — like the Parkville comprehensive cancer centre — but there will be other capital works that I would hope would be announced in tonight's commonwealth budget.

So the mix of all those means that in this financial year expenditure, including commonwealth grants, goes up in the order of 8 per cent and revenue also goes up in the order of 8 per cent, netting all that out. After this year, when the commonwealth stimulus package starts to ease off our figures go down to much more modest

figures — when that revenue and expenditure from the commonwealth both exit the system from the record stimulus amounts we have now.

The CHAIR — Thank you, Treasurer. The secretary will provide some information with respect to the department.

Mr WELLS — Can I just seek clarification before I ask my question. In the presentation you said we are in a global recession, but I thought over the last few weeks I have heard you say that Victoria is not in a recession.

Mr LENDERS — There is no clarification necessary. From my perspective, two things. Firstly, we are in a global recession — there are no ifs or buts about that; the IMF figures are out there and they are on the screen. From Victoria's perspective I think, firstly, we spend far too much time speculating: are we or are we not? In the end, recession is two quarters of negative economic growth. You know you have been in one a half a year or a year after the event.

From my perspective and the government's perspective, to combat the chill winds of the global recession we need to do everything we need to do now. If in a year's time some academic or some statistician says we were or we were not, well that is all quite interesting. But where we are now is, we need to do everything we can to create jobs in this state and to protect us from this global recession. So I do not think we are in recession. Certainly on the last quarterly data we had, the state final demand figures for the December quarter, Victoria was the strongest performing state in the black. So we are not in any technical sense in there. Where we are when you start measuring in the next quarters — and the state final demand figures do not come out for every quarter, anyway — is academic. What is relevant now is what we can do to protect jobs in this state, to grow the state and position us for the future. The rest will be an academic debate in some months or years time.

Mr WELLS — So the rest of the — —

The CHAIR — You have asked your question; it is now on to the next question.

Mr WELLS — No, hang on. I asked for a clarification before I asked my question.

The CHAIR — You asked a question, actually.

Mr WELLS — No, I asked for a clarification of what he said.

The CHAIR — I said at the beginning that we wanted to be quite strict.

Mr WELLS — I asked for a clarification of what he said before I got into my question. I made that very clear when I asked.

The CHAIR — You did, but I am making it very clear to the committee that we are asking questions here, not sort of going on with empty discussions.

Mr WELLS — I sought a clarification, and I said it very clearly.

The CHAIR — You did say it very clearly — —

Mr WELLS — I asked for clarification before I asked my question.

The CHAIR — But let me say I regard it as a question. I will allow you to ask a question, but I want to be very clear today that you ask a question, and you ask one question.

Mr WELLS — Okay, but then you have to apply the same rules to your Labor mates — —

The CHAIR — I will apply the same rule to everybody.

Mr WELLS — As you do for the other side.

The CHAIR — I do.

Mr WELLS — Is that going to start as of today?

The CHAIR — It starts all the time. I make my procedures really quite clear.

Mr WELLS — Right, I will ask my question, if that is okay?

The CHAIR — That is fine, but in future we are being very direct and immediate.

Mr WELLS — Okay; so the whole world is in recession except for Victoria.

Mr LENDERS — China is not in a recession.

Mr WELLS — Okay, apart from Victoria and China.

The CHAIR — And India.

Mr LENDERS — And India.

Mr WELLS — And India — my goodness, here we go.

Mr DALLA-RIVA — And Zimbabwe.

Mr WELLS — Zimbabwe?

Mr DALLA-RIVA — I don't know.

Mr LENDERS — I think that is in recession.

Mr WELLS — I would like to ask about the AAA credit rating. I refer the Treasurer to page 70 of budget paper 2, in which he has detailed the triggers for Victoria's AAA credit rating, which he had up on the board, in fairness. Standard and Poor's rating is based on a comparison of the state's net financial liabilities as a proportion of operating revenue, which you have also said. You have stated that the ratio is forecast to reach 118.5 per cent in 2013, and that is well short of the 130 per cent trigger, so I understand all that. But what is concerning is that on page 68 of budget paper 2, table 4.5 clearly details net financial liabilities of the non-financial public sector in 2012 as being $62.369 billion.

When you compare that to the total operating revenue of the non-financial public sector, $46.453 billion for 2011–12, then that ratio is actually 134 per cent, which is clearly above the Standard and Poor's trigger. So why is the government happy to use the 118 per cent figure? And I would like to seek details — it is on page 66 of budget paper 2 — of the $11 billion of other liabilities, which seems to have been extracted out of the equation to bring it down below the 130 per cent trigger.

Mr LENDERS — The other one firstly is not financial liabilities. There are two comments that I would make in opening up on the discussion. Firstly, your introductory comments — I will not let them go past — about saying that only Victoria — —

Mr WELLS — No, you mentioned China as well.

Mr LENDERS — The comment, the significant comment — and this goes to ratings agencies — as a sort of a tongue-in-cheek, throwaway line, 'Well, it's Pollyanna here. You are saying Victoria is different from the rest of the world'. Victoria is better inoculated than any other Australian state or territory. I say that without hesitation, because the ones that have traditionally been strong have relied on royalties from ore and coal exports, and they are clearly affected. We have a more diversified economy, we have the highest number of apprenticeships of anywhere in this place, we have had an infrastructure pipeline that left the national government that had been in place — with the transport plan, the water plan, the schools plan. It left the national government actually — —

Mr WELLS — There are lots of plans but not so much delivery.

Mr LENDERS — We are talking about the strength of the economy; the reason our economy is in a stronger strength is because we have had the investment in skills and in infrastructure, and we have had the plans that have let the commonwealth actually put money into plans, projects that are ready to go.

There are other economies in the world that are actually performing reasonably well, but the reason we are relatively performing well — and we would rather see growth much more than 0.25 per cent, we would rather see it at historical 2 per cent or 3 per cent levels, with growing employment and a range of other things — but we are more inoculated than the rest of the world through the actions of this government and people in this state.

On the issue of the ratings, firstly, Standard and Poor's went through these documents and made its own assessment that it was AAA; it gave us an unqualified assessment it is AAA. Secondly, we can start going through the component parts of what gets that AAA rating and what we have met on those component parts is that we have met the test. We have modest borrowings to bring forward, to bring forward infrastructure we need; we have an exit plan which means that those borrowings as a percentage of the economy go down over time; we have an exit plan which means that we have a cash surplus in the fourth year of the forward estimates. All of these tests meet prudent financial management and mean that the AAA is there and we have an exit plan going forward.

There are component parts in the non-financial public sector, the public non-financials sector like the water authorities and the port which are commercial entities, which have their own revenue going backward and forward. They all have corporate plans that DTF advises me of and I sign off as the Treasurer on those. They all have corporate plans that are prudent plans going forward so their borrowings, whether it be the Port of Melbourne Corporation or the water authorities, are all prudent, would meet any test in their own right. As a collective group, we also have them all meet the test of Standard and Poor's and the state itself, in a general government sector, goes forward with operating surpluses every year into the future. All of those operating surpluses are all part of the story.

From the perspective of the state of Victoria's finances, we have one state, Tasmania, which does not have two AAA ratings; we have the Northern Territory which does not have two AAA ratings; we have Queensland which is on a downgrade; we have New South Wales which is on a watch; and we have a number of other states and territories which are quite anxious at the moment. In terms of the global financial crisis and recession, this state has maintained AAA because we have structured the budget around working it to the maximum to achieve the investment without endangering it and because of the historical investment in Victoria and diversification of our economy we have been able to do this.

That is the story out of our budget and we obviously will watch it very closely. This budget was constructed with those five objectives on the front slide in mind, one of which was to maintain AAA, which Standard and Poor's have signed off on.

Mr WELLS — Have you deliberately re-categorised other liabilities to deliberately stay under the 130 per cent Standard and Poor's trigger?

The CHAIR — I think you can follow up further with other questions.

Mr WELLS — That is an important part of the question.

Mr LENDERS — Yes, the answer to my opening — as I answered — —

Mr WELLS — Has Treasury deliberately re-categorised other liabilities to deliberately stay under the 130 per cent?

The CHAIR — Let the Treasurer answer.

Mr LENDERS — I did hear you the first time, and I did mention the other liabilities are not financial in the first instance.

Mr WELLS — Okay, all I need is an answer: have you deliberately re-categorised other liabilities?

Mr LENDERS — The answer is no.

Mr WELLS — Okay, so give us an explanation of 'other liabilities' then?

Ms MUNT (to the Chair) — Four questions?

Mr LENDERS — Before we do a bit of good old workplace bullying here, Mr Wells, let us clearly restate where we are; firstly on this.

Mr WELLS — Workplace bullying?

Mr LENDERS — You said are we deliberately rorting the system — or whatever term you used.

Mr WELLS — No, 'deliberately re-categorised' is what I said — deliberately re-categorised other liabilities to stay under the 130 per cent trigger.

Mr LENDERS — The answer is no and the other assurances that you can have on this are: one, chapter 1, budget paper 4, is audited by the Auditor-General — something I might add — —

Mr WELLS — Please!

Mr LENDERS — You looked mockingly and I know how you voted on this back during the Kennett government to neuter the guy.

Mr WELLS — An Auditor-General should be focusing on historical figures.

Mr LENDERS — The Auditor-General is more tha historical figures, actually budget paper 4, chapter 1 is not historical, it is looking forward. He actually goes through that. Secondly, he goes through the annual financial report at the end of the financial year and looks through both of those. The Auditor-General does, on both forward-looking in chapter 1, budget paper 4 at budget time, and after the event on the annual financial report, looks through this.

I have a high regard for the Auditor-General. I do not like everything he recommends, but I have a high regard for the Auditor-General, he is an independent officer of the Parliament.

Mr WELLS — So do we all.

Mr LENDERS — Secondly, on this, if you are concerned about the veracity of this, we have Standard and Poor's which has actually trawled through all these papers also and asked the questions, 'Is this real or not real; is this a budget that is a AAA budget or not?' and both the Auditor-General has ticked it if you check his certificate here, and Standard and Poor's have just done its release after the budget reaffirming AAA.

I have great confidence, Mr Wells, that this budget meets these tests and it is not just me saying it, as the Treasurer who you would expect to be proud of the budget, it happens also to be the independent Auditor-General and an independent ratings agency that have already both signed off on it.

Ms MUNT — We have spoken about the strength of the Victorian economy, and some of the reasons for that, and I note on page 21, budget paper 2, 'Victorian economic projections …' which are strong, in fact stronger than the Australian economic conditions and outlook mentioned on page 24, budget paper 2. Can you give me a further explanation of why that difference is apparent? Why is that so?

Mr LENDERS — Thank you for the question. There are a number of observations I would make as to why Victoria has a greater strength. I alluded before to the diversification of our economy, and I will report later on in this presentation, for example on my ICT and financial services portfolios. These are two areas of the economy, both of them getting close to 10 per cent of the economy as an example. Both of those — again the chill winds of the global recession have hit both of them — are actually performing more robustly than equivalent sectors in other states in Australia.

There is a whole lot of history for this. Part of it is the nature of our economy. I mentioned before that our exposure is less so. On the slide I showed before, manufactured exports, for example, we talked of China being a particularly strong place in some other areas. If we talked about things like overseas students, for example, coming in, India was not on the graph there because of the nature of where items are. India is another strongly growing economy; again overseas students coming into Victoria from both India and China have not diminished during this global recession.

The investment that we have made in skills over the life of this government with a skilled workforce has delivered dividends to us and our investment in infrastructure has continued, a four-fold increase, so it is not

suddenly, like a lot of governments around the world, the IMF says you need to invest in infrastructure to bring it forward now and people start running around in a panic, saying, 'What are we going to invest it in?'.

In our case — the transport plan being a classic — last year there was a long deliberation during the year across all government as to what projects you needed over 12 years to deal with issues in rail, in road, in freight, in urban planning; all of these issues were done in a systemic plan with a 12-year time line, and now, suddenly, the commonwealth and other areas wish to invest. In the state there is an orderly plan that is relevant and that is designed to deal with things necessary in the Victorian economy, so there is a range of these things that all come together.

Your other question on how this measures with other statistics, traditionally — in the last half decade or so — Victoria tends to have been at the Australian mean. We have been the leader of the non-resource states; the resource states have generally performed 1 per cent or 2 per cent better because of the nature of the resources. Another manufacturing state, which I will not mention, north of the Murray has traditionally pulled down where the system is.

What we are seeing on the consensus economic forecasts is that our forecasts from DTF in the budget are pretty well consistent with the consensus for the country as a whole; they are pretty well consistent. One forecaster is a lot more negative, but they are consistent with the consensus. If you follow the normal methodology of where we stand, they match up. If you also follow the strengths of the Victorian economy, they match up. It is interesting that often we are seen to be overly bullish or Pollyannaish over a forecasting growth of 0.25 per cent. It is hardly a radical forecast, but it is one that probably stands out from a lot of other economies that are a lot more negative.

If you look at New Zealand as an equivalent economy to Victoria, we are forecasting 0.25 per cent growth; they are still forecasting shrinking growth, but our population growth is also strong, and that is a significant part of it. As I said in my opening remarks, the forecasts this year versus last year, most of them have gone south in the sense of employment growth and a range of other areas, but population growth is actually stronger than forecast at the same time last year, and that is significant for demand in housing, for demand in services, in so many areas for how you measure GSP.

Mr RICH-PHILLIPS — Treasurer, I would like to ask you about the performance of the VFMC, which obviously impacts on superannuation liabilities. I note the most recent performance data on the VFMC, the 31 March quarter, shows that the VFMC underperformed the benchmark that it sets in virtually all asset categories — cash, index-linked bonds, Australian equities, property and absolute fixed return funds, and the quarterly return was a loss of 4.4 versus the index, which was a loss of 2.6.

I would like to ask you: what are the estimated losses across the general government sector from VFMC investments factored into the revised 2008–09 figures, and what is the impact from the absence of a chief executive, the absence of a chairman, and the fact that the chief information officer is now acting as a CEO on both governance and investment returns in the VFMC?

The CHAIR — Treasurer, insofar as it relates to the estimates?

Mr LENDERS — There are a number of subsections there, Chair. In response to Mr Rich-Phillips, firstly, just a technical correction: Justin Pascoe is the chief investment officer, not the chief information officer.

Mr RICH-PHILLIPS — Investment officer?

Mr LENDERS — He is the acting CEO. In response to that part of the question, obviously the board of the VFMC is in a search for a new chief executive officer following the resignation of Syd Bone. As far as the chair goes, we have a stunning new chair who has been announced to take office in late June: John Fraser will be an extraordinary new leader for the VFMC. He was the deputy secretary of the federal Treasury. He has worked for UBS International, one of the leading banks in the world — obviously a Swiss bank by origin but based in London now, where he is.

The financial credibility of such an international figure being appointed to now chair the VFMC is a real catch for Victoria, and I am delighted to have recommended his appointment to the Governor in Council, because I think he adds extraordinary credibility to an organisation as well. I was speaking to Justin Pascoe at a

function yesterday, and I think the VFMC knows the difficult international circumstances it is in and is performing its role well.

In regard to your question as to how it affects the estimates, I guess I disagree with the nuance of the figures you are using. Certainly the quarterly report — the most recent one I have, and I assume we are referring to the same one, which is the period 31 March?

Mr RICH-PHILLIPS — Yes.

Mr LENDERS — I guess where I disagree is how it is meeting benchmarks and the like. For the three months the VFMC has had a performance of minus 4.27. As I showed on my slide before — and the VFMC's investments are obviously more than just the stock market, so that is being simplistic — the stock market to last Friday was down 27 per cent on what it was on 1 July last year, and at one stage that figure had got down to minus 41.8 per cent on the stock market. So the VFMC in a quarter having a minus 4.27 performance — as I said, it is not just equities, there are a lot of other things in it.

Mr RICH-PHILLIPS — Can you just confirm it is 4 point — —?

Mr LENDERS — The figure I have is 4.27, for the period to 31 March 2009 — and on that quarter.

Mr RICH-PHILLIPS — The figure published by the VFMC is 4.41.

Mr LENDERS — Regardless of which one of us is correct — —

Mr WELLS — It is a VFMC figure itself.

Mr LENDERS — I also have a VFMC figure; it could be a transcription error, the point being, though, it is in — —

Mr WELLS — It is the same document.

Mr LENDERS — But the point being, it is in the order of 4 per cent — that is the point I am making — for that quarter. If we are looking at the benchmarks that the VFMC operates with, the Intech investment median manager benchmark is 4.63, and then the Intech investment top quartile manager is 4.23. The point I am making is that the VFMC's performance is on par or better than the two benchmarks it operates, so the benchmark of the top quartile of fund managers or the top half of fund managers; so it is in the range or equal to one or both of those.

Firstly, let us put a perspective on where the VFMC is travelling. With those benchmarks, if we look at the one year, the VFMC is performing 2 per cent better than the median manager benchmark and 1 per cent better than the quartile manager benchmark. If we go to the three-year period, it is performing better by the order of 1.5 per cent to the median manager and about 0.5 per cent to the quartile manager. If we go over the five-year period, it is performing better than the median and roughly on par with the quartile.

The point I make on that is there are a lot of statistics there but we need to manage something like the VFMC in accordance with benchmarks. That is how their executives are judged and their performance is judged. That is how the organisation is judged. The VFMC is performing on par or better than like organisations.

