# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 31 May 2007

Members

Mr G. Barber                    Mr G. Rich-Phillips

Mr R. Dalla-Riva                Mr R. Scott

Ms J. Graley                    Mr B. Stensholt

Ms J. Munt                      Dr W. Sykes

Mr M. Pakula                    Mr K. Wells

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

Staff

Business Support Officer: Ms J. Nathan

Witnesses

Mr T. Holding, Minister for Information and Communication Technology;

Mr W. Hodgson, secretary, Department of Innovation, Industry and Regional Development; and

Mr A. Skewes, acting executive director, Multimedia Victoria, Department of Innovation, Industry and Regional Development.

**The CHAIR** — I welcome Mr Andrew Skewes, acting executive director, Multimedia Victoria. I call 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 information and communication technology.

**Overheads shown.**

**Mr HOLDING** — I will be very quick. This slide actually reflects the question that Mr Rich-Phillips asked before, so I will not go through any detail. It just describes the new governance arrangements, if you like, in the ICT area. They are our key achievements in 2006–07. We have seen solid industry growth. Our investment attraction program continues to go from strength to strength as we see enhanced investment in Victoria, and I am happy to talk about some of the elements of that in the questions if we get the opportunity. Export facilitation and marketing Victorian businesses offshore are very important, giving them an opportunity to showcase their capabilities on trade fairs and missions. That has been a very important part of the work that MMV have been doing.

IT skills continue to be a big issue. We have skill gaps emerging across a range of industries but particularly in the ICT area, so I just draw the attention of the committee to the work that we are doing to respond to that. Broadband is a very big issue for all Australians and an issue that from a Victorian government perspective we are continuing to pursue both with specific initiatives here in Victoria but also by putting pressure on the commonwealth to actually respond in this policy space.

The priorities over the next financial year are skills, investments and next-generation networks. You would expect us to be focusing on those issues, and you can see some of the specific strategies that we have put in place.

I just mention this by way of conclusion. This is a specific project that is being run with the support of the Victorian government. I do not mention this other than to say this is an example of the sorts of benefits that can flow to Victorians from innovative uses of ICT. This is a breast screening initiative. Its aim obviously is to prevent breast cancer through early detection. It has a significant impact in regional Victoria in particular. The government has put $1.9 million in. The program overall is worth about $9.1 million, and we have had a lot of input from Multimedia Victoria but also from Telstra Country Wide, DHS, Loddon Mallee Health Alliance, Grampians Rural Health Alliance Network and the commonwealth Department of Communications, Information Technology and the Arts.

What we expect to see is cost savings in moving from analog to digital imaging processes; time savings because of the delivery model that is being used; a reduced need for women to return to the mobile service for extra images to be taken as a result of technical problems, because of improved image quality; screening of women more efficiently because of the screening resources that are used; and therefore ultimately improved rates and earlier detection of breast cancer for women and reduced radiation doses for women being screened. I think this is a great example of how technology can be used to improve people's lives, particularly in regional Victoria.

**The CHAIR** — Thank you, Minister.

**Mr WELLS** — I notice in the past the Bracks government has put a lot of emphasis on Project Rosetta as an achievement in the ICT portfolio. My understanding is that it is basically an email directory for the public service. I also notice that on BP 3, page 304, I am struggling to find any new initiatives under your portfolio in the ICT area. Could you point to some issues or somewhere in the budget where there are new initiatives in regard to ICT.

**Mr HOLDING** — There are really two questions there. One is around Rosetta and what its benefits are, is what I understood you to be asking.

**Mr WELLS** — My understanding is it is basically an email directory for public servants. Maybe you could — —

**Mr HOLDING** — It is a little bit more complex than that.

**Mr WELLS** — That is fine. And then point to just new initiatives under this system, under this portfolio.

**The CHAIR** — Under ICT.

**Mr HOLDING** — Just to go to the Rosetta question, you can see a description there of the anticipated benefits of Rosetta. I know that over a sustained period of time the opposition has tried to suggest that TPAMS and Rosetta in particular — Rosetta is a component of TPAMS, not the biggest component but a component of it — have not really generated much, and what you can see there from that slide is that in fact we have seen significant benefits. From a Rosetta perspective you can see the gains there in terms of security, efficiency and effectiveness of having fragmented directories across the public service. You can see improvements in terms of the integrity and accuracy of data about people being improved. You can see also the ability to connect into further applications — that is a capacity that Rosetta provides — and also a platform that can be used for a whole range of other government initiatives in the years ahead.