All of us notice the performance of the VFMC; all of us, like every single member of a private or public pension fund on this planet, notice. I am probably guilty of a bit of hyperbole; there probably is one out there somewhere that has actually run a positive result but there would not be many. There would not be many people in our community now who are not getting their statements from their superannuation funds showing losses across the board that are reflective of the fact that the ASX has dropped by between 40 per cent and 27 per cent, depending where in the last few months you wish to look at a line; and if you go back over several years these things happen in cycles. We saw it in 2001–02. This is clearly more severe as part of a global recession.

In terms of the VFMC's performance, it is doing what we wanted it to do — to be a centre of excellence managing funds for the longer term — and on a longer term basis it is still performing better than if we had put it in a bank, in cash. This is a centre of excellence, it is a place that is dealing with the difficulties that the entire

world is dealing with and it is performing against benchmarks in its five-yearly, three-yearly, one-yearly and three-monthly returns.

The CHAIR — Thank, you, Treasurer.

Mr RICH-PHILLIPS — Just while we are on this, Treasurer. The most recent benchmarks that I downloaded from the VFMC this morning are entirely different to the ones you have quoted.

Mr LENDERS — Within 0.2 per cent so they equate and properly so.

The CHAIR — That can be clarified and come back to the committee.

Mr RICH-PHILLIPS — If the Treasurer can on notice reconcile them. These are substantial amounts.

The CHAIR — That is right. I just asked for that.

Mr LENDERS — I certainly will.

Mr RICH-PHILLIPS — This was the primary question, what is the actual dollar loss that has been estimated into the 2008–09 estimates as general government?

Mr LENDERS — Sorry, the — —?

Mr RICH-PHILLIPS — The dollar loss that has been factored into the 2008–09 outcomes.

The CHAIR — It is the revised outcome in the revised estimate.

Mr LENDERS — There has been clearly a dollar adjustment. We will take that on notice and get the specific figures back to you, the figure in a budget paper. Clearly if we are looking at the net financial liabilities components of the budget paper, the vast majority — approximately 80 per cent of the adjustment there — is due to variations in discount rates as opposed to investment performance.

It is interesting; it all depends how you measure these. The variation in this is several billion dollars better than it was at the time of the midyear report. So these things move around as the discount rate moves around — the vast majority of the movement comes through changes in the discount rate which have no effect whatsoever on actual dollars going in and out.

If I can recall at this committee a couple of years ago when the discount rate went up I was accused of hiding money for an election slush fund, and then when the discount rate went down I was accused of mismanagement. I guess you can do one or the other; doing both would be very — —

Dr SYKES — We are learning from you, Treasurer.

Mr LENDERS — Doing both would very clever, I would think. But the vast majority of movement is because of the discount rate, and the underpinning of course on all of this is that the ratings agencies continue to rate the state of Victoria as AAA. They see these things but there is no doubt that every investment fund or almost every investment fund in the world has faced the same pressures and the long-term price going forward is that it has an effect on our budget but these move around.

As the rate of return goes up, the discount rate goes up we have larger returns but whole-of-life is how we measure these policies and that is the measure that we will continue to and should continue to go for.

Mr RICH-PHILLIPS — You mentioned Mr Fraser, the new chairman of the VFMC. Is Mr Fraser going to live in Australia once he takes up the position, Treasurer?

The CHAIR — I think you might have had enough, Mr Rich-Phillips. I think we will go to the next question.

Mr NOONAN — Treasurer, I want to ask you about the government's recent changes to wages policy, and I note in budget paper 2, page 97, under the sensitivity analysis table, there is some reference to this. I wonder whether you can outline how the changes to wages policy will impact on the budget position by reference to the sensitivity analysis.

Mr LENDERS — Thank you for the question. The sensitivity analysis attempts for us to measure what will happen if there is a movement in the economy one way or the other. It is a very good question as to the effect of wages on the budget.

Approximately half of our budget is wages. Actual wages themselves are a bit less than that but by the time you do various add-ons — superannuation and others — we are getting to close to half the budget being in wages.

So if you are talking of a wages bill in total approaching the $20 billion mark, and you are talking of a change to wages policy where the base rate is 3.25 per cent down to 2.5 per cent, over a figure of that size that is $150 million a year in rough terms. Then over a four-year forward estimate that becomes $150 million the first, $300 million the second, $450 million the third, $600 million for the fourth before we even do adjustments to adjustments on that. That is a significant thing on a sensitivity analysis as to where the budget is going forward. Certainly in a particularly difficult financial cycle, which the state itself faces, it plays a significant role in to keeping revenue coming in higher than expenses over that period of time.

In a sensitivity analysis that in very rough terms explains a lot of the reduction in what we would normally expect in a forward estimates that go forward year to year without change.

The importance, I guess, in more than just where the sensitivity analysis goes to is also the policy issues for government. There are many governments at the moment and many companies that are actually retrenching people to balance their budgets and that is something that we, as a Labor government, are extraordinarily reluctant to be part of. We had the dialogue with our own public sector workforce where we are saying these are the stark choices we face at a time of significant revenue drop, at a time of global recession.

We have put forward the case that a more modest wage growth commensurate with inflation or slightly better than inflation, and a guarantee of no retrenchments to make budgets balance, is an appropriate policy setting to do in here. So you correctly identify in the sensitivity analysis what the effect on the budget bottom-line is of this, but wages are the single largest component of our budget and we think it is a fair balance.

I noticed recently the Commonwealth Bank, for example, adopted a similar type of policy for its workforce. They said modest wage increases were appropriate going forward and I think it was people under the $100 000 mark had a 1 per cent increase under their EBA and people over the $100 000 mark — actually I think the CEO took a 10 per cent cut if I recall correctly at the time.

But if we look at other private sector organisations, this is a way in times of uncertainty to go forward, because jobs, in the end, are the most significant thing that a government or an employer can offer its workforce — a guarantee of jobs. There are real increases in wages but at much more modest levels than we have had. It has let us have the budget go forward in surplus and let us guarantee those jobs to Victorians with a more modest wage increase.

We think it is the correct policy. It certainly has a significant effect, if we get to the out-years as year upon year. Of course many of these EBA do not take effect until they expire. In teaching, last year we had a wage agreement, if my recollection is correct, in the financial year we are finishing which was 4.9 per cent and then 2.7 in each of the next three years. Clearly, that will be factored into these forward estimates, but when we get to the end of the final year, then we will factor in 2.5 rather than 2.9. Many of the others, like nursing and police, are 3.25, so those savings will start to come through further down the budget process.

Dr SYKES — My question follows on from that question, Treasurer, in relation to the impact of wage increases in relation to sensitivity. You have said, as I understand it, that you expect wages to be 3.25 per cent, reducing to 2.5 per cent increases. How do you factor in and what is the impact of wage increases such as those of apparently firefighters who received 15.75 per cent over the next three years and another group of firefighters receiving a pay increase of 4 per cent? That seems to be out of kilter. I should say that I am extremely appreciative of the efforts of our salaried and volunteer firefighters, but I am asking about the impact of these sorts of wage increases in some sectors on your overall budgeting.

Mr LENDERS — Thanks, Chair. I guess my response to Dr Sykes, first, would be: I would not believe everything you read in the papers that has come from the state opposition. That is my starting point, which I think is the source of the — —

Dr SYKES — This is not actually a state opposition's. It is the AWU state secretary, Cesar Melhem.

Mr WELLS — He is a mate!

Mr DALLA-RIVA — Your union mate!

Mr LENDERS — Chair, what I would say is: I also would expect the secretary of the AWU to be talking up an agreement that he has just signed with his members also. The significance of that particular agreement, the one you particularly mention on the DSE firefighters, is this: it is one that I believe meets government wages policy. It is one that clearly is quite a complex EBA, but the centrepiece of that is there is a 45 per cent loading that went to DSE firefighters at times when there was a fire situation as opposed to times where there was not.

Clearly the difference between that is that DSE firefighters have extraordinary useful things to do, whether it is declared fire or not. The preventive works that are being done are equally important to the state as the works when there is actually a fire being done during a fire season. Your starting point on that EBA is you build into the base the 45 per cent loading that was there in some occasions and other occasions it was not there. Once you build that into the base, then there are a number of issues in that EBA, which is the normal 3.25 per cent growth in wages under the government policy. There are also some productivity issues regarding training for part-time or temporary DSE firefighters.

It is a complex set of arrangements. We have a 45 per cent loading in some years, which is now built over a period of time into a base. From my perspective, it is in accordance with government wages policy. It adds certainty to what goes on in that area. It is an EBA that is being negotiated with the government's workforce which is within wages policy, which is something that this government strongly encourages.

Dr SYKES — Can I summarise: with appropriate packaging, a group of workers can get a pay increase substantially greater than 3.25 per cent, providing it is appropriately package.

Mr LENDERS — That is an interesting way of summarising it. Government wages policy is this: we support wage increases of 3.25 per cent up to 4 May; and from 4 May, 2.5 per cent. But we also have with real bankable productivity on top of that, wages can go to whatever level. There is real bankable productivity. This has been an agreement where there is real bankable productivity done within wages policy. It is a good outcome for the workforce, it is good outcome for government. It is accordance with wages policy — exactly what good IR policy, what good EBAs negotiated in good faith with everything on the table can achieve.

EBAs are never easy for government. It is one of the hardest things for government, always ongoing negotiations with workforces, but we engage in that and we think it is a reasonable outcome on all sides in accordance with government wages policy.

Dr SYKES — So 3.25 per cent is a nominal target, but in reality with good packaging and good negotiation you can get salary increases, package increases way and above 3.25 per cent or in the future way above 2.5 per cent?

Mr LENDERS — I think we have two different ways of dealing with this, Dr Sykes. We can describe it, as you say, with good packaging. What I would describe it as is government wages policy with real bankable productivity. I think we are talking of different things or maybe the same thing, but I reiterate that it is real bankable productivity, which has been a good outcome for the state of Victoria by this 45 per cent loading in some occasions being built into a base and delivering what we need from our DSE firefighters — that is, actually fighting fires in times of fire and, when it is not fire, actually doing the very preventative work either to stop fires happening or, when they do happen, make it easier to contain them. That is the role of a DSE firefighter, a flexible workforce. It is an agreement I am confident is in accordance with wages policy.

Dr SYKES — In terms of that improved productivity, can we expect a substantial increase in the amount of areas of prescribed burning?

The CHAIR — I think the Treasurer has answered the question three times. We will move on to the next question.

Ms HUPPERT — I would like to return to the subject of infrastructure spending. In your presentation you talked about the accelerated infrastructure investment in Victoria. In budget paper 3 on page 358, it mentions

the investment in Peninsula Link which has a budgeted cost of $750 million under the Victorian transport plan. On page 361 of budget paper 3, the government has allocated half of this amount. Can you outline how the government intends ensuring that Peninsula Link is delivered?

Mr LENDERS — Chair, I thank Ms Huppert for her question. I am very excited about Peninsula Link as a project. It is one that was mentioned in the Victorian transport plan last year. It is a good illustration of why the transport plan was actually not just a plan. Sometimes the community is understandably cynical of governments for having lots and lots of plans, what do they mean, and what is the delivery factor on it?

The transport plan identified that the Peninsula Link was very important — that link from Carrum Downs down to Mount Martha was important to complete the great work of EastLink and also remove what is clearly a bottleneck around Frankston and environs, in that particular area, so it was identified as a project.

The original work, the environment effects statement work was done. There has been work done so that this project could be done. It has been costed. Expressions of interest have gone out now. This is one of those classic conundrums in a sense of state governments. We want this to be done in partnership with the commonwealth government, but we are also acutely aware that firstly, it is needed; and secondly, if we want it to be part of a stimulus package creating jobs now, we need to commence the work, to get it going.

The expressions of interest have been called for by the roads minister and we now have a live project that is out there in the market, that will deliver a great bit of infrastructure but also jobs.

Where we see this is that we have put our money on the table. We are hoping that the commonwealth will match it as one of those projects that we have lodged with Infrastructure Australia for them to be recommending through to the commonwealth on, so it is out there, it will do the job it needs to do. It is probably commencing more quickly with more detailed costing, with more real work and benefits to community than — I do not want to have too much hyperbole here — I imagine almost any other project in Australia if not ahead of any other project in Australia.

It deals with that critical road infrastructure along the eastern edge of Melbourne and south-east of Melbourne that has been there for a long time. My colleague Mr Viney in the upper house quite often talks about how he first found the Scoresby bypass in a *Melway* probably back, for Mr Wells's benefit, in Sir Henry Bolte's time, when it was first recorded as a necessary piece of infrastructure in the *Melway*. Year after year after year, the only thing that actually happened at Scoresby was that *Melway* put it in each new edition, and it ended up being this government that delivered on Scoresby, now known as EastLink.

Mr WELLS — It was a blatant lie.

Mr LENDERS — This government delivered — —

Mr WELLS — It was a blatant lie.

Mr LENDERS — Mr Wells, I think it was hardly a blatant lie that EastLink is in place.

Mr WELLS — You promised it as fully-funded election — —

Mr LENDERS — If you actually drive up Hoddle Street — —

Mr WELLS — It was a blatant lie.

Mr LENDERS — If Ms Huppert were to drive Mr Wells up Hoddle Street, turn right, when you get up towards Collingwood, you can actually drive all the way down to Frankston on a thing called EastLink — the Eastern Freeway and EastLink — through a tunnel.

Mr WELLS — But it was an election lie.

Mr LENDERS — So I think it is hardly a blatant lie.

Mr WELLS — You said it was going to be a fully-funded, taxpayer-funded, costed road. You said that.

The CHAIR — Could I ask members — Mr Wells, thank you — and also the Treasurer to try not to bait each other and just concentrate on the — —

Mr WELLS — And stick to some facts.

The CHAIR — I just asked you to be quiet, Mr Wells.

Mr LENDERS — So in response to Ms Huppert, Peninsula Link is an extension of the reality that is EastLink, so if you do go up Hoddle Street, you can drive all the way down to Frankston without a traffic light on a great bit of infrastructure. This was something that has been in the *Melway* for 40 or 50 years and is actually happening, so Peninsula Link will extend that from Carrum Downs to Mount Martha, and I can assure Mr Wells, through you, Chair, it will be toll free.

Mr WELLS — That's what Bracks said about Scoresby.

Mr LENDERS — It will be delivered.

Mr RICH-PHILLIPS — Why is your promise any more valid than Bracks's was?

Mr LENDERS — I am responding to Ms Huppert, talking about real infrastructure, which is on the plans and will go forward, and it is actually a sign. I mentioned before, we have a growing population and we also are a state that believes if we continue to be a more livable city and state, we need to invest in infrastructure to do that.

It is interesting again, touching on my financial services portfolio which I will address later in the day, what are the things that encourage companies and individuals to come to Victoria. If you have a choice of Auckland or Sydney or Brisbane or Melbourne, if you are locating somewhere to go, the livability index of what it is like to locate here, whether it is accessibility to good schools, whether it is time taken to go from one part of the state to another; whether it be arts and cultural assets, that is important to many people.

The livability index is one of the things that brings people to Victoria, and Peninsula Link is an important part of that whole Victorian transport plan. If you wish to go from one part of the state to the other, it meets the triple bottom line. You are not sitting there at a traffic light, emitting fumes into the atmosphere; you are not wasting your billable time by sitting there, and Mr Noonan nods on this one, being very familiar with the transport industry.

You are not wasting time belching out fumes at an intersection because there is not an adequate road infrastructure, and so it meets all the tests of a triple bottom line, so we are determined to invest in transport infrastructure, whether it be rail, whether it be road, whether it be freight, whether it be the ports, because they are all critical for the economy, they are all critical for livability.

I am delighted that this government has announced it is doing it. I am delighted that the Minister for Roads and Ports is commencing work on it, and I am delighted for the people of that part of Victoria who will use the road, which will improve, in the triple bottom line sense, their services now and into the future, as well as creating jobs in the meantime. It is a good Victorian project.

The CHAIR — Thank you, Treasurer. I just remind members that it is very difficult for Hansard if you have argy-bargy going across the table, and whether it is people reacting. I also remind members that the conventions of Parliament, including parliamentary language, should also be followed in this hearing, but I am particularly concerned about Hansard. They find it almost impossible to deal with if there is more than one person speaking at a time, so I ask people to respect each other and not bait each other.

Ms PENNICUIK — Thank you, Chair. I listened with interest to that last answer, Mr Lenders. Not everybody thinks that the Frankston bypass is a priority. That area is certainly a public transport black hole, but talking about that as well and the fact that it is going to cut through a native flora and fauna reserve is a segue into my question which is about biological assets, on page 56 of budget paper 4, note 18, I notice the state's biological assets are forecast to increase over five years from $42.8 million to $76.4 million. Can you explain what is behind those figures? There is a bit of commentary on page 35, but it is fairly brief, so what are those biological assets?

Mr LENDERS — Chair, I might take the substance of that on notice for Ms Pennicuik. Our investment in biological assets would obviously include the commercial ones like VicForests and the like, which are there, but also our investment in biological assets, I am assuming — and it is probably more an issue for the minister for the environment, who has already been here — would include issues like the acquisition of the four new national red gum parks along the Murray River that we announced last year and are funding in this particular budget. But I will take on notice the more specific details to make sure that that covers off on the areas of acquisition of biological assets that Ms Pennicuik specifically asked about.