So can I say I reject the proposition that it is as you describe it, just an email directory. It is a platform that provides a far more sophisticated and integrated and more secure set of initiatives than that. I would know that, through the discussions that you and I have had — not privately but in the public sense — around the security of a whole range of information that the government holds about different people, it is important that government is always looking at ways of improving the security of information that is held by government in a whole range of different forms. Rosetta enables us to do that. It is not just about security, but that is an element of it. It also provides a whole lot of other advantages, some of which have already accrued to Victorians, to the Victorian public sector, and some of which we will see applications of in the months and years ahead. I welcome it. I welcome the savings that have been achieved across the TPAMS projects and I welcome also the improved service benefits that flow from it.

The second part of you question was: what is there in the budget from an ICT perspective? That is what I understood — —

      **Mr WELLS** — New initiatives.

      **Mr HOLDING** — New initiatives from an ICT perspective.

      **Mr WELLS** — Yes, in the forward estimates period.

      **Mr HOLDING** — So, just to go to some of them, these are ones in this state budget — —

      **Mr WELLS** — Which page is that?

      **Mr HOLDING** — I am reading across the entire budget papers, so if you will just let me go through and identify the ICT ones. There is $61 million over the next four years to implement ultranet, the statewide online teaching and learning system — —

      **Mr WELLS** — That is the one under education.

      **Mr HOLDING** — There is $7 million this year to upgrade ICT infrastructure in government schools by replacing older PCs with new technology; $700 000 for 250 new laptops for Victoria Police; $3.4 million for Victoria Police for facial recognition that technology — obviously for faster identification of suspects; $13 million for an in-house telecommunications intercept function for the special investigations monitor to oversight the Office of Police Integrity telephone intercept activities; $8.3 million to replace an outdated paper system for the Vic SES to provide real-time tracking of incidents and resources; $3 million over four years for the technability program which will provide ICT support for people with a disability, particularly those who are visually or hearing impaired; $1 million over four years to increase the competitive edge of Victorian tourism businesses. I mentioned that before in the answer to the question that Robin Scott asked. There is $3 million to develop an across-agency registration licensing system for the VicRoads registration system; $1 million to assist producers with compliance with the national livestock identification system; $4 million — and I know you will be pleased to hear this one, Mr Wells — over four years to improve the bandwidth of the electorate offices wide network, allowing MPs to have better access. There is $6 million over four years for the electronic conveyancing system, which Minister Madden discussed. I mentioned that earlier when I responded to Bob's question about productivity. And $1 million over four years to provide an electronic document and records management system across the Department for Victorian Communities.

So you can see there initiatives from an ICT perspective across almost every area of government activity providing enhanced access to a whole range of different things, better services, better interface, faster services, more secure services for Victorian consumers or for Victorian public servants, and better service improvements. They come on

top of the machinery of government changes which I described earlier which improve the integration of the delivery of ICT-related activities whether it is purchasing and procurement or whether it is industry support through the Department of Innovation, Industry and Regional Development.

**The CHAIR** — There is also the funding through transport in terms of communications and computer upgrade for the transport system. It goes into tens of millions of dollars.

**Mr HOLDING** — That is true, and I do have to say that the list I read out is not an exhaustive list of every government ICT-related project. If I did that, of course, we would be here for a considerable period.

**Mr WELLS** — Minister, just to clarify: how much did you put aside for laptops for Victoria Police? How much was that figure?

**The CHAIR** — Laptops was $0.7 million.

**Mr HOLDING** — It was $700 000.

**Mr WELLS** — Seven hundred thousand?

**Mr HOLDING** — For 250 new laptops for Victoria Police.

**Mr WELLS** — That is effective as of this financial year?

**Mr HOLDING** — It is in the forward estimates period.

**Mr WELLS** — But this says only $100 000.

**Mr HOLDING** — Yes, it is over the forward estimates period.

**Mr WELLS** — It is only $100 000 in the forward estimates.

**Mr HOLDING** — Yes, I could take some further advice on that.

**Mr WELLS** — Are the budget papers — —

**Mr HOLDING** — No, no — —

**Mr WELLS** — Wrong? They have $100 000; you are saying $700 000.

**Mr HOLDING** — I will get some further advice.

**The CHAIR** — The minister will take some further advice on that.

**Mr HOLDING** — I do not think that is unreasonable. I read out 25 different numbers — —

**Mr WELLS** — No, we are just trying to clarify.

**Mr HOLDING** — If it is the case that there is a — —

**Mr WELLS** — A typo?

**Mr HOLDING** — A typo or something in it; then I will come back and advise the committee. But we will provide some further information.

**The CHAIR** — We are always happy to have clarifications. There are even clarifications about the funding of this particular committee, which is being organised by the Department of Treasury and Finance. In your role as minister for finance I am sure you will be clarifying that, and we thank you for that.

**Ms MUNT** — Could I just have another clarification?

**The CHAIR** — Yes; make it short.

**Ms MUNT** — Would Parliament be included in the Rosetta directory?

**Mr HOLDING** — I would have to get some advice on that.

**The CHAIR** — Thank you, Minister.

**Mr HOLDING** — The Parliament is often treated differently from government departments, for obvious reasons. It may be that it is not; I do not know.

**Mr SKEWES** — I believe not.

**Mr HOLDING** — No.

**The CHAIR** — You believe not. Maybe that is something we can examine.

**Ms GRALEY** — There are a lot of young people out there — in fact, a lot of them in my electorate — who are very interested in new technologies. Minister, can you advise the committee how the Victorian government is helping to attract and develop the skills of young Victorians in the ICT sector?

**Mr HOLDING** — That is a really good question. I have to say this is the greatest challenge that our ICT industry faces, not just here in Victoria and indeed not just around Australia. But there is an emerging — it is not emerging; it has been in place for sometime — or an existing gap in ICT skills. Indeed it is not only peculiar to Australia or Western countries. Recently in India it was pointed out to me that the biggest challenge Indian IT is facing as an industry is a skills gap of hundreds of thousands of graduates. They are obviously working to respond to that in whatever way they see as appropriate for them. But from a Victorian perspective we have been seeking to increase the number of students enrolling in ICT tertiary programs.

In recent years we saw a significant reduction. Victoria was not the only state that experienced that; other states have experienced it also. In last year's ICT enrolment figures we have instead seen a very slight increase in Victoria, whereas other states, particularly New South Wales and Queensland, are continuing to see significant declines. So I think we are starting to see some of the programs we put in place starting to kick in. We have targeted in Victoria particularly students aged 14 to 17 or 18 years, and we are trying to address and challenge their perceptions and what a career in ICT actually involves. We have done a significant amount of research, which has been sponsored by MMV. That research has identified perceptions around careers in ICT which are very unhelpful. We have identified students as identifying a career in ICT as being boring, sitting in front of a computer all day and not interacting with other people, not involving a lot of group work and essentially being relatively geeky. We have also found that these perceptions are most strongly held by women. If we look again at our ICT workforce, Victorian women represent 44 per cent of the Victorian workforce but they represent 24 per cent or less of our ICT workforce. We have got some work to do, not only to attract the next generation of young people to consider careers in ICT, but to attract more women.

What is the government doing? We are running, firstly, an extensive series of ICT seminars across Victoria, which provide information from people who are working in the industry to young people who might be considering this career and to others who might not have even thought of ICT as a career, to try to challenge and change their perceptions. We have established a women in ICT industry cluster to provide a mentoring opportunity for women, in particular. Some of our schools, particularly in the Ballarat region, are doing some very innovative work to expose women to the variety of careers that exist in ICT, particularly those around design and digital animation, to provide them with up-to-date information about how challenging and rewarding a career in that sector can be.