Ms PENNICUIK — Just for clarification regarding VicForests, Treasurer, as you might be expecting, seeing as you raised VicForests. I cannot find anything about VicForests in the papers here in terms of: are we expecting VicForests to make a loss again this year or not to make a loss, and also — —

The CHAIR — Do you mean in a future year?

Ms PENNICUIK — Yes, in future years; it usually does make a loss.

Mr LENDERS — VicForests would only appear in here in the sense of a dividend that comes from a public non-financial corporation into the general government sector, and VicForests dividends have historically been, in the scheme of the budget, very, very small. Where VicForests — —

Ms PENNICUIK — Not negative?

Mr LENDERS — VicForests was set up to commercially manage timber in our forests, so it was always a policy balance between, I guess, on one side of the spectrum the unfettered harvesting of timber to create jobs and on the other side of the spectrum the protection of the natural environment. It was always a policy balance between the two. VicForests was meant to act commercially in between so that we could achieve both of the outcomes. VicForests operates commercially. VicForests, though, has been significantly affected by the bushfires. It is no different, in a sense, from many other parts of Victoria in a commercial sense how it has been affected by the bushfires. The reliability of timber supplies has clearly been affected in certain areas.

The biggest challenge that VicForests faces in the present and coming financial years is how does it get that balance right. If there are contracts issued to harvest green timber and you now have black timber there or timber that has been burnt — generally timber that has been burnt has a maximum two-year time when it can be harvested, and clearly it is a policy imperative of government, for a whole range of reasons, that you should harvest the damaged timber while it still has some economic value rather than chopping down new trees, if that is the way to describe it. That is a big challenge for VicForests in this particular period of time, and that challenge — doing the right thing by utilising the asset — will be one that means it will be less profitable, I am sure. I have not had a detailed discussion with the board of VicForests since the fires, only a preliminary discussion, but I would imagine it would be more problematic for them to achieve the dividend the state requires because they are actually doing the right thing on the resource that is out there post fires.

The other thing I would like to say about VicForests and the forestry industry is about the number of people with knowledge of forests and the number of people with heavy equipment who backed up DSE and Parks Victoria firefighters during the time of the fires. There was an extraordinary amount of local knowledge. I would certainly like to put on record my appreciation for VicForests and its contractors, who came to the party well and truly during the fire season to assist those DSE firefighters that Dr Sykes was asking about before.

Mr SCOTT — I would like to make reference to budget paper 3 at pages 361 and 326 in relation to the cycling strategy the government has outlined. This is predominantly for metropolitan Melbourne. Can you outline the plans for cycling in regional Victoria?

Mr LENDERS — Through you, Chair, to Mr Scott. I thank him for his question. The question in itself is quite illustrative that there is a plan for the whole of Victoria. There was a time in Victoria when any plans, like cycling, were very Melbourne-focused, but under this government we have had a focus on the whole of the state. It is probably a question near and dear to my heart, as someone who is a very keen cyclist and could probably do a bit of a litany of a number of the rail trails that under this government have been developed and built up — —

Mr WELLS — Hang on, it was formatted under the previous government, rail trails.

The CHAIR — Let the Treasurer answer, please.

Mr LENDERS — Thank you, Chair, and through you to Mr Scott I reiterate that it is a great joy to be on the rail trails, whether it be the ones through Gippsland, which I have had a lot of pleasure going through, or whether it be the rail trails in the north-east of the state, from Bright right down. Depending how fit you are and what the wind is like, you can go a long, long way down those rail trails. It is great for tourism in the region and it is great for the health and wellbeing of citizens, and we are very impressed with what is there and we are continuing to work further onwards.

In this particular budget there are certainly the Mansfield–Maindample rail trail; the Great Ocean Walk, which involves the realignment and a new walking track from Apollo Bay to the Twelve Apostles; the Oxley–Milawa cycling trail, which I highly recommend because it is flat and quite an easy one to ride along; and the upgrade of the Surf Coast Walk from Torquay to Aireys Inlet. There are also the Murray to the Mountains rail trail and the Port Fairy–Warrnambool rail trail along a disused rail line between Port Fairy via Kororoit and Warrnambool. You see extraordinary use of all of these.

We had a community cabinet in the Grampians, it was probably last year, and it was interesting talking to a number of people. There was a focus on tourism operators, and I remember at the time my colleague Tim Holding was asking a number of the tourism operators, 'What is the most effective thing you can do? Do you advertise? Do you provide infrastructure?'. When you have had adverse times like when there has been a fire and people think it is unsafe in Victoria, you clearly need to advertise then, but generally the advice is that investment in tourism infrastructure is what actually makes a difference to these regional communities. A refreshing of walking and cycling trails and the development of them are things that just add and add and add to the value of the tourists and also to the communities that service that new infrastructure.

These rail trails are just a fantastic way — it is generally VicTrack-owned land and there is a capacity for us to use it. I am not sure, Mr Scott, whether you are a user of rail trails, but I would suggest they add extraordinary value. My only gratuitous advice would be to pick a day when you are not riding into the wind and pick the flat ones. There are a few really good ones. I would not recommend going up a hill a long way into the wind, but they are good.

On a serious note, these are the things that make an extraordinary difference. If we want tourists to go to parts of our state, we need new infrastructure. We need this, and it is ongoing jobs, and it just also means we get to see great parts of our state that we otherwise would not see. There are a fair few of them, and thank you for giving me the opportunity to let people know of my cycling.

The CHAIR — I see your Dutch heritage is coming out in your preference for flat trails.

Mr LENDERS — That's right.

Mr DALLA-RIVA — Like Mr Rich-Phillips earlier, I am just staggered at the fact that at a time of world recession, as you put it, you can knowingly state that the chairman of the VFMC is living overseas.

The CHAIR — I do not think that is actually to do with the budget, but go on.

Mr DALLA-RIVA — I just make that point, because — —

Mr WELLS — He is going to move back, though, isn't he?

Mr DALLA-RIVA — Hopefully he will move back; he controls a lot of money. Treasurer, I refer you to budget paper 2 and some of the statements that are made at the top of page 13. You state, 'We will secure up to 35 000 jobs in 2009–10'. I also note in the same budget paper on page 29 in respect of Victorian participation and unemployment rates where you have specified that Victoria's unemployment rate will increase by 1.5 percentage points to 5.7 per cent. The facts are that we know — it has been very well leaked — that there is a national unemployment forecast of 8.5 per cent.

This represents a huge difference between what your figures are and what is stated at a national level — something in the vicinity of between 197 000 and 240 000, depending on the variation. Victoria's unemployment rate has been above or equal to the national rate in 54 of the last 57 months, or almost five years. How can you justify this very optimistic budget forecast, and how can you justify an increase of 35 000 jobs?

Mr LENDERS — Before answering that I will reply to Mr Dalla-Riva's earlier comment about John Fraser. I thought we were in Victoria in 2009, not in Albania in about 1972 or in Burma in about 1964. We actually are part of a global economy. John Fraser is an individual who is an outstanding leader. As I said before, he is a former deputy secretary of the federal Treasury. He is the CEO of UBS, one of the largest companies in the world and financial organisations in the world. He has a breadth of experience that will be an asset to the VFMC.

We are in a global economy. As I said, we are not Albania a couple of decades ago and we are not Burma. We actually are part of a global economy. He is moving back to Victoria, his home. He has a home in Victoria. His family is here. He is coming back. He is committed to doing what he needs to do to chair this board. He will do his role as chair well. I think also in a time of global travel and global ICT and communications we do have things called teleconferencing and we do have things called telephones and we do have things called global meetings. He actually comes here for the meetings at his expense, not the state of Victoria's expense, so I think it is a very cheap, xenophobic, old-style Albanian or Burmese innuendo about one of the most qualified people in the world taking up the chair of VFMC.

Moving on then to job forecasts, firstly, Victoria is 24.8 per cent of the population of Australia. There is actually another 75.2 per cent out there that operate in different economic circumstances than Victoria does. Firstly, if we are talking about are our estimates for jobs and the economy right or wrong, we actually are a part of Australia, not the whole of Australia. Firstly, on our forecasts, I am confident of our forecasts. For the reasons I gave before in response to Ms Munt's question, our forecasts are that this economy is a diversified economy, there are different circumstances and we have different export markets from other parts of the country. We are not a place that exports massive amounts of coal and iron ore to Korea or Japan, which have got big declining economies. We actually export to different destinations, and we actually are a different economy.

We are a state that receives approximately $40 million a year — four zero million dollars a year — from royalties out of brown coal. Queensland receives more than $3 billion — as in billion, not million — in royalty revenues from ore and from coal and other things. We are a different economy from the rest. Are our figures correct? You mentioned the well-leaked figures of the federal forecast. I think I would rather sit and wait tonight till 7.30 when the federal Treasurer actually says what the forecasts are and have an opportunity to actually look at their budget papers than paying too much credence to rumours.

Mr WELLS — You know how the Labor Party works.

Mr LENDERS — If you believe rumours, I could go through a long litany of rumours and certain facts that were going to happen in Victoria that proved to be totally wrong. I think I will await the federal budget before making any formal comment on what their unemployment figures may or may not be. Without seeing them or having the opportunity to talk to them formally, I will reiterate why Victoria is different from the national economy.

On the issue of skills, if we look at year 12 retentions — and there is an extraordinarily strong correlation between completion at year 12 and entering into the workforce and holding onto jobs, an extraordinarily strong correlation — we have the highest year 12 retention of any state in Australia. I use the word 'state'. In any state in Australia we have the strongest year 12 retention. If you look at skills in a workforce which position employers to go forward and hold on to skilled workers, we have the highest number of apprentices of any state in Australia. So if you are talking of where an economy goes or how it goes forward, we are a flexible economy. We see employers in Victoria now, as opposed to where we were 17 or 19 years ago when we had a similar economic downturn facing us from international areas, we are finding in a more flexible workforce employers are asking employees to stay on four days a week, three days a week, take leave and negotiate more flexible times. Employers will bend over backwards to do that with skilled workforces more than they will with unskilled workforces. We are seeing that happen.

It is the economic reality here now, if you go out into the business community and talk to employers. People have been scarred by a generation of skill shortages. Employers are seeking to hold on to people with skills. Victoria is better positioned in skills than any other jurisdiction in Australia — fact. We have high year 12 retention — fact. We have a more diversified economy — fact.

Dr SYKES — Not in country Victoria, you do not.

Mr LENDERS — And if we are talking of country Victoria, this government has actually invested, through RIDF — —

Dr SYKES — The year 12 retention rate is less than 70 per cent.

The CHAIR — Let the Treasurer answer, please.

Mr LENDERS — The government has invested, through RIDF, in leveraging projects in country Victoria through the whole life of this government.

Mr WELLS — That is not a good example.

Mr LENDERS — And, Chair, RIDF has meant the leveraging of projects in town after town after town.

Dr SYKES — Big announcements, little cash on the table.

Mr LENDERS — Well, Chair — —

The CHAIR — Could we have the Treasurer to answer.

Mr WELLS — Why would you use that example when the money has not been spent?

The CHAIR — Could we have the Treasurer to answer, please, without any assistance.

Mr LENDERS — In response to Mr Dalla-Riva's comment on whether our job figures are correct and linking it back to expenditure in regional Victoria, I can start citing instances in the micro, whether we talk of the hundreds of cattle underpasses partly funded by RIDF through Gippsland, the area I grew up in. They are job construction, they partnership with farmers, local municipalities, road authorities and RIDF. We can talk about whether it be for the large food exporting items from the north-east of Victoria, around Wahgunyah or around Wodonga.

Most of the new initiatives have been partnerships between companies, between local government and RIDF in dealing with minor bits of infrastructure. They might be the boring — they might be sewerage, they might be bridges, they might be roads, they might be electricity — but they are all things that add to jobs in Victoria and positioning this state to be stronger.

And to get back to Mr Dalla-Riva's point about why we can have confidence in growing jobs in the state and regarding the jobs that he actually mentioned, we are talking in the budget paper of 35 000 jobs being secured that otherwise would not be if this infrastructure expenditure was not there. It is not rocket science to know that if you were going to build a Peninsula Link, for example, and you had hundreds of millions of dollars in that, some of that is direct wages that would not otherwise be there. Some of that is actually the manufacture of products from other parts of Victoria, whether it be concrete culverts, whether it be bitumen or whether it be any of the range of inputs that goes into the construction of a Peninsula Link.

If you are investing in stage 1, the first stage, of a new Bendigo hospital, the site and clean-up and the acquisition work being done, they all create jobs. If you are talking of an investment in the building of hundreds and hundreds of schools, they are all jobs: every single school is work for local architects; every single school is work for local builders; every single school is work for local plumbers, electricians, carpenters, you name the subset you are talking about. Every single investment is a job.

If you talk of the bushfire clean-up, where Grocon actually has the central contracting role to demolish and clean up the 2000-odd houses and businesses, every single one of those is almost inevitably involving local contractors who do the work for the head contractor to deliver it.

Dr SYKES — That is not true, Treasurer, that is untrue.

The CHAIR — Dr Sykes: thank you!

Mr LENDERS — I have been up to Narbethong, I have been to Marysville, I have been to Kinglake, I have been to Churchill, and in all these places we are seeing local companies get work out this.

The point in response to Mr Dalla-Riva's question about whether this will create jobs, yes it will. You do not invest $8 billion without creating thousands upon thousands of jobs. If you actually had a billion dollars invested in infrastructure, like we did in 1999, and you have $8 billion invested in infrastructure now, it is more jobs. If you had $4 billion invested in infrastructure last year and you have $8 billion invested this year, that is more jobs. It is not rocket science. It is basic arithmetic.

Mr DALLA-RIVA — New jobs?

Mr LENDERS — Yes, that is new jobs. If you go to from $4 billion to $8 billion in investment there are new jobs. There is also the securing of existing jobs. In the last three years in Victoria we have now invested in 375 schools — this is infrastructure and that is state investment. If you did not invest in those schools, you would not have the construction jobs that go into the schools. So, Chair, in response to Mr Dalla-Riva's question, there has been modelling done by DTF on the 35 000 jobs being secured. Modelling has been done on that. I actually think the figures are conservative. DTF have advised me of the figures, and therefore I will — —

Mr DALLA-RIVA — And you will tender that document?

Mr LENDERS — I will publish the figures that DTF has provided to me. I frankly think they are conservative figures, but I am not about to go — —

The actual DTF modelling work is on the website, so rather than slaughter a tree or two, I will just direct people to www.treasury, and the information will be there for those who wish to see it.

But the significance is that the IMF has said the most significant thing that governments across the world can do is to bring forward infrastructure you would otherwise do. We as a state had a 10-year plan to rebuild or modernise every government school in Victoria. We are bringing forward our plan, and with the commonwealth's assistance we are bringing it forward even more rapidly. We see as good social policy the need to invest in social housing. We and the commonwealth are accelerating it and bringing it forward. We see as an important part of treating cancer in this state the Parkville comprehensive cancer centre; with the commonwealth we are bringing it forward and delivering it.

All of these are but examples. Whether it be the desalination, the north–south pipeline, the Wimmera–Mallee pipeline or many projects that are often controversial in the community, they all deliver infrastructure in the long term and they deliver thousands of jobs today. Even in regard to the housing assistance changes the other day, the HIA — not the state Labor government, but the HIA — is saying that will bring forward 4000 jobs that would otherwise not be there in new construction.

The jobs are there. There will be a debate about how many and how you measure it. The jobs are clearly there. We are doing what the G20 think we should do; we are doing what the IMF think we should be doing; and we are doing what is sound economic policy in Victoria: bringing forward infrastructure today, creating jobs today, and leaving the legacy for next generation of strong infrastructure.

The CHAIR — Treasurer, I want to refer you to budget paper 3 at page 19. Something of some interest to me over the years is in terms of grade separations. You mention:

The state government, in partnership with the commonwealth government, will separate the rail and road level crossing at Springvale Road …

It also says you are:

… planning for future grade separations, at a total of $142 million TEI.

Can you give us some more details on that and what your plan is?

Mr LENDERS — Historically — it is history, not a blame game — Victoria has had far less grade separations than other states. It has just been the way that over many, many years many, many governments have actually planned roads and rail interface. What we now have is clearly a task ahead of us over time to address that.

There has been a couple of fairly large rail separations. We have increased the funding for level crossings and grade separations and a range of other areas over a period of time over a number of budgets, but the way forward for us then is: how do we identify the ones that we need to work on and prioritise and go through? There will be ongoing work going on to grade separations. In the transport plan there was provision for grade separations going forward. Clearly, in your neck of the woods, Chair, Middleborough Road and now Springvale Road, Nunawading are obviously two very significant ones that will benefit a lot of Victorians in those areas.

For us to the challenge is: how do you both go forward and deal with it? It is interesting. We have the capital works for the South Morang line — —

The CHAIR — I wondered about that.

Mr LENDERS — That is going forward from here, for example. It is one of those classic areas where there needs to be investment from Keon Park to Epping, simply to double the line. That is just a historic thing of infrastructure underspend. But from Epping to South Morang there will be no level crossings; it will be all grade separations. That adds to the costs of the project going forward, but it is one of those investments that where you are constructing new infrastructure you can do the work necessary to avoid those level crossings. That obviously, again, has a triple-bottom-line benefit for us, by not having those on those particular intersections.

So there is ongoing work that the Minister for Public Transport will do as to what the forward program is for priorities and where we do it. These are obviously very expensive programs. The Springvale Road one is great because it is a partnership, with the commonwealth is putting in its 80 to our 60 for that to be built. It is bipartisan: both the commonwealth parties were prepared to invest in it. It is a great outcome in partnership; it is a great outcome in what it will be for people who use the area. That is, I guess, fairly symbolic. There is more work being done forward as to where we need to go, and this will need to be something ongoing in investments in future budgets, as outlined in the transport plan, that we continue to invest in grade separations.

The CHAIR — Very good, particularly the process they use these days, which I think is world leading in terms of these arrangements. They are doing them very quickly.

Mr LENDERS — Yes, and Middleborough Road was a classic, Chair. That was done all hands on deck. It was done over a fairly quiet time; it was done over the Christmas and January period. It was extraordinary at the time. When the trains were taken out of action for a period, buses were going forward. The speed at which that project was done, I think surprised many people in that part of the eastern suburbs — the speed at which it was done — and the outcome has been one that has made a big difference.

The CHAIR — Thank you.

Mr WELLS — Treasurer, I would just like to ask you about debt. Page 90 of budget paper 4 shows that the non-financial public sector net debt will rise from $11.2 billion to $31.3 billion in 2012–13. Can we have an assurance that the actual net debt will not exceed the estimates shown on page 90? Can you show us where there is a debt repayment schedule or plan and an estimation of when the increased debt will be repaid, please? Can I also just advise that we spoke to the Premier yesterday who, for some reason, went down the path of liabilities. We want to talk about only the debt figures, not the issue of the liabilities and the superannuation, please.

The CHAIR — I might add that you are referring to just the 'Non-financial public sector balance sheet'.

Mr WELLS — I am talking about page 90, 'Net debt', under 'Fiscal aggregates', $31 263.9 million, 2012–13 estimate.

The CHAIR — That is in respect of the non-financial public sector; it does not refer to the general government sector. I just wanted to clarify that.

Mr LENDERS — Mr Wells asked about the non-financial public sector net debt going forward and he asked a series of questions regarding it.

Firstly, there are two components of this. There is the general government component itself and then the public non-financial corporations, which is the other component, which are overwhelmingly the water

authorities and the Port of Melbourne. There are some other bits and pieces there but they are the lion's share of where we are.

There are a couple of issues here, where this fits into where government is going. I can assure Mr Wells where government is here, and part of the reason I put up the graph in my presentation about Standard and Poor's was to show our thinking, that we need to invest heavily in infrastructure within the constraints of a AAA, and that is why that was up there and transparent, where it comes from.

We are talking about the $31 billion in investments here over time that escalate up to that level. I think we need to first drill down into where they are. When we looked at the general government, I had the graph up which shows as a percentage of the economy we see government borrowings decline by the end of the forward estimates period, and I showed that cash surplus in the last year as well, which is part of that.

So as far as extinguishing debt, we see a reduction when we go forward. I do not think there has ever been a government in Victoria's history, certainly I do not think Sir Henry Bolte when he was Treasurer — that actually had the sort of plan Mr Wells is talking about. But it is a legitimate question. If we want to reduce the levels of government borrowings, which is appropriate, because, as a percentage of the economy going forward, these are extraordinary times to bring forward infrastructure and the forward estimates show that on both the general government sector and the non-financial public sector, both of those borrowings as a percentage of the economy go down.

It is more significant in a sense to talk about the component parts of it. A huge part of the non-financial public sector borrowings actually come in the water sector. We announced the Victorian water plan some years ago and this plan is a legitimate area of considerable public debate over where this should go. It is a legitimate issue over whether you should invest money in the Wimmera-Mallee pipeline, should you invest money in the food bowl, should you invest money in desal.

The government clearly has a view that we should, but that is a legitimate public debate about whether you should or should not. But what I think is without conjecture is that each of these water authorities have commercial plans that are actually signed off by government that show that in each individual operation they are sustainable commercial decisions. So whether it be for the desalination plant, we have had the large community debate over the rise in water prices to actually pay for this particular part of capital. We have had the large community debate over the food bowl, over the component that the state pays, the component that Melbourne Water pays, the component that the local Goulburn and Murray users pay, and now with stage 2 of what component the commonwealth pays.

All of these, as individual projects, are commercial. All of them as individual projects, the capital is actually returned by the users, or in some cases by a government capital injection. So the parts of the equation are all individually sustaining parts. They all have business cases, they all have commercial plans, they all go forward over a period of time and, in the case of the water authorities, the Essential Services Commission oversees it and actually charges an appropriate price to recover that capital. That is on the public non-financial component of the non-financial public sector. They are, I think without exception — and I stand to be corrected by either the secretary or deputy secretary if they are without exception — they are essentially commercial plans. If you extract those out of them, that is obviously something that the ratings agencies will look at quite forensically, to see whether or not this is good balance sheet management.

Then we go to the general government sector, which is obviously a bit less commercial, in a sense. When you are talking about building the needs of schools or hospitals and a range of others, you build them because they are service delivery that you want to do, and these services obviously require the government to fund them. They are not in the same category as the non-government sector. But again with those, we talk of the general government, as I mentioned before, where borrowings as a percentage of the economy decline by 2012–13 and also we see cash surpluses returned by 2012–13.

In that sense, it is a long answer to Mr Wells's question, but I think it answers the question, 'Is it sustainable?' — yes. It answers the question, 'Is there a plan to reduce?'. Well, we are seeing that already in the forward estimates with the general government sector and we are seeing it in each individual water authority in the port of Melbourne by their corporate plans. All of them must be commercial, all of them must operate in that nature. So I think on both heads it answers Mr Wells' question.

Mr WELLS — I just need to clarify. The first part of the question was: can you give an assurance to Victorians that actual net debt will not exceed the estimates shown on page 90? That was the first part of the question I asked. The second part is: when do you expect that this increase in debt will be actually repaid?

Mr LENDERS — Chair, I will take that as a supplementary you are allowing.

Mr WELLS — It was exactly the same question I asked in the first place.

The CHAIR — Treasurer, if you have any more to add to what you have already described?

Mr WELLS — Hang on. He has not answered the first and second part of that question.

Mr LENDERS — On that basis, Chair, I think I have answered and I will not answer this question.

Mr WELLS — So you are not ruling out an increase in debt? Is that what you are saying?

Mr DALLA-RIVA — He will not put it on the record**.**

Mr WELLS — I tell you what: that is a classic!

The CHAIR — I so note, before we go to the question from Ms Munt, that in terms of statements the committee appreciates that we have the first ones here in the world which are under AASB 1049, so we appreciate that.

Ms MUNT — I would like to return to infrastructure investment and in particular the Victorian transport plan. That is detailed on page 361 of budget paper 3. I refer to a line item there that is of particular importance to my local area and that is the Dingley arterial that has an anticipated spend from 2009 through to 2012. This is a very important project for my local area and I was wondering if you could detail the advantages that you see from this infrastructure investment for my local area?

Mr LENDERS — Thanks to Ms Munt for her question on Dingley. This is again a piece of the Victorian transport plan that was evaluated last year as to where it fits into the series of things in rail, road, freight and ports that we need to address for the state to go forward. It is obviously one that has been on the drawing board for many years over many governments. I can recall Ms Munt's predecessor, when he was shadow transport minister, forever thundering on about it, but not much really happened during the time he was a member of the government that could have done something about it.

Mr WELLS — Who was?

Mr LENDERS — If Mr Wells listened, he might know.

Mr WELLS — Terry Mulder was elected in 1999.

Mr LENDERS — You have not been listening, Brother; it is a different member I have been talking about.

Ms MUNT — My predecessor.

The CHAIR — Can we have the answer, please?

Mr LENDERS — So when we looked at where Dingley fitted into the 12 years of critical infrastructure projects going forward, clearly there has been a lot of through traffic, there has been a lot of congestion in the area, there have been tens of thousands of vehicles that in a sense have had to find other routes to go through, and the economic benefits to the city of Kingston and adjoining municipalities from this road going through are ones that are being long seen.

The government made a priority some years ago to focus on Scoresby, and what is now EastLink, as the no. 1 priority in the area, acknowledging that work needed to be done on Dingley in the years ahead. That was incorporated last year into the transport plan, a holistic plan going forward. So what we will see is not just the construction jobs that go into this 3.5 kilometre section of road, we expect it to carry in the order of 30 000 to 40 000 vehicles a day.

That will have a significant impact on a whole range of other roads through that part of the city of Kingston and adjoining areas. It will take pressure off, and it will have a triple-bottom-line effect, quite clearly. I am not fully familiar with a lot of the area, but I do know that if you go down Old Dandenong Road or Centre Dandenong Road or some of those roads in the area there where I am assuming some of the traffic goes that uses Dingley at the moment, it is not the optimum way to get from point A to point B, so this will have economic, social and environmental benefits for the area. When it is completed the whole road will be an 11-kilometre connection from Westall Road to the South Gippsland Highway, and that will be a significant boost to the area.

The significance is that this is not piecemeal, this is not ad hoc, this is done as part of a 12-year Victorian transport plan where all of those interconnecting needs that were addressed by government last year have been put out to the community for comment, and work has been done — there has been a sequencing order done of them. This is real funding coming forward in this budget to achieve this part of what is an important part of the jigsaw of things that need to be done for transport in Victoria.

Mr WELLS — I would like to refer back to my previous question with regard to debt. Can I take it from your previous answer that you will not give an assurance that debt will increase over the forward estimates? Further, on page 63 of budget paper 2, it is indicated that 42.4 per cent of new infrastructure will be funded by cash surpluses, with the remainder funded by borrowings. Are you able to provide the committee with the details of the amount of debt allocated to each specific new infrastructure project or groupings?

Mr LENDERS — In responding to Mr Wells, firstly, unequivocally, in the forward estimates of course I am predicting that debt as a percentage of the state economy is going down; it is published in the forward estimates. We are predicting it. We have actually got a plan to reduce borrowings going forward. It is there; it is evident. I cannot commit to what a future Liberal government might do — whether it goes back to the Bolte days.

Mr WELLS — No, it is on the forward estimates, so on the forward estimates you are saying there will be no increase in debt. Is that what you are saying?

Mr LENDERS — What I can say is, in the forward estimates — —

Mr WELLS — There will be no increase in debt over the forward estimates?

The CHAIR — The Treasurer, to answer, please?

Mr WELLS — It is a simple, straightforward question. Is it yes or no?

Mr LENDERS — I have given a straightforward answer. In the forward estimates we are forecasting for borrowings as a percentage of the economy to go down. We are forecasting in 2012–13 as a percentage of the economy on general government, for them to go down. That is a debt reduction strategy

Mr WELLS — We are talking about the actual dollar debt, which I referred to.

Mr LENDERS — We are talking of cash surpluses in 2012–13.

Mr WELLS — Will actual net debt not exceed the estimates on page 90. I must have asked the same question six times now.

The CHAIR — Mr Wells! The Treasurer to answer, please?

Mr WELLS — What about getting him to answer that simple, straightforward question about the actual net debt.

Mr LENDERS — I have a very old-fashioned view of the world. If someone actually asks a question and someone is answering you, you usually tend to listen to the answer before you just repeat the question multiple times.

Mr WELLS — If it could get an answer I would be absolutely — —

The CHAIR — I have asked for respect on both sides.

Mr WELLS — What about a bit of respect to the person who is asking the question?

The CHAIR (to Mr Wells) — Be quiet and let the Treasurer answer.

Mr LENDERS — Regarding the forward estimates, which the Public Accounts and Estimates Committee is inquiring into, general government borrowings as a percentage of the economy will come down over the four years. In the year 2012–13 we have a clearly forecast cash surplus to go forward — in answer to that part.

In answer to how we deal with individual projects, to my knowledge, what the state of Victoria has done since pre-self government is that the Treasury seeks the funds it requires for ongoing capital equipment — its own borrowings— so it capital works its own borrowings as an aggregate, as they are needed, and then reduces those borrowings as funds become available.

To my knowledge we have never had an accounting treatment where we have an individual line item by item going forward. That is a legitimate part of public debate. It is just something that the state of Victoria has not done, and the fundamentals have always been that we look at the aggregates across this area.

When we look forward at that in particular, in the last several years — in the first seven, and I will stand corrected, but I think the first seven budgets of this government — capital works were essentially funded out of the cash surplus or depreciation moneys coming through the budget. In the last three budgets there has been a component; in the two before this approximately 40 per cent was through borrowings, approximately 40 per cent through moneys set aside for depreciation, and approximately 20 per cent through the budget surplus; that was how it was funded.

In this budget, Mr Wells is correct, there is a larger percentage coming through borrowings, and that is a direct consequence of the budget surplus being smaller because of the global financial crisis and the government maintaining and accelerating infrastructure projects.

But what we see going forward — and this is where it fits absolutely into the Standard and Poor's curve that I showed before — is there is a repayment proposal that sees this coming as a percentage of the economy. If we are talking of examples where the governments have targets for payment, we inherited a target from our predecessors of superannuation liability, for example, being paid off by some time towards the end of the 2030s. We brought that forward to 2035.

So on unfunded superannuation for defined benefit schemes, which was a finite item that would never be added to, there is a program there until 2035 for reducing I guess that generational change that was handed over from decades and decades before. But here Treasury Corporation Victoria seeks borrowings for the needs of the general government sector and seeks borrowings for the needs of the public non-financial corporations, and in these forward estimates there is a plan which shows them as a percentage of the economy reducing over time. I think that acquits the answer.

Mr NOONAN — Treasurer, you made it pretty clear that one of the features of this budget is that it is a partnership budget. I want to refer to budget paper 2, page 76 under the economic reform agenda, and I note that the government has made it clear that there are commitments on the Building Australia Fund. My question is: can you outline how these commitments will impact on the budget?

Mr LENDERS — I thank Mr Noonan for his question. As I said in my opening statement, this is a partnership and this is a fantastic opportunity for us to build on infrastructure that otherwise would have taken years longer for Victoria to do it by itself.

How it impacts on the budget, which is Mr Noonan's question, is that it has been quite a challenging part of this budget. Traditionally what the state would prefer to do would be to have some greater certainty beforehand as we have traditionally had with AusLink funding or some of its predecessors where there is a round and we will know a bit more where it is and then we build it into the actual budget papers itself, although there have always been examples where money will comes in rounds outside the budget, then the state responds to that and then incorporates it into the midyear budget update or the following year's budget.

Where we stand with the commonwealth is we know there is a series of very good projects that Infrastructure Australia has made an assessment on and I think that is one Mr Noonan is alluding to here. We have seen

reports as to what they think are good value or not and now they have gone off to the federal cabinet for their further determination of them.

How it goes in the budget arrangement is it leaves an element of uncertainty here, because we fully expect that some of the Building Australia Fund will come into projects in Victoria as part of our transport plan. Exactly what the projects are, what the cash flows are, what the timelines of those are will be conjecture presumably until 7.30 tonight. Hopefully we will have some certainty at 7.30 tonight, and maybe even after 7.30 tonight we will know where the commonwealth is going but we may still need to get some more detail on where they affect cash flow and the like. That will affect how we correspondingly respond because we will be willing partners with the commonwealth on this.

We have left provision in this budget in capital that we have allocated but not specified. We also have unallocated capital going forward. We also have money in the transport plan; we have money in a range of areas where we have made provisions to do some matching with the commonwealth. Once we know the details of the commonwealth funding, then we can start acquitting either our allocations against that or adjusting cash flows and the like to go forward.

For us, in an ideal world had we known what the commonwealth was doing a month ago would have helped to make these budget papers a bit more complete. But in reality the significance here is the commonwealth is putting money into a Building Australia Fund, and it will release money to states and territories for construction projects.

The commonwealth is putting money into a health and hospital fund and it will release money to the states to work in partnership with us. The commonwealth is putting money into the higher education fund and will release that money and the states and territories will work with it.

As far as our budget goes, there were a number of projects when the budget was printed and went out. There was no provision at that stage made for the Parkville comprehensive cancer centre. We have an allocation in here for working with the commonwealth on that. That is out. We will obviously report in absolute detail as we go forward as to how that fits. Any of the infrastructure announcements that I hope to see tonight coming out of the commonwealth budget will be treated in the same way.

In an ideal world we would have more certainty but we are 99 per cent of the way. We actually have a willing partner who has said the role of a national government is to absolutely accelerate its investment in infrastructure, and this was the commonwealth's view before the full effect of the global financial crisis became apparent. Even with the global financial crisis being apparent, it is saying this is still critical infrastructure we need, and we need to bring forward a lot of this infrastructure for the stimulus component now.

That is how it sort of fits into the parameters of our budget going forward. In one sense, the volume of it is much larger than we have ever had to deal with before by way of commonwealth money but the principle is, in a sense, not that different from what we have had for various stages of AusLink before where we know there is money going to come from the commonwealth; but we have not known the specificity of it. Through our processes where we actually report financials five times a year, including quite comprehensively in budget and midyear budget update, that information becomes available to the public and the Parliament at those times.

The CHAIR — Thank you. Treasurer, the Premier promised yesterday that he would have a talk to you and provide the details in terms of the implications of those commonwealth infrastructure components and what it means for the Victorian budget going forward. He promised to try to get them to us as quickly as possible, excepting of course there are some details which will need to be worked out, as you say.