We have also provided a graduate scholarships program, which we have worked on with industry, to provide support for some of our brighter students to connect them with businesses that will provide them with an opportunity to learn more about the career possibilities that exist there. We provided $1.1 million in 04–05 to extend that program that is being delivered through OTTE. We have seen 19 scholarships awarded to students from five universities in January 2006. We are very pleased to see that program achieving that success. We had our Industry and Universities Collaboration pilot program, which is providing support for industry-based learning opportunities for ICT undergraduate students. We have also provided up to $370 000 over two years for an ICT industry skills scholarships pilot program, which is a funding program for students undertaking IBL as part of their university course. We have seen funding approved for between 29 to 35 scholarships across four universities involving 16 industry partners. We have TAFE programs, a program focused on developing entrepreneurial skills

and a digital media internships program. I mentioned the ICT for women industry cluster. We had our Go Girl Go for IT careers showcase in 2006, which was held at Deakin University in October, again another very successful program, as well as the mentoring program and the ICT scholarships that I mentioned. There are a lot of different programs and they are now starting to have an impact, but this is not an area where we can afford to stand still. A great focus of MMV and the industry more generally will be on responding to this area over the coming 12 months.

**The CHAIR** — Thank you, Minister. I have participated in one of these programs myself, at a Box Hill TAFE careers night. It was very good. It is actually a bit of a sleeper out there, to encourage people. There is actually a lot of opportunity in the IT sector for young Victorians.

Just to follow up on Mr Wells's question regarding the laptops for police, I realise that it is not your portfolio, but you will find that there is 100 000 mentioned on page 313 in budget paper 3 and the other 600 000 mentioned on page 318 under the assets program — 1 and 6 equals 7, so that covers that.

**Mr DALLA-RIVA** — It was all that schooling at the TAFE you went to.

**The CHAIR** — Yes. In putting up these overheads, I am sure you will make the overheads available to the secretariat, so that we can put them on the Web as well.

**Mr HOLDING** — Yes.

**The CHAIR** — Thank you. Just following on from your last answer, particularly in terms of ICT and getting jobs for Victorians, what are you going to do in order to get a greater share of national ICT jobs and investment, and also in terms of using those sorts of skills to increase exports and revenue?

**Mr DALLA-RIVA** — And make it related to the forward estimates.

**The CHAIR** — Absolutely. I want to know what he is going to do!

**Mr HOLDING** — Thanks for all the helpful advice. I appreciate it.

**The CHAIR** — We are a team here.

**Mr HOLDING** — It is a really good question. Essentially it relates to two things: how are we going in terms of attracting jobs and investment; and secondly, how does that stack up nationally? Victoria has outperformed other states and territories in terms of attracting jobs and ICT investment over a significant period of time. You can see there the investment attraction achievements by financial year, both in terms of jobs created and capital spend. Why I mention this is that it shows that over the period of the Bracks government in the year to date, 2007, we have now attracted over 10 000 jobs to Victoria in the ICT industry, which is a huge achievement. Of course we are not going to be resting on our laurels. We continue to have a significant focus within MMV on attracting new investment to Victoria. In fact one of the reasons behind the machinery of government changes, the basis of which is embedded in these budget papers, one of the reasons behind taking MMV out of the Department of Infrastructure and locating the industry attraction elements of it within the Department of Innovation, Industry and Regional Development, is because within that department we have our Invest Victoria activities already.

Invest Victoria has a mandate to attract investment to Victoria from across the world, and ICT investment attraction is a significant part of that. So in a sense not only have we achieved a great deal already but by bringing MMV into the DIIRD portfolio and having it operating there in conjunction with Invest Victoria, we enhance our ability to attract even more investment over time, and we think we will be able to present an even more professional suite of activities in terms of our offshore investment attraction activities by MMV in the ICT area.

I would also add that one of the reasons why Victoria continues to do disproportionately well in attracting new investment to Victoria across a range of industries, but particularly in the ICT area, is because of the very competitive infrastructure and business tax environment that we have in Victoria. The recent reductions to WorkCover premiums are a case in point, but good access by Australian standards to broadband is also something which Victoria has as a competitive advantage.

We are not the best in the world; there is no question about that, and we continue to implore the federal government to do more in this area. But from an accessibility perspective Victoria is, we believe, the best in Australia in terms of uptake of new technologies, and particularly obviously access to and availability of broadband. It is very

important that we use that as a competitive edge in marketing Victoria and Melbourne as a location for investment offshore.

**The CHAIR** — Thank you, Minister.

**Mr DALLA-RIVA** — Minister, you referred earlier to the ultranet as being one of the initiatives. While it is not directly in your portfolio, you see it in the ICT area.