Mr LENDERS — It is the underlying things on this that is the challenge for us. For example, the amount of money we as a state — and we are delighted to have this problem — through the forward estimates will need to allocate a lot more money for depreciation for example than we otherwise would have done because the commonwealth is making such a significant contribution to these new assets, whether they be in schools, hospitals, and the like. They are costs that fall on the state.

But the reality is the state needs to provide these core services. We need to build on the infrastructure. It is a historical legacy that Victoria has underinvested in infrastructure and that will be a catch-up for probably half a

generation or so to do that. We would incur these costs in any case as a state if we met our commitment to increase infrastructure.

The commonwealth being a willing party means that a large part of the capital component of this is being met by them, and we absolutely welcome their contributions.

The CHAIR — Thank you, Treasurer.

Mr WELLS — Treasurer, I refer you to page 8 of budget paper 2 detailing the 2009–10 operating surplus that will be $165 million. Will you admit that you broke a critical promise made following last year's state budget, that Victoria would retain a budget surplus of at least 1 per cent of operating revenue — and I believe that was reconfirmed by the Premier in just January this year?

Secondly, will you admit that this year's forecast surplus is actually phoney and that the budget deficit would be over $2 billion had it not been the result of the cheque from Kevin Rudd of over $2.8 billion, because a significant part of that cheque had a capital component to it?

Ms MUNT — What is the definition of 'phoney'?

Mr WELLS — 'Phoney' — misleading, deceitful, dodgy, deceptive.

The CHAIR — Leaving aside the language, if the Treasurer could answer the questions in a factual way?

Mr LENDERS — Mr Wells asked this question in two parts. In the first one he referred to the table on page 8, which is table 1.1, the five objectives. We are talking here an operating surplus of at least $100 million in each year. That is a short-term target. The long-term target is maintaining a substantial budget surplus. Last year I certainly presented to this committee after government varied the first of those things in the table — to go to 1 per cent rather than $100 million.

The reason we forecast that last year — and the narrative is relevant to Mr Wells's question — is for the government to invest significantly in infrastructure for the longer period with a very heavy reliance on operating surpluses to do that, so that today's surplus is tomorrow's schools, roads and hospitals, and I am probably quoting myself from last year at this committee. We certainly thought it very important to put it into the financial objectives, to state that we would be seeking an ongoing higher surplus going forward. Part of that was a policy of government to actually invest the dividend from this year's surplus into next year's infrastructure. That was an important narrative and an important part of where we are going.

Clearly, this year we have changed that back from the 1 per cent to the 100. Mr Wells correctly says it is a change from what we forecast last year we were doing. He is correct; it is a change from what we said we would do last year. The reason we are doing it is the world has changed. You can pretend that you have not lost $1.5 billion of GST revenue, you can pretend that you have not lost half that much or a bit more again of your own-sourced state revenue and you can wish it was not there — and I wish it was not there — but the reality is: it is.

This government then, in keeping its core financial objectives in place, is maintaining an operating surplus. The jury will be out in six weeks time as to whether the other seven states and territories have done the same thing. I certainly know two of them have already put their budgets out; they have not. The jury is probably out on one jurisdiction, possibly two, whether they actually have operating surpluses.

From Victoria's perspective, any environment Mr Wells refers to where the commonwealth has contributed more money to the states and territories, clearly it has. It has boosted specific purpose payments. Mind you, they have been roughly offset by GST revenue loss. If you look to budget to budget, the forecast last year for 2009–10 versus what is actually now in the budget in 2009–10, we have roughly lost $1.5 billion of GST revenue, but we have roughly picked up $1.5 billion of SPPs and we have roughly lost half of that amount through own-source state revenue, going down, in very rough terms. It is a different paradigm from where we have been.

In that environment, we have said as a government it is critical to maintain an operating surplus. We pledged that we would have an operating surplus of $100 million on our pledge card back in the 1999 election. We pledged that that is what we will be doing. We are maintaining that. We are setting the parameters where the

ratings agencies judge us. It is not just the ratings agencies; it is our commitment to do that AAA. If we look at there, yes, we have changed what our target was from 1 per cent to $100 million. But I think if we are talking of injections from the commonwealth or whatever, it is quite ironic really that Victoria, with that injection from the commonwealth, is operating an operating surplus very few others are. I think that says something about our own financial management.

On the second issue of the contribution from the commonwealth, we as a state temporarily handed over income tax powers in 1942. Last time I looked we did not get it back. What has happened since then of course is that there has been an extraordinary imbalance between service deliveries of the state and what the commonwealth does. Probably — and I would stand corrected on this — if you did a line showing the percentage of all the states and territories' reliance on the commonwealth for revenue over that period of time compared to 1942 and income tax powers get handed over, with the odd statistical glitch of payroll tax and a few things being in and out, you would find that line would be consistent.

The percentage of revenue that states spend on health education, community safety, transport and the like that comes from the commonwealth has gone up, budget after budget after budget. You will probably find in this round that every state and territory has now gone into that situation.

Is Victoria propped up by the commonwealth? We are propped up by the commonwealth in a sense of GST or grants money from the commonwealth to the order of half our budget. We are probably the least propped up of any jurisdiction in the country. This federation is one where income tax, company tax, various royalties, excises are all commonwealth taxes that are the lion's share of the tax.

The commonwealth passes back the GST to the states and on a formula that we think is a bit a bit wonky and could be improved, if we are using some of the colourful language here. We have argued with the grants commission for many years how it should be changed. We think that formula can be improved, but the commonwealth does raise the lion's share of revenue. We are not in the category of a Mexico where virtually everything is raised by the federal government or the national government. But we are also not in the category of a Germany or a Canada where the skew is quite the other way in a federation.

Our budget is supported by the commonwealth to the tune of half our budget. If you start going to jurisdictions like the Northern Territory — and I will stand corrected— probably 90 per cent of the budget is actually supported by the commonwealth at the other extreme. So, yes, the commonwealth does support state and territory budgets. It does pass through the GST to the state of Victoria. We get $9.5 billion — or whatever the GST figure is we get for the state of Victoria this year.

It does pass through specific purpose payments. It does pass through national partnership payments. If you look at this year's budget figures, this expenditure is about 8 per cent higher than the previous year, and it will go down and then it will increase by approximately 1 per cent in the years going out from there. This year expenditure will be 8 per cent higher and income will be 8 per cent higher, primarily because the commonwealth has put its stimulus in. What goes in, what goes out — they roughly balance out.

We have set ourselves a target when we were elected to government of an operating surplus. That is verified by the Auditor-General in chapter 1 of budget paper 4 where he goes over those figures and verifies it. It is verified by the Auditor-General in the annual financial report — so at the start and the end of the financial year. That is the test.

People undoubtedly and legitimately will have arguments about could it be done one way or the other. We have met the tests we have set. The one variation to this is clearly that with the chill winds of the global recession blowing our way, we have moderated our operating surplus.

The choice for government now is to continue infrastructure or to reduce that spend by another $300 million approximately of infrastructure expenditure which would be hospitals, schools, roads, rail — those sorts of services — we made the choice that it was better in these circumstances, heeding the call of the IMF to invest in infrastructure. It was better to have a lower target this year to deliver on infrastructure at a greater level than we would have otherwise been able to do if we had followed that objective of the previous year when the world was a much rosier place than it is today.

The CHAIR — Ms Huppert?

Mr WELLS — Hang on.

The CHAIR — You have had your question, Mr Wells.

Mr WELLS — Whether the surplus is a phoney or not of $165 million because of the capital component of the — —

Ms HUPPERT — In responding to Mr Noonan's question, Treasurer, you talked about the importance of partnerships with the commonwealth. I am interested in the other types of partnerships you referred to in your presentation, which is the more community-based partnerships, and I draw your attention to budget paper 3 and appendix A, page 335, which mentions the multicultural water safety program, and I wonder if you could provide some more details about that for the committee?

Mr LENDERS — I thank Ms Huppert for her question. This is a budget about partnerships, and this is a project which probably in the scheme of a $42 billion budget does not seem a major item, but a $600 000 support for multicultural water safety programs is of great significance for the people affected.

We are a community where approximately one in five Victorians is born overseas. There is obviously quite a strong correlation between the percentage born overseas and those who have English as a second language. All Victorians are entitled to enjoy recreation. What we have seen is, tragically, a number of deaths or injuries through unsafe practices in water from people where the basic advice on safety is not communicated through to people.

I grew up in regional Victoria on a farm, and for us jumping into dams or rivers was something you did as a kid in regional Victoria, but there was an underpinning if you were jumping in a river and diving in, you always needed to look first that there was no snag underneath the water, you needed to look for those safety issues. You did not dive into sand bars — a range of things. If you are brought up in that sort of water environment, that is something that you do. But it only comes about because someone has actually told you about it.

If you have not been fortunate enough to be brought up on a farm or by the rivers in regional Victoria and you go there for your first holiday or your second holiday, and you are seeing other kids doing a range of things, someone needs to be alerted and warned about that. Whether it is for boat safety, whether it is for swimming, whether it is for even just learning how to swim or the dangers of rips on the coast or snags in inland rivers or streams, all of these are areas where you cannot just assume that everybody will know. Language has always been an issue for us as an immigrant society and how we communicate what is going on. So this is a significant initiative in partnership which adds to that safety element.

I welcome the initiative. It is fantastic that in the circumstances where we seek to have, as government, our eye on the game that there is more to government than just looking at economic figures. You also have to intervene on occasions where you can actually help individual members of the community in that environment. So it is great that we are as diversified and multicultural as we are, but there are some challenges for us on this.

If we can make our rivers and waterways and beaches safer, that is good, but there are still extraordinary elements. All of us as parents, as families, need to take some responsibility ourselves for making sure we get that information out to our children and people who are with us. We all know histories and occurrences where that has not happened, but this is a significant thing, so thank you for the question, and I am delighted that this is an investment in safety for our multicultural communities.

Ms MUNT — Could I have a clarification, Chair?

Mr WELLS — You have got to be kidding.

The CHAIR — You have had a few, Mr Wells, so I will allow this one.

Ms MUNT — Is that funding over one year or three years?

The CHAIR — That is a fair enough question.

Mr LENDERS — It is over two years.

Dr SYKES — I have a clarification, Chair. Is decommissioning Lake Mokoan part of your water safety strategy?

Ms PENNICUIK — I think teaching water safety and swimming is very important.

Treasurer, on page 195 of budget paper 4, at the bottom is the 'landfill levy'. Part of the taxable income is reduced by 2.5 per cent, but on page 417 of budget paper 3 it tells us that waste generation per capita continues to increase over the long term.

There are no estimates in the budget papers that point to anticipated revenue from the landfill levy. Can you give me some information about that? The other one is: would the government be looking in the future to raising the landfill levy — for example, in New South Wales it is $47 a tonne as opposed to $9 here, and it will be increasing in New South Wales — in order to encourage new jobs in the recycling industry and to move towards your own target, towards zero waste strategy?

Mr LENDERS — The approximately $2 million difference that Ms Pennicuik refers to, I will take on notice and get back to her on that. I do not have that detail at my fingertips. The question on why a change or would we contemplate increasing the landfill levy, that issue is one I will leave for my colleague Mr Jennings to lead in the policy sense on rather than me pre-empting as to where government may or may not go in that particular area.

I think it is fair to say, though, on the issue that Ms Pennicuik is correct: we do need to address this. There are opportunities for green jobs in this area, and we also need to put levers in place to make sure that industry more efficiently cleans its act up. I recall being grilled at this committee by Mr Baxter, in particular, if I recall, a few years ago about the long-term containment facility at Nowingi, which I had carriage of as major projects minister at the time, and in particular about the policy aspects of what that implied.

The whole purpose of category B waste at that stage going to a contained facility was that it was going to be more expensive: firstly, it is expensive to look after it, and secondly, you wanted the drivers in industry that said that the best option is not to say, 'We can just dump it somewhere at very little cost'. We need to start managing our own waste.

The challenge for industry and government, in a sense, as a builder is no different from anyone else's. It is: how do you manage and contain your waste on construction sites? The days of just dumping it somewhere as a solution, if it was ever appropriate, is certainly no longer viable and appropriate.

The policy question Ms Pennicuik raises is an absolutely legitimate one and one that certainly we as a government and a community have been part of a very active debate. I particularly recall the Nowingi component of it because it focused a lot of the discussion, 'Are you putting waste from one part of the state to another part of the state; is that appropriate; should you manage it on site?'. We are seeing lots of very active examples now on government construction projects and private construction projects where waste is often managed on site and stored on site. So it is not just that out of sight, out of mind mentality that was often there. This can be very expensive for the costs of building but it is also very expensive not to deal with them, because the state also needs to deal with the issue going on.

One of the legacies of probably not just modern Victoria but any modern industrial economy is that attitudes have changed over the years as to the nature of the problem and possibly part of that is industrialisation, part of population growth and part being the different way we think about. On these particular ones I will certainly take on notice the specific issue as to why there is the revenue variation from land levy.

I will certainly refer to my colleague Gavin Jennings the issue of what is the appropriate policy going forward. Just as I enunciated to Ms Pennicuik, government is certainly very conscious that there is a series of conflicting demands here, and we have certainly sought in the case of the long-term containment facility at Nowingi, unsuccessfully, a way of finding a custom-made way of dealing with that going forward.

Dr SYKES — We won that one, didn't we.

Mr LENDERS — If Dr Sykes was interjecting, and I would not acknowledge interjections — —

Dr SYKES — But we did win it, didn't we? Common sense prevailed.

Mr LENDERS — What we have seen with that is that it has put even more pressure on managing on-site and in other areas. This is an issue that is going to be the focus of government in this state wherever we are for years going forward, because there are no easy answers to this. But the answer is not to ignore it either, so we have got to get that balance right.

Ms PENNICUIK — If the levy is going down but the per capita waste is going up, there does seem to be an anomaly.

Mr LENDERS — Again, we will get back with specific details. I know the levy was waived in large parts of Victoria during the bushfires clean-up. Whether that is the reason for that amount going down, I do not know; I am only speculating. But certainly government and municipalities waived the levy right across the board as part of the clean-up to take financial pressure off and to speed up some of the cleaning up going on. That may be the reason, but I will specifically get back with details.

The CHAIR — We will seek the information on notice

Mr SCOTT — I would like to ask a question regarding the Industry Transition Fund, which is referred to in budget paper 3, appendix A, at page 326. Treasurer, could you please outline the criteria which underpin the Industry Transition Fund to help businesses through the global financial crisis?

Mr LENDERS — I thank Mr Scott for his question and his interest. I guess representing the northern suburbs, close to the epicentre of manufacturing, he is probably as attuned as anybody to some of the pressures that are facing challenges, particularly those component parts manufacturers who are part of supply chains. Often they are smaller businesses, and they are clearly feeling those chill winds of the global recession going forward.

The Industry Transition Fund arose out of the industry and manufacturing statement last year that I had the pleasure of announcing with the Premier when I was acting minister for industry. How do we deal with some of these companies that are financially viable, where there is a strong long-term future and there is an absolute niche to go forward? It is not just protectionism in the old sense. These are ongoing companies. But there are specific instances of this global contraction that make the short term for them more difficult.

They have got good business plans, they have got good products and they have got good people. We face challenges in this. There are examples I have had brought to my attention by members of Parliament where there is an Australian or a Victorian company that has secured an international contract and then the parent company of that Australian subsidiary might then expatriate the work back home and say there is a strong demand.

You have places like Japan and Germany; at the moment, if I recall, the last figures I saw for Germany showed manufactured exports I think had halved as part of the global recession. So we have a significant structural adjustment that is happening across the world, and so this transition fund is exactly that: it is a transition fund. It is not just a bailout.

It is where the Department of Innovation, Industry and Regional Development will sit down and look at a series of criteria and say what the principles are that it can use. One of these principles is that there is a $2 million cap on financial assistance to any firm and a firm may make one application. So it fits in logically with this being one-off assistance funding.

The other principle is that it is only for two years to get us through the current arrangements. This should not be the sole source of funds for a proposal. Firms should be able to look at additional sources of income, whether that be an equity injection from the shareholder, whether it be support from another level of government, whether it be support from a business partner. It might be a component parts company that has some support from the larger manufacturer it is applying to. There are a number of criteria in there. It also needs to be for business as usual. It is not to meet an international creditor who has decided not to pay. It is not to fund redundancies. It is for business as usual for a company going forward.

These are particularly challenging circumstances for governments, and Victoria is not unique. I would imagine there is probably not another government of a manufacturing jurisdiction in the world that does not face the same challenges. We need to be able to assist industries in partnership. Ms Huppert used the term 'partnership' before in her question. We need to assist industries in partnership with other industries and their

own workforces to go forward in these particular areas. There are lots of illustrations we know of where there are good Victorian companies that have an extraordinary future and it is just the current transition that is the challenge for them.

These are the sorts of criteria that we have put in place, and we announced it last year. There has been a fair amount of ongoing dialogue with industry. I know the Australian Industry Group was quite critical earlier on, saying that it actually was not going out the door fast enough. The original tests we set were probably a bit strict. We have now on our website got tests that are a bit easier for companies to actually get assistance from this fund. That has been a work in progress, but our objective here is, during these particularly difficult times, if we can assist companies.

It is interesting the pressures companies have been under. In the budget last year we had a fairly strong package of payroll tax relief, WorkCover premium relief and land tax relief to try and assist some of these very companies at the time when the Australian dollar was 98 cents US. The dollar has gone back — and I look to Lynne Williams — to about 75 cents, or something in that order now, so that particular pressure that was on from the strong dollar has eased off, but the new pressure has emerged from just a slowing down of world manufactured exports between countries. This is our way of assisting. I think the criteria are right, but again we will monitor these particularly closely, because these are ongoing, viable, advanced manufacturing jobs in particular that we want to protect in Victoria in an environment where they will actually add to our skills base for the future.

The CHAIR — Thank you, Treasurer. A final question on the Treasury portfolio.

Mr WELLS — Treasurer, I refer to the budget forward estimates in general. Given that your government has so far announced more than $550 million of spending that was not detailed in the budget papers anywhere, I ask: where are these unaccounted for announcements detailed in the budget? For example, there is the first home owners grant, there is the cancer care centre, which you have mentioned, and I believe there was a volunteering strategy. Will there be any other unaccounted for announcements that were supposed to be in this budget? Is this an example of the government managing our economy from one media release to the next photo opportunity?

The CHAIR — Ignore the second part and answer the first part quickly, please.

Mr LENDERS — Chair, this is the government, not an opposition. Mr Wells has raised a couple of issues and legitimate questions, like the first home buyers, for example.

Mr WELLS — It has got 'TBD' written in there.

Mr LENDERS — Mr Wells is looking to budget paper 3, where it has got 'to be determined'. If he goes to budget paper 4, chapter 1, the Auditor-General through the contingencies would have seen that the government was actually factoring in $125 million to be rolled over for the year. Unfortunately that was just one of the printing time lines of budget papers that are printed about a week before whatever it is — the Thursday or Friday before the budget. The government at that stage was still finalising the details of the — —

Mr WELLS — So will there be an updated version of this?

Mr LENDERS — Chair, there will not be an updated version of budget paper 3, but there will be the midyear budget update and then the actual budget next year. The annual financial report will finalise all those.

The government made the policy decision — and Mr Wells's question is a very legitimate one; you would not want governments to be doing things on the run by media release — to roll over for one year the first home buyers grant. Firstly the government was trying to find out what the commonwealth was doing — and we could not find out what the commonwealth was doing — because obviously the two have to be done in conjunction. Secondly we were also still doing some work ourselves and modelling with the HIA as to what the most effective way would be to create jobs in the stimulus. Mr Wells is correct in budget paper 3 it says 'to be determined', but it is reconciled through budget paper 4, chapter 1, where the Auditor-General will have seen these items where we saw the $125 million going forward. Yes, the policy was a change, where it skewed it more towards new construction so that that would, one, be stimulus for jobs, and secondly it actually would be assisting with boosting the housing stock.

Our housing prices are more affordable than they are on the rest of the eastern seaboard, because it is more a supply issue than a demand issue — we have made more land available — but also you have the absolutely legitimate issue that there is a shortage of rental stock. Part of that on the social housing end is being addressed by the commonwealth and states' intervention in more social housing stock. But the other part that is addressed by the first home buyers component is that it actually will generate more housing stock, and then the flow on will be that there will be more rental stock, and that should take some of the pressure off rental prices, which is an issue for many Victorians at the moment.

On the issue about the comprehensive cancer centre and where these other issues fit into the budget, what we have is right through the budget we have made allocations for capital. There are allocations for capital and then there is unallocated capital. It is not unusual in budgets. We put in capital allocations for projects that are going to go forward. Sometimes we do not specify what they were, because there is future agreement still required with another level of government — almost always the commonwealth, although occasionally there is a border issue with another jurisdiction or occasionally relations with other parts of government or commercial ones with other companies. So we make a capital provision in allocated capital to actually match where the commonwealth is going forward.

As I said in response to an earlier question — from Mr Noonan I think that one was — some of that is quite uncertain, and that — —

Mr WELLS — But did you not make the announcement the day after?

Mr LENDERS — With the comprehensive cancer centre, Chair — through you — when the budget went to print, which was late Thursday or Friday — I think it was, Dean? It was Thursday or Friday, anyway, when those budget papers went to print in the week before the budget, and that was the situation we had, therefore we have made provision — we have made provision in transport, we have made provision in health and in a range of areas — for capital that can be allocated towards commonwealth projects.

The commonwealth then chose to announce a comprehensive cancer centre, and we welcome it. It is a great initiative for treating patients with cancer needs and research that Victoria needs, and we welcome it. Similarly the commonwealth could equally have made a number of decisions in transport or other areas between the time the budget papers went to print and their budget, or post their budget. From our perspective these papers show allocated capital, these papers show unallocated capital and these papers show fully funded Victorian projects that have been announced and are out there. These papers show indicatively where we think we are going forward with the commonwealth, like in the transport plan, for example. We have a full transport plan in there and the indicative time line we think it will run, but it by definition will vary from year to year. If the commonwealth says it will fund a program — that is, at year 3 or 4 of our program; not no. 1 — and they are going to fund it, clearly we will juggle our program to be a partner with the commonwealth.

With the papers, in one sense it can be a bit frustrating, because people would like more certainty in them.

Mr WELLS — Or inaccurate.

The CHAIR — Mr Wells is saying 'inaccurate' — —

The CHAIR — I think we need to move on to innovation, thanks, Treasurer.

Mr LENDERS — I would say on this one, Chair, though, that these papers are where the government thinks it is when the budget papers go to print, and any variation to that will: one, be recorded in the midyear budget update; and two, any variations are recorded in the schedules to the appropriation bill that will be presented to the Parliament in the following year. The appropriation bill that the Premier introduced and I spoke to in the house last Tuesday actually has the variations from the appropriation from the previous year, so everything is accounted for.

In a ideal world, everything would be in the papers, but there were many moving, interlocking parts, and this is an accurate reflection at the time. But it will be updated, as is always the case, with more information, which will be good news for Victoria, with more investment infrastructure through our partnership with the commonwealth.

The CHAIR — Thank you, Treasurer. I also thank Mr Hehir, Mr Yates, Dr Williams, Mr Fitzgerald and Mr Bloomfield for their attendance.

12.2 Finance, WorkCover and Transport Accident Commission Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 15 May 2009

Members

Mr R. Dalla-Riva	Mr G. Rich-Phillips
Ms J. Huppert	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
Ms S. Pennicuik	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 D. Yates, Acting Deputy Secretary, Budget and Financial Management Division, Department of Treasury and Finance.

Mr C. Reis, Deputy Secretary, Government Service Group, Department of Treasury and Finance.

Mr G. Tweedly, Chief Executive, Victorian WorkCover Authority; and

Ms J. Dore, Chief Executive Officer, Transport Accident Commission.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of Finance, WorkCover and the Transport Accident Commission. On behalf of the committee I welcome the Honourable Tim Holding, Minister for Finance, WorkCover and the Transport Accident Commission. I also welcome Dean Yates, acting deputy secretary, budget and financial management division, and Charles Reis, deputy secretary, government service group, Department of Treasury and Finance; Greg Tweedly, chief executive, Victorian WorkCover Authority; and Janet Dore, chief executive officer, Transport Accident Commission. 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. I would like to make a statement in that regard.

I have noticed that the procedures are not being followed perfectly. I have asked the press, particularly the TV press, to focus on the speakers. That is not being done. There have been a number of occasions when they have not followed the guidelines. I will be speaking to the President and the Speaker in that regard to clarify these guidelines that we have. I will also be looking at the tapes, and I will also attempt to talk to the president of the press gallery. We do not have one at the moment, so I urge the press to elect one soon so that we can actually talk to them — which is a strange thing, because they are usually quite willing to talk to us.

The other point I wish to make after looking at some of the TV footage last night is that I thought it showed a very poor performance on behalf of some members of Parliament. I wish to uphold the integrity of the parliamentary process and in turn the committee process, and I urge members today to show respect for each other in the way that the proceedings take place, and indeed I hope the minister will also follow that process as well, because I think we did not have our finest moment yesterday in terms of following appropriate parliamentary procedure and showing respect for the process, the work we are undertaking and each other.

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

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of the Minister for Finance, WorkCover and the Transport Accident Commission.

Overheads shown.

Mr HOLDING — Thank you very much, Chair. As you have already introduced Dean, Charles, Greg and Janet, I will not repeat their various positions, but they are obviously available, at my invitation, to provide additional information to the committee should that be necessary during the question and answer session.

I want to just briefly go through some of the core aspects of my responsibilities as they relate to the Department of Treasury and Finance. This is a slide that I have used in previous years. You can see here the areas marked in green are either areas that I am exclusively responsible for within DTF or areas where I share some responsibilities with the Treasurer.

My responsibilities broadly cover the provision and management of the financial management framework; the administration of government assets; working with departments to deliver government services more efficiently, and that relates particularly to some of the government's savings activities; superannuation policy matters; and various reporting entities. Again I would emphasise that we have two of the most significant

reporting entities, the Victorian WorkCover Authority and the Transport Accident Commission — two of our statutory insurance providers — here this morning.

Just moving to the next slide, headed 'Achievements and priorities', this really looks at some of the things that have occupied the attention of the department and agencies over the last 12 months and potentially a focus going forward. Firstly, we have the efficient technology and administrative services. They are the set of activities around government savings that the government has been embarking on in recent years. There are two particular projects there — ancillary services and efficient technology services — which look to not only reduce the cost of government services but also improve the quality of the services that are provided to the Victorian public service, whether it is particular departments or outer budget agencies in some instances that are able to access some of the benefits of those activities.

CenITex is the new statutory authority that the Victorian government has created to drive the implementation of many of the efficient technology and administrative services activities. Charles is particularly well placed to provide advice on how the activities around CenITex are progressing. We have been very pleased with what has been achieved to date.

The relocation of the TAC, as Janet and the TAC would know, has been a central feature of the organisation's activities in recent years to make sure that that relocation occurred in a way that did not undermine the quality of the business and the quality of the service that has been delivered to Victorians injured in transport accidents. We are very pleased now that that relocation has essentially been completed and the staff have now occupied the new premises in Geelong.

The Hanks review is an ongoing process. Again, there might be some questions around that. That is the review of the Accident Compensation Act. The implementation of Arrive Alive 2, which we launched in calendar year 2008, is again a key focus of the Transport Accident Commission.

Going to the next slide, I will just fly through these results for both of the two major entities. I am sure there will be questions about this, so I will not go into this in any detail. It paints the predictable picture that you would expect to see following the global financial situation, but you can see still very strong performance in insurance operations results, which is what we point people to typically to underscore the strength of the business.

Going forward to the next slide in terms of injuries, again there has been a modest improvement in reported claims from 2007–08 to 2008–09 and the claims frequency continues to decline. Both those results are encouraging. I know WorkSafe remains committed to keep driving performance in that area.

The next slide is on competitive premiums. I will not go through this; it just shows that Victoria's premiums continue to be extremely competitive when compared to those of our interstate colleagues.

The next slide shows the key priorities for the next year: the national OHS harmonisation process, the reform process that will follow the Hanks review and of course the ongoing implementation of WorkHealth, our preventive health activities.

For the Transport Accident Commission we have again the same results chart that we saw for the VWA, showing the predictable deterioration in the net results from transactions. That takes up to the end of the last reporting period for the TAC, but it is still a healthy performance by insurance operations.

Going forward, trends in road trauma are continuing to decline. That is very encouraging. I think the next slide shows the long-term Victorian road toll. Again, you can see it is an area of public policy where Victoria has been particularly successful.

The next slide shows the focus for 2009–10 for the TAC: Arrive Alive 2, focusing on improvements to the claims management system; the ongoing commitment to improving rehabilitation outcomes and providing lifetime support for those Victorians who are catastrophically injured as a consequence of road accidents; and, finally, improving the value and the outcomes that we get from our health-care providers, who are an important part of the TAC's business. I think that is it.

The CHAIR — Thank you very much, Minister, for that. We have three areas we are looking at in this first one. I would like to ask you about WorkCover and WorkSafe. I know that the work both now and next year

relates to national harmonisation of occupational health and safety laws. Can you give us some information on where that is at and your expectations of that going forward in the forward estimates period, please?

Mr HOLDING — Sure. Thanks very much for the question. This has been a major focus for the Victorian WorkCover Authority of recent times. Victoria has really provided a leadership role in promoting national harmonisation. This is something that we support. We believe great benefit can come from reducing the complexity that exists for employers who have employees or activities that extend across state borders and into other states and territories. When seeking to harmonise occupational health and safety arrangements, of course, states are happy to harmonise provided they harmonise on the model that exists within that state.

What I am pleased to be able to report to this committee is that in terms of the harmonisation process the Victorian laws have really been seen as the benchmark laws in Australia. As you would know, Chair, from your own activities reviewing Victoria's OHS arrangements following the Maxwell inquiry several years ago, Victoria's OHS arrangements are very good. They have been developed on a very sound platform, and other states see Victoria as the exemplar of the model occupational health and safety laws.

We have now had a national process which has delivered two very substantial reports to the Workplace Relations Ministers Council. The council has now had the benefit of considering those two reports. Both reports really endorse, by and large, the model that exists here in Victoria. There are some areas of contention between states and territories where other states are reluctant to give up particular arrangements that exist in their jurisdiction, but I think all states recognise that you need to come to the table in a spirit of compromise if you are to take these processes forward.

This coming Monday Workplace Relations Ministers Council ministers will meet again in a phone hook-up to try to further progress this matter. I think that Monday meeting will be an opportunity for us to press ahead with the national harmonisation reform agenda.

There are some areas that are still outstanding. There are some recommendations around issues like union rights to prosecute and reverse onus of proof — even some issues around the role of health and safety representatives at the shop floor level — that are still contentious between state and territories, but we are confident that we will be able to work through those issues and put in place a set of laws which will provide a seamless regulatory environment for occupational health and safety across Australia.

The CHAIR — Do you have an estimated timetable going forward, or is that too hard to predict at this stage?

Mr HOLDING — I would be reluctant to commit to particular dates prior to Monday's meeting. Monday's meeting will be the test as to how much progress we can make. Obviously there are some new governments that have been elected around Australia, particularly in Western Australia. I make that point simply because the government that signed the original agreement around OHS harmonisation is now of a different political hue than the government that is in place now, so understandably they bring potentially different perspectives to those discussions. There is a new minister in Queensland — although of the same political hue — and that minister obviously needs the benefit of being able to be briefed and brought up to speed on the developments to date, and we will really have the first opportunity to substantially progress this issue on Monday.

Mr RICH-PHILLIPS — I would like to start with CenITex. Can you give the committee an overview of the funding surrounding CenITex since its establishment last year, including its relationship with its client base — I think 6 of the 10 departments are CenITex clients — and the progress towards the development of the common desktop rollout.

Mr HOLDING — What I can say about CenITex is that, as Mr Rich-Phillips would be aware, we established CenITex as a state-owned entity on 1 July 2008. It replaced the existing shared services centre, which was at that stage providing IT services to four government departments, and it replaced IT&S, which had been providing support to DTF and DPC. We had, in a sense, two existing shared services models within four departments and two departments respectively, and CenITex replaced those arrangements. Our expectation is that over time CenITex will become the primary provider of IT services to government, and we expect to transition new departments and agencies into the CenITex umbrella as part of the delivery of the efficient technology services project. CenITex currently supports approximately 11 500 desktops across six Victorian government departments.

Mr RICH-PHILLIPS — Is that on a fee-for-service basis from those departments? Is that how it works?

Mr HOLDING — That is right; it does. Just to provide some additional information, revenue for the 2008–2009 year was set at the budgeted amount each department or agency would have paid had CenITex not being created. We drew the appropriated amounts that had previously been allocated to them into CenITex for the provision of those services. The advice I have received is that for the nine months to 31 March 2009 CenITex has been operating at a cost below that level.

At this stage it is too early to provide full estimates of the savings that have been generated by CenITex, but we do know that there have been savings from the absorption of services that had previously been outsourced to Unisys by DTF and DPC. Those contract savings are at a level of around $1.3 million for this financial year, and we expect it to be around $2 million per annum on an ongoing basis. They are the savings just from the absorption of the Unisys activities that were previously being provided to DTF and DPC.

Naturally we expect there will be challenges in the time ahead. Shared services models, where they have been implemented in other states, have not been without their challenges, but we think we have been able to draw on the lessons from other jurisdictions — the learnings in particular in Queensland and Western Australia — and absorb those into the experience here in Victoria. We believe we are benefiting from that, and having particularly Charles's extensive private sector experience brought into the Victorian public service is also useful.

Mr RICH-PHILLIPS — Will the other departments be compelled to become CenITex clients and migrate into CenITex?

Mr HOLDING — Ultimately we do expect to transition government departments across into CenITex, and certain other agencies as well which are not strictly part of the Victorian inner government sector, but that is not to say that it will extend to all outer budget agencies.

Ms MUNT — Minister, I would like to follow on from the Chair's question regarding occupational health and safety. Are there any initiatives that WorkSafe are currently implementing to promote occupational health and safety?

Mr HOLDING — Thanks for the question. There are, and I would like to touch on a few if I could. In relation to promoting safer workplaces, you saw the slide earlier which indicated the decline not only in the overall number of claims but predictably also therefore a decline in the claims frequency. The best way of providing a sustainable workplace accident compensation system in Victoria is to reduce the incidence of workplace injury and illness. That is the very best thing that we can do, therefore the Victorian WorkCover Authority's activities in promoting safer workplaces are a very important part of WorkSafe's core business.