**The CHAIR** — Education, isn't it.

**Mr DALLA-RIVA** — It is education, correct. It is a $61 million initiative over the forward estimates over four years. I ask the minister what he thinks the ultranet will achieve at a cost of $61 million that has not already been achieved at a far lower cost by many private schools who are using password-protected, web-based intranets?

**Mr HOLDING** — In terms of what it will achieve for the public education system in Victoria, I think we will see huge benefits flowing to schools over time. This is part of the set of VicSmart activities which the state government has been very pleased to support. I think we have contributed something like $89 million in terms of resources to VicSmart, of which the ultranet is related. In terms of what benefits will flow, I think we will see the benefits in a range of different areas.

Firstly, it is a tool which enables principals and teachers to manage the school workplace environment in the most effective way possible. So from a human resource perspective it is a very powerful device which enables principals and teachers to talk to one another in a fast, real-time way and to share information with one another in an efficient way, which promotes effectiveness and goes to some of the productivity questions that Bob was asking about earlier.

But I actually think the real benefit is not so much in the workplace area, from an ultranet perspective. I think the real benefit is in terms of increased services that are provided to Victorian students — state school students — and more particularly to their parents, because it really provides a tool which not only talks to students themselves and enables them, for example, to have homework tasks set using the technology and access to a broad range of information in a secure and controlled environment but is nevertheless one which provides much greater access to information than existing system, but also it provides a tool by which parents are able to interact with their child — with the student — and also with the teaching environment, with the teachers and with the school.

It enables them to monitor homework tasks, for example. Potentially in the future it could be used to manage behavioural or other disciplinary issues that may arise from time to time. It is a very powerful tool which connects parents with the school environment in a way which previously would have to have been done through face-to-face interviews, parent–teacher nights or whatever it might have been, or through material brought home by students and provided to their parents with whatever degree of effectiveness that may have provided.

We actually think it is an incredibly powerful tool. It is one that over time will have a dramatic impact on efficiency, productivity and a whole range of different things within our school environment. It is one therefore that the state government is very pleased to be able to resource in a very practical way.

**The CHAIR** — Thank you, Minister, for that. I might conclude the presentation and thank you, Minister, for making available those overheads to us. This completes the consideration of the budget estimates for the portfolios of Finance, WorkCover and the Transport Accident Commission.

**Mr HOLDING** — Could I just interrupt at this point and say — I am conscious that I am the last minister to present — and if I could just extend my thanks and the collective thanks of the government to all of the agencies, departments and Victorian public servants who have worked on preparing information for the benefit of the committee. I know you would want that thanks relayed, right across government, it has been a huge amount of work that is done across many, many different facets of government. A lot of time has been taken to provide the committee with accurate and relevant information and we, as ministers, appreciate it very much.

**The CHAIR** — Thank you Minister. I have asked the question of all departments, to advise us of what effort they put into supporting this committee because we do think it is a very important part in terms of accountability to Parliament; there is just no doubt about this, and we are very serious about that. And we are very

appreciative, and the Premier and the ministers are equally as serious as we are in terms of this, and with the excellent support that all the various departments offer.

I should note that there are a number of matters that we have asked for additional follow-up information, and I would hope that all departments will be able to, with the support of all the ministers, provide that information. Sometimes this is actually provided in writing, subsequent to the inquiry or the hearing, particularly where we want to get some consistency in terms of departmental responses to our questionnaires. So I urge all departmental secretaries, and you might wish to pass it along at the next meeting of the departmental secretaries, that we are looking for consistency in response to the questionnaires that may require some follow-up.

> **Mr HOLDING** — I'm not sure that is Mr Hodgson's responsibility.

> **Mr HODGSON** — I am happy to take it on.

> **The CHAIR** — I know we are already getting it now, so thank you very much.

Thank you, Minister, and departmental officers, for your attendance today, but also throughout the period of these hearings. It has been a very, very comprehensive and very good session. The committee has got some issues which you will follow up and you are going to provide us with some information on that, and we ask that you report them to us in writing within 30 days, and they will form the basis for our consideration for an inclusion in a further report of this committee to the Parliament.

I thank you very much for your attendance today, and I thank the committee as well.

**Committee adjourned.**