We have of course the inspectorate. The WorkSafe inspectorate conducted 38 000 inspections in 2007–08. Just incidentally, that is an inspector in a new workplace every 12 minutes. Of these visits, 28 per cent were targeted at industries with the highest health and safety risks — construction, wood products, transport and storage, and road freight — so WorkSafe is focusing on the most dangerous workplaces. In this current financial year WorkSafe aims to conduct in excess of 40 000 workplace visits.

We focused on farm and regional safety also. WorkSafe has participated in 12 agricultural field days and four regional conferences across the state, and field officers have been available to offer advice and assistance to farmers to make sure that workplace hazards at the farm level can be minimised.

The safer work zones and saving towns campaigns are two campaigns that have been highly visible marketing exercises supported by intense WorkSafe activity. These programs provide information to employers about how they can make their workplaces safer, and they target particular areas with formal inspections occurring several weeks after the targeted information has been made available. Using those campaigns, 3292 visits have been conducted in 6 regional and 10 metropolitan areas.

We have, of course, the Return to Work Fund, which encourages a focus on returning injured workers back to the workforce as soon as it is possible and appropriate to do so. We know that returning to work is a very important step in the rehabilitation process, so focusing in on supporting injured workers is very important, and WorkSafe has established the $10 million Return to Work Fund to engage with the community and help tackle

that challenge. We have the return-to-work inspectorate to complement the other return-to-work initiatives that I was just referring to. Those inspectors have been assisting employers with meeting their legislative obligations, and they offer support and advice where compliance appears not to be being met. By the end of March 2009 inspectors had undertaken 927 visits to employers. Those visits have been well received by both the employers and the injured workers themselves.

Finally, we have our ongoing program of roadshows, which is an annual program across the state — at Warrnambool, Horsham, Traralgon, Ballarat and Wodonga — as well as roadshows and seminars in metropolitan Melbourne. Again that is about providing information about the very basics of safety as well as new occupational health and safety projects, showcasing innovative return-to-work initiatives and explaining to employers how workplace injury insurance premiums will be assessed in the next financial year. It is really about proactively providing information to employers about OHS and about the work of WorkSafe so that employers can access the latest possible information.

Ms MUNT — How many inspectors are there, Minister?

Mr HOLDING — Approximately 200.

The CHAIR — This is return-to-work inspectors, is it?

Ms MUNT — Workplace inspectors and return-to-work inspectors?

Mr HOLDING — We have about 200 inspectors; we have about 10 return-to-work inspectors.

Ms PENNICUIK — Is that approaching the ILO benchmark, Minister, the number of inspectors per employees?

Mr HOLDING — We will have to gather some advice on that.

The CHAIR — We might try to keep these in turn. Mr Rich-Phillips?

Mr RICH-PHILLIPS — I follow on from Ms Munt's question as to the work of the workplace inspectorate and to the 38 000, roughly, visits targeted to high-risk industries. Does the inspectorate also target high-risk employers? For example, if an employer had a high claims record or a high injury rate, and 25 per cent of their staff were injured in a year, would that trigger inspectorate interest?

Mr HOLDING — Yes.

Mr RICH-PHILLIPS — On an ongoing basis? For example, if last year they had 20 per cent of their staff injured, what type of action would that then trigger from the inspectorate going forward?

Mr HOLDING — I do not think it is quite as formulaic as the question might invite the answer, but insofar as we target high-risk industries, we also target high-risk employers — that is, those employers who have unusually high claims rates within their industry classification.

Mr RICH-PHILLIPS — Relative to the peer group in the industry?

Mr HOLDING — Yes.

Mr RICH-PHILLIPS — A follow-up, Chair. If it was an employer who was on a high claims rate but, relative to the peer group, consistent with the peer group, that would not trigger action?

Mr HOLDING — It would, only insofar as if the industry itself had a high-claims or a high-risk classification; then employers in that industry more generally would be being targeted by the inspectorate's activities anyway. But, I mean, you obviously would not be able to identify particular employees within that unless their claims pattern was outside the industry standard.

Mr NOONAN — Minister, I also want to ask a WorkSafe question. Specifically, can the minister advise the committee on the steps the government has taken to improve compensation benefits for victims of asbestos-related diseases in Victoria, and what impacts might those improvements have on the budget estimates?

Mr HOLDING — Thanks very much, Wade, for that question. You would recall that Parliament had the opportunity of considering the appropriate legislative arrangements for asbestos sufferers in recent times, and in fact in late 2008 the Asbestos Diseases Compensation Act 2008 was enacted. This enabled the victims of asbestos-related conditions to be able to obtain damages on a provisional basis. We know the background to this. Previously they had been put in the position of some jeopardy where, if they made an early claim and their asbestosis then developed into mesothelioma, they often forwent their entitlement to be able to make a further and subsequent claim later on.

We felt that that was an undesirable situation. It forced injured workers — sometimes the most disadvantaged injured workers — to essentially make a Hobson's choice about whether they accessed financial support early in the identification of their illness or whether they waited to see what course the illness took. The case of Bernie Banton was particularly relevant, although in another jurisdiction, for highlighting the inequities of that. That is why Victoria moved — and, I have to say, pleasingly with the support of all parties in the Parliament — to enact new legislation to remove that jeopardy.

We think those amendments are a significant benefit to all workers exposed to asbestos. Since the enactment of this legislation there have been five asbestosis claims that have been settled on a provisional basis so far — that is really over about the last six months — and that is about a quarter of all the claims for asbestosis over that period. In other words, a quarter have taken up the opportunity to access the provisional damages that the legislative amendments afforded them, and the other three quarters, or thereabouts, have not done so, and the number of claims has been about five.

Although the number of asbestosis claims are up about 30 per cent on the actuarial projections, the advice that we have received is that that is actually a consequence of individuals pursuing multiple claims against different defendants. It is not actually a real increase, we believe, in the incidence of asbestos claims being brought to the attention of government.

What I can say is that the funding arrangements that have been put in place following the enactment of this legislation have not yet been needed to be called on. In the settlement of those claims that I have identified, they were able to be met out of the existing financial provisions, therefore any concern that existed at the time these legislative provisions were introduced that they would somehow lead to a significant pressure on the funds that we allocate for meeting these sorts of claims has not been borne out. We have actually been able to meet them within the financial amounts that we put aside prior to the introduction of this legislation. The additional funds have not been drawn on.

Mr NOONAN — By way of clarification, because I think I recall from the legislation that claims might reach a high point in 10 to 15 years, can you just elaborate on whether the projections have been done over a longer period?

Mr HOLDING — The short answer to that is that that is right. We are not yet at the zenith of those claims. That will occur at some stage in the future, and that is simply because of the long tail of these sorts of illnesses and the long gestation period or the latency of these sorts of claims. We would expect that over the next 10 years or so we would reach that point and then claims will flatten, and then over time, obviously, they will start to decline.

Mr RICH-PHILLIPS — Minister, I ask about the funding for the efficient technology services program and its relationship to CenITex. The description in budget paper 3 at page 366 is:

Funding is provided to improve government productivity and efficiency by delivering standardised core information communications technology across government. The program includes joining up government information systems and using common infrastructure to establish a secure core desktop and common trusted network. The program also mandates a consistent approach by establishing one government service centre and hosting service.

That sounds a lot like CenITex, so the question is: what is the relationship between that funding and CenITex's operations, and if there is a link, what is the relationship with the pricing of CenITex services for departments?

Mr HOLDING — They are actually separate funding streams. The CenITex funding is the funding that has been identified from the departments themselves, as I advised in the previous answer. The funding that is identified there is the Department of Treasury and Finance funding profile for the delivery of the efficient technology services programs, if you like, separate from the CenITex activities.

Mr RICH-PHILLIPS — Is there not an overlap between what CenITex is doing with the common desktop environment and what this funding is apparently doing?

Mr HOLDING — There is no overlap in the funding streams. There are common elements, if you like, in what CenITex is doing from a government-wide perspective and the broader government mandate for delivering services more efficiently and providing a better quality of service, but the funding streams that you have identified there are, in a sense, for separate projects.

Mr RICH-PHILLIPS — Will the cost of these projects be passed on to the departmental agencies in the same way that they currently pay for their CenITex services?

Mr HOLDING — This funding stream, Gordon, is for the development of the common desktop model, which will then be passed on to CenITex. That model will be passed on to CenITex, which will then actually implement it. That is the reason why there are, in a sense, separate project processes. There is the CenITex process, which is the provision of a direct service to government departments, and that is funded by those government departments effectively; and there is this process, which is a DTF-led process, which will develop a common desktop platform which will then be passed on to CenITex, and it will then implement that across the Victorian government departments.

Mr RICH-PHILLIPS — Presumably these costs will then be recovered from those client departments?

Mr HOLDING — No.

The CHAIR — I assume they are in the forward estimates against the departments.

Mr RICH-PHILLIPS — They are against DTF.

Mr HOLDING — No, this is a DTF process.

The CHAIR — I mean the department, which is Treasury and Finance, yes.

Mr HOLDING — This is a DTF-led process. This generates savings over time, and those savings are part of the efficient government savings more generally.

Ms HUPPERT — Minister, my question is about the operations of the TAC. In your presentation you refer to decreases in the road toll over the last few years. Could you please advise the committee of the strategies that have been implemented and that will be implemented to deliver increasing reductions in the road toll and what this will mean for the Victorian community during the forward estimates period?

Mr HOLDING — Sure. Thanks, Jennifer, very much for that question. This is a very important question. Victoria has really been, since the very early 1970s, a world leader in promoting safer roads. The delivery now of our road safety model is very much a partnership between the TAC, Victoria Police, VicRoads and many other players in the Victorian community who have a commitment to reducing the incidence of road trauma.

Firstly, last year we saw our lowest ever road toll since we started collecting records in 1952 — a record low road toll of 303 fatalities. Nevertheless, one of the good things about Victoria is that we never accept the lowest as good enough, we accept that every death on our road is an avoidable death and we recommit ourselves to the goal of further reducing that. That is why, last calendar year, we launched Arrive Alive 2, which is our strategy for providing safer roads, safer vehicles and safer drivers, and in turn reducing the road toll and the incidence of serious injuries on our roads by a further 30 per cent over the 10-year life of that strategy.

Just looking at those different elements: safer roads — we have increased the SRIP funding. This is the funding provided by the Transport Accident Commission to VicRoads for targeted infrastructure improvements at key road black spots to generate a road safety improvement. That funding will now be $230 million over three years. Perhaps you have already heard from the Minister for Roads and Ports — I am not sure whether he has appeared or not — about the introduction of mandatory stability control in domestically manufactured cars

by the end of calendar year 2010. Of course, in this budget there is an increase for the numbers of roadside drug testing that will be undertaken by Victoria Police, and also the funding for moving mode radar which can be used by law enforcement vehicles when they are actually driving to detect speeding vehicles and to issue infringements as appropriate.

Of course the TAC itself, as well as the SRIP funding, is continuing its efforts to raise public awareness about the dangers of speeding. I think the most powerful TV road safety program in Australia is the Sudden Impact program aired on Channel 9 last year. That program was of great interest to the Transport Accident Commission and strongly supported by them. We also had the crashed car reality display which featured in Federation Square in October last year. I had the opportunity of attending that display, and I know the Premier did also. My recollection is that Neil Mitchell was a great advocate for putting in place a display which actually showed what happened to a car that was involved in a high-speed collision.

We also heard from friends of people who had been killed in road accidents, particularly young people. We had that terrible accident which occurred on Lygon Street. You almost cannot call it an accident; it involved hoon drivers at the time. They killed themselves, their mates — and from memory — a member of the public. It was just a terrible accident. To be able to hear directly from the friends of those people about the impact that road trauma has had on their friendship group is a very powerful way of getting that message across to younger people.

The TAC will certainly be continuing not just its hard-hitting campaigns, effective as they have been, but also other campaigns including the Pictures of You campaign, which I think generated a loss of public debate. We have had debate around the Mother's Day campaign which the TAC ran this year, which I think was another very effective communications medium. I really congratulate the agency for the work that it has been doing to get this message across. This has been one of the great Victorian success stories, and over the next 10 years we want to take it further. By focusing on all elements, all the moving parts — the roads and the education of drivers as well as of the safety of cars themselves — we think we can provide an even safer driving environment in the decade ahead.

The CHAIR — Thank you very much for that, Minister.

Ms PENNICUIK — Minister, the premium pool investment fund, which I understand is managed by VWA and the Victorian Funds Management Corporation, has sustained losses on investments in the last two financial years. I presume that in the current investment environment it is probably likely to lose more and may not be able to sustain its 8 per cent per annum target. If the position is that we need to maintain the current level of benefits to injured workers, then is it not the case that WorkCover would have to start to increase employer premiums rather than decrease them, which is what the Treasurer was crowing about in the Parliament last week?

Mr HOLDING — Thank you for that question. One of the great things about the way the Victorian WorkCover Authority has managed the authority's activities in recent times is that they have been managed in a sustainable way. What we have seen, firstly, is substantial actuarial releases in each successive year, and those actuarial releases represent the difference between the estimate of claims benefits that will need to be paid at the start of the year versus what is actually paid over the course of the year, and the change in the liability over the course of the year. That creates an actuarial release which improves the financial strength of the entity.

At the same time we have seen a focus on reducing the incidence of accidents in workplaces and improving the return-to-work performance. Both of those things impact on the financial viability of the organisation also. We have seen that in terms of the very strong performance from insurance operations which were recorded on a slide that I presented to the committee earlier. We have also been able to reduce premiums for employers now in five successive years, but at the same time we have maintained a buffer between the break-even premium rate and the average premium rate. In a sense that buffer is the buffer which indicates how much further we could reduce premiums if we wanted to and not put the organisation into a precarious financial position where it was collecting less premium than what it requires to meet its expected claims. That buffer also represents our capacity for delivering improved benefits to injured workers.

We want to retain an appropriate buffer that protects the financial viability of the organisation. We want to be able to continue to put downward pressure on premiums. We have not been able to reduce premiums in this coming financial year, but we have retained the capacity to improve benefits for injured workers in some way,

shape or form, and it will be drawing down on that buffer which enables us to fund the improvements to benefits for injured workers that we will make through the government's response to the Hanks review. The organisation is actually in a very strong financial position. We do not get too excited by annual fluctuations in equity markets and investment markets overseas. We did not get excited in the good years when they were very strong, and equally we are not concerned about one or two years worth of challenging times at the moment. We would expect that average predicted return to return over the 10-year average for the entity's reporting.

Ms PENNICUIK — Minister, by 'the buffer' are you meaning a surplus that is maintained in the fund?

Mr HOLDING — No. The buffer is the difference between the break-even premium rate and the average premium rate. The average premium rate at the moment is 1.387 per cent. The break-even premium rate — that is, the premium rate at which you are collecting premiums sufficient only to meet your projected claims — is less than that, so there is a buffer which we could use to either reduce premiums further if we wanted to or alternatively to provide improved benefits to injured workers. At the same time, we want to maintain some margin in that buffer to protect the financial viability of the organisation. For obvious reasons, you do not run it right down until they equate to one another.

Ms PENNICUIK — That is another question, isn't it.

Mr HOLDING — These things are based on actuarial assessments and judgements over the coming 12 months. You want to be conservative in the management of those things, and we always are.

Mr SCOTT — Minister, I note in your presentation you referred to the relocation of the TAC. Can you advise the committee on the progress of the transition of TAC operations to Geelong and the ongoing benefits this will provide to the community?

Mr HOLDING — Thanks very much for that, Robin. The TAC's move to Geelong was announced in December 2007. When we made this announcement there was a great deal of scepticism about whether this momentous move, the biggest relocation of a government agency to a regional location in Victorian history, could be achieved. I am very pleased to say — and again I congratulate the organisation for this — that not only was it achieved in the time frames that were set, but it was achieved with the organisation being able to continue its strong focus on providing its core business — its benefits and services to injured road accident victims and also its ongoing effort to promote safer roads and safer driving.

The relocation of the TAC was formally completed on 26 February 2009 when the Premier officially opened the TAC's Geelong headquarters. I just make the point that the significance of this relocation to the Geelong economy is that it will inject an estimated $59 million per year into the local economy. To date, we have seen more than 175 homes purchased with more than 50 additional homes in the region being rented by TAC staff who have relocated into the region as part of that relocation. Since June 2007 the TAC has recruited over 230 employees from the Barwon region, and of course the TAC continues to focus its recruitment activities on that local region. In the past 12 months more than 75 per cent of those recruited externally have resided in the Barwon region.

We have seen not only a great boost to the local economy, but we have also seen an energy-efficient building — as you would expect from a newly constructed building — which sets new standards in terms of energy efficiency and environmental sustainability. The building has a 5-star green star rating, which recognises the low impact of both the operation of the building but also its construction. I was pleased to be able to inspect and see some of the water savings initiatives that have been incorporated in that building. We are very pleased about that. What I was also pleased to see is the record high client satisfaction rate of 7.46 which has been achieved at the same time that this move has been taking place. At the same time as the organisation has been physically moving from the CBD to a regional location, it has been able to maintain record high levels of client satisfaction, inject a huge amount into the local economy, support the local construction and housing market, support the creation of local jobs and take up an environmentally sustainable building which has the lowest possible environmental footprint.

Mr RICH-PHILLIPS — Minister, I would like to go back to CenITex. Since the entity was established last July, it has let a number of contracts for service provision — I think around $14 million worth — including a number of contracts for the engagement of staff, including a chief information officer, who was engaged on a contract after a tender, for $396 000; a chief of operations, who was also engaged on a contract after a tender,

for $493 000; and a range of other staff, including project managers, technical architects, analysts et cetera, who were engaged through employment agencies on contracts. I think it is a total of around $4 million worth of staff contracts let either directly or through agencies. The question is: given CenITex is an agency that is consolidated within DTF, why are all these positions being filled by contract rather than as employees of CenITex?

The CHAIR — The minister is to answer insofar as it relates to the budget estimates.

Mr HOLDING — Obviously from CenITex's perspective it is very important to obtain what are quite specialist skills in quite specialist areas. In fact in former times governments have been criticised for lacking the specialist knowledge that is required for the implementation of a project of this scope and breadth. From our perspective, being able to access the most appropriate services, and where necessary being able to engage them on terms which give us the flexibility to access the expertise that we need in the time frame that we need it and for the period of time that we require it for, is very important. I would imagine that is why the employment and recruitment models that have been used have been utilised.

Mr RICH-PHILLIPS — I accept that with a number of positions, but positions like the chief information officer and the chief operating officer will be ongoing positions, yet they have been engaged on fairly substantial contracts rather than as DTF or CenITex employees, which obviously has tax implications. I am wondering why those senior ongoing roles are contractors.

Mr HOLDING — I am happy to take that on notice, but they are not DTF employees; they are GBE employees. I draw that distinction between the two. We will take on notice whether there are any particular additional pieces of information that we can provide to address the issues that Gordon has raised.

The CHAIR — All right. We will move on to the next question. I refer you to budget paper 3, pages 260 and 261, dealing with resource management services — the land and property portfolio and administrative services — particularly in regard to dealing with contracts. This is something which this committee has looked at quite a number of times and will continue to do because it is an essential part of accountability in the Victorian government. Can you tell us about where the state purchase contracts program is at and what it is going to deliver in the future in regard to the way government does business?

Mr HOLDING — That is a very good question, Chair, and thank you for asking it. It is a key part of delivering more efficient services and providing tools for government departments to make substantial savings, which have been the things that we have done to generate whole-of-government purchasing arrangements. The state purchase contracts (SPCs) — a policy which we released in April 2005 — are a very important part of that. These are contracts that government agencies use to buy goods and services. They are compulsory for agencies that are subject to the Victorian government purchasing board procurement policies, and we think they provide a more strategic approach to contract management, and they deliver better value for money than the arrangements that they replaced.

They essentially benefit government by creating economies of scale. They enable agencies to use the same goods and services by tendering for these goods and services collectively, and that enables us in turn to negotiate better prices and quality. We have got a number of SPCs already in place that are managed by the Department of Treasury and Finance. We have an administration staffing services SPC, probity practitioner services, fuel and associated products, stationery and office products, travel management services, travel air carriers, security services, electricity purchasing and a number of other SPCs.

Those SPCs that were already in place in 2007–08 delivered whole-of-Victorian-government purchasing savings of something like $89 million. So the ones we have already got in place are delivering substantial savings, and they are a very important part of the government's Buying Smarter, Buying Less program, which was part of our efficient government commitments at the last election.

By the end of the 2008–09 financial year we would anticipate delivering a further eight state purchasing contracts. These include server virtualisation, intragovernment mail, Australia Post, natural gas, electronic tendering, document output devices — they are the combined printer, fax and copier devices, and PCs and notebooks. So we have got the savings that have already been achieved through the existing state purchase contracts arrangements; we have got a new set coming in at the moment, and we expect these new SPCs to deliver additional savings to the government of around $15 million per annum once they are fully operational.

So we think overall that not only do we generate savings, but we also improve the quality and the consistency of the services that are provided to government. For example, the intragovernment mail contract enables us to address some of the security risks and security challenges that exist where government is transferring large amounts of documents, sometimes sensitive documents, between different government agencies and departments. We believe we can improve standards by either improving the range of stationery products that are available through the stationery and office products contract or reducing the complexity of government purchasing by providing a smaller range of more standardised products.

We see benefits not just from financial savings but improvements in terms of the consistency and the quality of the services that are provided to government departments and agencies by the use of these state purchase contracts.

The CHAIR — Thank you, Minister. Can you just take on notice: to what extent are these actually utilised or available to public non-financial corporations and other agencies outside the departmental structure, as well as non-government agencies that often implement government programs?

Mr HOLDING — We will get something to you about that.

Mr RICH-PHILLIPS — I would like to take you to the issue of the Ombudsman's report into the Bayside Health matter. The Ombudsman was quite critical of the TAC and the VWA for their failure to investigate what the Ombudsman described as 'highly questionable billings by Professor Kossmann; nor did they investigate the disproportionate statistics in relation to his earnings and billings'. It went on to note that following this report investigations were being undertaken by TAC and WorkCover with a recommendation that the Minister for Finance be informed of the outcome of those investigations.

My question to you is: what systemic issues were identified by each of the agencies with respect to surgeons' billing practices with the agencies, and what changes have been made to the way in which both agencies handle claims by surgeons and other practitioners?

The CHAIR — I am not sure this relates very well to the processes that we have here today, which relate to the forward estimates and the budget papers. Minister, I leave how you deal with that one to your discretion.

Mr RICH-PHILLIPS — It does to the extent that the ongoing performance of these organisations depends on the accuracy of these processes and how they feed into the budget.

The CHAIR — I understand what you have said.

Mr HOLDING — I am obviously quite happy to take the question and answer it appropriately. The question of the issues that were raised by the Ombudsman in his report; they were obviously of concern, and I discussed the findings as well as the context in which those findings occurred extensively with the chairs of both organisations and with the CEOs. And in fact following the Ombudsman's report, I wrote to both organisations drawing their attention to the various recommendations that the Ombudsman had made and seeking advice from them as to what action they proposed to take as a consequence of those reports.

Both organisations responded to my correspondence and provided some advice as to the specific initiatives that they were undertaking to address the concerns that had been raised by the Ombudsman. More generally I have been kept up to date by both organisations on the implementation of those specific responses and also other activities they have been undertaking of a more generic nature to strengthen the processes that exist at both organisations and to strengthen the rigour of their interaction with the health service providers that are such an important part of the services that they provide.

In each instance, rather than just read directly from the letters that both organisations provided to me, I might invite both Greg and Janet to make a brief comment in each instance about some of the actions they have undertaken both before and since. I should emphasise 'before', because entities have been very responsive in seeking to respond to the issues that were raised in the media before the tabling of the Ombudsman's report.

Mr RICH-PHILLIPS — That is not what the Ombudsman found.

The CHAIR — I am particularly interested in how these changed procedures are going forward in respect of the operations of the agency which — —

Mr HOLDING — I might ask Greg to say a few things about what WorkSafe has done and then Janet can perhaps make some comments on the Transport Accident Commission's perspective.

Mr TWEEDLY — There were three very specific recommendations in the Ombudsman's report for us. One was to complete the investigation into Kossmann himself. That has occurred and the matter is now before the Victoria Police, so that has been concluded from our perspective, and we will support the police as required. In terms of the ongoing issues that were identified within the report and the controls that have been suggested by the Ombudsman, we have two time periods to deal with. The immediate time period is what we can put within our existing systems, and we have put in place a number of manual checks that we did not have previously to deal with the series of criteria that the Ombudsman identified and we are working in conjunction with the TAC in the longer term to build a new treatment payments system to improve the controls in a more efficient way in the future, so we have taken on board the specific issues and they have been in place for some months now.

Ms DORE — As Mr Tweedly said, we are working closely with WorkSafe on an improved billing automated system. We have already put in place changes to our existing systems. We require detailed theatre notes with surgical invoices. We have strengthened our auditing function. We have toughened our approach, I suppose you could say, with reviewing accounts, and in fact 29 per cent of the accounts that went through in the last 12 months have been queried from various points of view. Ten per cent of them have been refused as a result of that. We have implemented a new workflow system to improve our processes, so that we can highlight exceptions, we have improved staff training, and we have been particularly emphasising the training function because of the turnover of staff in the move to Geelong.

Ms MUNT — Minister, can I refer you to budget paper no. 3 page 366, under Treasury and Finance output initiatives, and in particular the efficient technology services which are budgeted for $3 million in 2008–09, $40.3 million in 2009–10 and $23 million in 2010–11. It is my understanding that this program is designed to standardise the core information and communication technology across government. Could you please explain to the committee what impact this is expected to have on productivity and efficiency?

Mr HOLDING — That in a sense follows on from some of the questions that Mr Rich-Phillips has been asking as to what different elements of some of these projects are slated to achieve. We have announced as part of the 2009–10 budget the next phase of funding for the efficient technology services initiative. As I said earlier, this is not just a big bang approach like the approach that has been taken sometimes in other jurisdictions. We are deliberately staging our approach to ensure that we manage the risks. These sorts of large projects are not without their risks and they need to be managed prudently, and that is exactly the approach we are taking by staging and phasing the implementation of the different elements of it.

The efficient technology service program will standardise common information and communication technology services across 14 government departments and agencies, which will put in place a single consolidated ICT service for something like 50 000 government staff. We expect this program to not only lower our current operational ICT costs but also to generate some improvements in the way in which we provide ICT services to Victorian government public servants. We expect to be able to deliver one common secured desktop service that will rationalise the government desktop environment.

We expect to be able to deliver one common network service that will provide greater security for data and also rationalised data communications services. We expect to have a simplified log-in service that will streamline staff log-in processes and further underpin information security. That is an important development, not just in terms of simplifying the log-in processes for government and saving time, but also where government restructures occur, we see benefits in terms of being able to draw staff that might have previously been located within one department into another department without having to completely change the ICT services that have been provided to them and all of the log-in procedures and security procedures et cetera.

We also expect to deliver a hosting service that will consolidate ICT services — the backroom activities; the consolidation of the backroom infrastructure services — and we expect also to be able to consolidate our ICT service management approach in a way that further streamlines the sorts of services that we are providing to the Victorian public service.

We see a lot of benefits coming from this, not just economies of scale, which are very difficult to achieve under the current processes, but we also see improvements in ICT infrastructure and services. We think we will

be able to further optimise our commercial arrangements with our ICT suppliers, and this will in turn generate greater value for money. We expect improved service delivery, and we also expect greater agility and responsiveness in the way ICT services are provided, which will make it easier, for example, for government public servants to be able to access our ICT services from remote locations — that is, from locations which are not part of the existing infrastructure network that is in place at the moment.

We also expect joined-up government to be easier to deliver under this program. It will be much easier for government departments and agencies to talk to one another through the ICT system that in place as a consequence of these changes than it is at the moment.

We see a lot of benefits coming from the efficient technology services initiative, not just savings but better service delivery across the public service.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the role of the portfolio in the department of GBE performance monitoring. Firstly, could you just clarify the GBE role? Was that basically everything that is not general government sector you are responsible for the performance and risk monitoring of — everything outside general government; corporations et cetera?

Mr HOLDING — Responsible for risk management — yes, I am.

Mr RICH-PHILLIPS — Everything outside general government — performance and risk management? When you refer to GBEs — for example, your slide 'GBE performance monitoring and financial risk management' — I just want to clarify, by GBEs you are talking about everything that is not general government?

Mr HOLDING — Yes.

Mr RICH-PHILLIPS — What metrics are applied for the assessment of GBE performance by DTF? What are you looking at when you are assessing performance outside general government sector? Is it debt ratios? Is it operating outcomes?

Mr HOLDING — It depends on the entity.

Mr RICH-PHILLIPS — There is no standard set of metrics that you apply across.

Mr HOLDING — There are standard financial reporting obligations, and there are standard obligations with which these entities need to comply — annual reports. There are the financial reporting guidelines that are utilised. There are procurement guidelines. There are a whole range of different processes in place — auditing functions et cetera, the risk management activities through the VMIA and DTF risk management frameworks, which entities are expected to comply with. The way you would assess the effectiveness of any particular government business entity is obviously dependent on what service or what activity it is discharging in terms of identifying its effectiveness. I am not sure I quite understand the question.

The CHAIR — Are you asking particularly about risk management strategies?

Mr RICH-PHILLIPS — No, I am asking about debt management, the issue being that within the general government sector the Treasurer has reported the AAA rating is dependent upon liabilities remaining below 130 per cent of revenue. If you look at the non-government sector, liabilities are forecast to reach 183 per cent of revenue. My question essentially is: within that non-general government sector, does the department have any concerns about individual agencies taking on such high levels of debt?

Mr HOLDING — Insofar as that question relates to debt — —

Mr RICH-PHILLIPS — Or performance.

Mr HOLDING — And, as I understand it, the second part does; it relates to the activities of the Treasurer, who is responsible for Treasury Corporation and is also responsible for the endorsement and oversight, where appropriate, of the corporate plans. It is not really something that I can comment authoritatively on.

Mr RICH-PHILLIPS — So your role is: is what an entity doing consistent with its corporate plan that the Treasurer has ticked off?

Mr HOLDING — My responsibility is to ensure compliance with a range of government financial reporting requirements. They are varied and diverse. The question of the sustainability of debt of government agencies is the responsibility of the Treasurer, not the responsibility of the minister for finance.

Mr NOONAN — One of the key themes from this budget is the response to the bushfires. From your ministerial responsibility, I was interested in whether you can advise the committee what assistance the Victorian Managed Insurance Authority is providing to government departments and agencies?

Mr HOLDING — It is a very important question. In a sense I was having an exchange with Mr Rich-Phillips in relation to risk management. Risk management, insofar as it relates to the prudent identification and management of risks, is something that the Victorian Managed Insurance Authority takes very seriously. It is something that the government is very mindful of. It is in that context that the events of 7 February have had not just a devastating impact on the Victorian community — lives lost, homes lost, businesses destroyed et cetera — but obviously a major impact on community infrastructure and sometimes infrastructure which is owned or provided by the government on behalf of Victorians.

We saw quite extensive damage to the physical assets of government. We estimate the damage to be in the order of about $82 million. That includes assets that I think people would be well aware of — schools destroyed, police stations, roads and associated infrastructure, buildings and structures contained within state parks and forests, railway infrastructure, Country Fire Authority infrastructure, State Emergency Service buildings and equipment. In some cases alpine resorts were damaged, both at Baw Baw and at Lake Mountain. They were extensively damaged at Lake Mountain, more on the periphery at Baw Baw, but in each instance assets relating to both of those organisations were impacted.

The VMIA has put in place a very comprehensive program of activities to support departments and agencies that have been affected by these losses and to make sure that the reinstatement and repairs to damaged infrastructure can occur as quickly as possible. They commenced a process of adjusting and agreeing reinstatement and repair of damaged assets for 12 clients, representing some 52 separate insurance claims. Those figures are as at 24 April.

It has used mapping tools to enable consideration of the location of government assets, so that they can be quickly rehabilitated and, where decisions need to be made about where replacement assets ought to be located, strategic and well-informed decisions can be made around those sorts of issues. It has briefed reinsurers in the United Kingdom and Europe. That is very important in terms of providing a quick resolution of issues with reinsurers so that they are reassured about the nature of the Victorian environment. Obviously we have had some very concerning images of our state broadcast internationally. It is important to provide up-to-date information to reinsurers in Europe particularly, given they may not have the most up-to-date information available to them.

We have also provided risk and insurance advice to a number of affected entities and departments. The VMIA has had a dedicated support team in place so that departments and agencies can use that advice to make timely decisions about rebuilding or reconstruction activities. I might stop there.

The CHAIR — I think so. Mr Rich-Phillips has a final question before we finish this session.

Mr RICH-PHILLIPS — Going back to the issues you raised last year, Minister, in the area of ancillary service savings, you spoke about the potential for things like CBD car pools, common facilities management and library service consolidation. You estimated savings of around $10 million over four years. I would like to ask what progress has been made in the ancillary service area in generating savings.

Mr HOLDING — I am very pleased to provide some information to the committee in relation to those activities. Through the ancillary services activities we have now been able to implement some significant shared services activities. We focused in the first instance on accommodation and facilities, on departmental car-pooling arrangements and we have also focused in on library services across a number of different government departments. We believe by rationalising those services we have been able to reduce the cost to government. That has been the initial focus: facilities management and accommodation, car-pooling and library activities across government entities. We have been able to achieve savings. Our estimate of savings — I am going to take some advice on the exact dollars.

I will take that on notice and come back to the committee with some advice about what the extent of the savings have been.

Mr RICH-PHILLIPS — Thank you.

The CHAIR — Thank you very much for that. To finalise the session, I have asked questions about federal grants in terms of outputs and assets for portfolios and agencies received in the budget, and I have asked departments to provide the committee with a list and description of these. Regarding accountability mechanisms, you have a number of agencies, but you can take that on notice.

The other thing I should note for the record is that in respect of budget paper 3, page 256, the output is back to the financial report for the state of Victoria. The committee does not support the target; it likes the target to be at the end of September for annual reports to be presented to Parliament. I thank Mr Yates, Mr Tweedly, Mr Reis and Ms Dore for their attendance.